



**BOARD OF DIRECTORS
MEETING AGENDA
October 7, 2020 – 1:30 PM**

**IN ACCORDANCE WITH GOVERNOR’S EXECUTIVE ORDERS N-25-20 AND N-29-20
THE SMART BOARD OF DIRECTORS MEETING WILL BE HELD VIRTUALLY**

MEMBERS OF THE PUBLIC MAY NOT ATTEND THIS MEETING IN PERSON

[ZOOM TELECONFERENCE INSTRUCTIONS](#)

PUBLIC COMMENT PRIOR TO MEETING:

If you wish to make a comment you are strongly encouraged to please submit your comment by 5:00 p.m. on Tuesday, October 6, 2020 at

<https://www.surveymonkey.com/r/SMARTBoardComments>

PUBLIC COMMENT DURING THE MEETING:

The SMART Board Chair will open the floor for public comment during the Public Comment periods on the agenda. Please check and test your computer settings so that your audio speaker and microphones are functioning. Speakers are asked to limit their comments to two (2) minutes. The amount of time allocated for comments during the meeting may vary at the Chairperson’s discretion depending on the number of speakers and length of the agenda.

1. Call to Order
2. Approval of the September 16, 2020 Board Minutes
3. Board Member Announcements
4. General Manager’s Report
5. Public Comment on Non-Agenda Items
6. Consent Calendar
 - a. Approval of Monthly Financial Reports
 - b. Approval of Intelligent Technology Solutions, LLC Contract Amendment No. 5

Regular Calendar

7. Authorize the General Manager to Award a Purchase Order for 80 Passenger Railcar Wheels to UTC/RAS, LLC in the amount of \$174,396.72
8. Authorize and Approve a Resolution for the Issuance of up to \$160 million of Tax Revenue Refunding Bonds (green Bonds) and the execution of Related Documents in connection with the Bond issuance, including the Indenture, Purchase Agreement, Official Statement, Escrow agreement and Disclosure Certificate
9. Next Regular Meeting of the Board of Directors, October 21, 2020 – 1:30 PM
10. Adjournment

DISABLED ACCOMODATIONS:

Upon request, SMART will provide for written agenda materials in appropriate alternative formats, or disability-related modification or accommodation, to enable individuals with disabilities to participate in and provide comments at/related to public meetings. Please submit a request, including your name, phone number and/or email address, and a description of the modification, accommodation, service or alternative format requested at least two (2) days before the meeting. Requests should be emailed to Leticia Rosas-Mendoza, Clerk of the Board at lrosas-mendoza@sonomamarintrain.org or submitted by phone at (707) 794-3072. Requests made by mail SMART's, 5401 Old Redwood Highway, Suite 200, Petaluma, CA 94954 must be received at least two days before the meeting. Requests will be granted whenever possible and resolved in favor of accessibility.



**BOARD OF DIRECTORS
REGULAR MEETING MINUTES
September 16, 2020 - 1:30 PM**

**IN ACCORDANCE WITH GOVERNOR'S EXECUTIVE ORDERS N-25-20 AND N-29-20
THE SMART BOARD OF DIRECTORS MEETING WILL BE HELD VIRTUALLY**

MEMBERS OF THE PUBLIC MAY NOT ATTEND THIS MEETING IN PERSON

1. Call to Order

Chair Lucan called the meeting to order at 1:30pm. Directors Arnold, Fudge, Garbarino, Hillmer, Naujokas, Phillips, Pahre, and Zane were present; Directors Connolly, Rabbitt joined later. Director Rogers absent.

2. Approval of the September 2, 2020 Board Minutes

Directors Connolly joined 1:33pm

Director Rabbitt joined 1:34pm

Comments:

Richard Brand asked for an update on the Citizens Oversight Committee since the agenda did not mention anything.

MOTION: Director Phillips moved approval of the September 2, 2020 Board Minutes. Director Naujokas second. The motion carried 11-0-1 (Director Rogers absent).

3. Board Members Announcements

Chair Lucan stated that SMART had another listening session in Windsor. There are listening sessions next week for Cloverdale and Healdsburg. He asked Directors Rabbitt and Fudge if there was anything to share in regard to the last listening session.

Director Fudge stated that they were approximately 20 citizens who joined the listening session in Windsor. One speaker was excited that the train was coming to Windsor. They asked for express trains, evening service and would like weekend service to return. The Town of Windsor has concerts on Thursday nights where 7000 people attend and come from out of town and they suggested having special event trains for the concerts. They also suggested train service that would meet the Warriors and Giants games. During Windsor's listening session, Chief Engineer, Bill Gamlen, provided an updated on the construction. It was a very positive session, shorter than Santa Rosa's session with great comments.

4. General Manager's Report

General Manager Mansourian reported that since the start of passenger service in August 2017, SMART has carried 1,904,000 passengers, 192,000 bicycles, and over 7,000 wheelchairs. The August ridership data is on agenda item 6c. He continues to provide weekly ridership data that is also available on SMART's website.

He stated that the Board and members of the public provided staff with feedback regarding the SMART's Citizens Oversight Committee (COC) at your last meeting. Staff will coordinate a Citizens Oversight Committee Meeting in October to provide the members the information that was received and continue the Reorganization of the COC process.

He reported that staff continues to coordinate with the State of California, NCRA and NWPCo. and Senator McGuire regarding the Freight Service and related activities process. We will continue to provide updates to the Board and members of the public.

He mentioned that in Washington, DC, the Legislators released Phase 4 COVID-19 Relief Plan and it has received a lot of media attention. The Relief Plan proposed \$1.5 trillion and unfortunately, they recommended zero for transportation. The House leadership rejected it as being too small, and the Senate Republican leadership objected to it because it included \$500 million for local government.

Lastly, General Manager Mansourian said that he attended a seminar that was hosted by Sonoma County Board of Supervisors and Sonoma County Economic Development Board. It was an outstanding presentation. They provided a tremendous wealth of information and once the PowerPoint is available, we will distribute it to the Board. Economist, Chris Thornburg, from Beacon Economy, gave a presentation and stated that there are 30 million cases and 1 million deaths related to COVID-19 globally. In the United States, we have about 20% of both cases. He emphasized that we have a pandemic recession which is very different than the previous economic recessions. Mr. Thornburg reported that the economic recessions that occurred in 2008-09 happened over six quarters and it took seven and a half years for the economy to recover. The economy was very healthy prior to COVID-19 pandemic occurred. Mr. Thornburg said that the pandemic is a large and a rapid but a short-term effect

on the economy. He examined the U shape recovery and the V shape recovery and he concludes that a V shape recovery is the only logical way. He said the speed of recovery is dictated by the pace of which the virus gets under control.

At the end of Mr. Thornburg's presentation, he forecasted that the economy is will be very, very strong and predicts the unemployment will be below 7% by year end assuming that the pandemic is under control. There is very little impact on the real estate market, while businesses, restaurants and tourism will take a while to recover, but we'll catch up. He finished the presentation by stating "The true enemy is miserabilism" and said miserabilism is finding the most negative issue and presenting it as an entire matter. He was emphasizing that the recovery has already started and have exceed in some areas of the economy to prior to COVID-19. He reminded everyone to continue to wear their mask and wash your hands, not for economic or political reasons but for common sense. That's how the economy will begin to recover.

Comments:

Director Zane asked what Mr. Thornburg had to say about transportation rebounding since transportation has suffered so greatly because of COVID-19 and if he had any predictions? Mr. Mansourian responded that Mr. Thornburg had a slide that illustrated transportation is down 40% but he immediately said this is airline transportation only, since the data is national and statewide. Tourism, leisure travel and restaurant will take a while to recover.

5. Public Comment on Non-Agenda Items

Duane Bellinger asked if parking data can be included in the monthly ridership report. He stated that some of the Listening Sessions are topic related and seemed to be connected to the Citizens Oversight Committee (COC). The COC were not responsible for the loss of 2/3rds of the support from East Petaluma. The support from 76% down to 48% was due to management not supporting pedestrian oriented community at East Petaluma. He suggested having a listening session regarding pedestrian oriented community that can be hosted by Director Fudge. He stated that he has not seen anything in writing as to what the new proposed interest rate for financing is.

Doug Kerr stated that at the last Board meeting when discussing the freight service, he made a comment in regards to Measure Q funds being used to subsidize freight service and it was misunderstood. He had an email conversation with Chair Lucan; however, his question was not answered. He asked if Measure Q funds are being used to maintain the right-of-way east of Novato that only sees freight service.

Director Fudge asked if the General Manager Mansourian could clarify the Corona Station property.

General Manager Mansourian responded that numerous times Director Rabbitt and himself have provided answers to Mr. Bellinger. SMART's staff, management and Board of Directors don't have the authority in land use in approving projects in the City of Petaluma. The project is owned by the developer and SMART has nothing to do with the approval processes.

Mr. Mansourian stated that District Counsel, Tom Lyons, will respond to Mr. Kerr question. Mr. Lyons said that Measure Q is a tax measure and does not limit the use of the funds. Measure Q has an expenditure plan, with the specifics of using the funds, the fact is the SMART owns the property, in which it operates and maintains including the freight rail right-of-way to Schellville. The funds are properly being used for the maintenance and operation of SMART's right-of-way.

Chair Lucan thanked Mr. Lyons for the response, and hopes that clarifies Mr. Kerr questions.

6. Consent
 - a. Approval of DeAngelo Brothers Contract Amendment No. 2
 - b. Approval of Portola Systems Inc. Contract Amendment No. 7
 - c. Accept Monthly Ridership Report – August 2020

Chair Lucan asked for Board and public comments on the proposed Consent Agenda.

MOTION: Director Phillips moved approval of the Consent Agenda as presented. Director Arnold second. The motion carried 11-0-1 (Director Rogers absent).

7. Authorize the General Manager to Execute an Agreement with Ventek Transit Inc. for Operations, Maintenance and Revenue Collection Services in an amount of \$886,124 which includes an Initial Three-Year Term and Two Options

General Manager Mansourian introduced Acting Operations Manager, Marc Bader. Mr. Bader has over 20 years of passenger and freight service experience. He works with the Operations team that works 24 hours, 7 days a week, 365 days a year to make sure that SMART's train, facilities and pathway are maintained.

Mr. Bader stated that the item before the Board today is a three-year contract with Ventek Transit, Inc. Ventek Transit is a local agency located in Petaluma that has been providing these services to SMART the last three years.

The contract includes repairs, maintenance, remote monitoring, and cash collections services at Clipper vending machines. The performs similar services to other agencies, including, VTA, Caltrain and San Francisco Airport and will soon be providing services for the Golden Gate Ferry.

The services include off-site monitoring, remote monitoring, troubleshooting and revenue collection services, which means physically removing cash from the Clipper vending machines taking them to a facility, counting, audit and depositing into SMART's account. All parts associated with the Clipper vending machines, including the LCD touchscreen. Ventek Transit has been performing exceptionally for SMART the past three years their remote monitoring capabilities, along with their close proximity provide a timely response to any reported issues we've had at any of our Clipper vending machines.

Comments

Director Naujokas asked to clarify the credit that was issued and how the amount was determined on reduced fees given the service reductions? Mr. Bader responded that their fees are based on hours of operation. Our current hours of operation are 5:00am to 8:00pm and the fees is how long they have someone physically available to respond to any service needs schedule. The contract has four different structures, so to speak, the rate structure is based on our current service, adding weekends and the 6-1-6 schedule with Windsor Extension and weekends. Director Naujokas said that is not just we're at 50% of actual ridership we pay them for services. Mr. Bader said it resulted in a 10% discount due to reduced service.

MOTION: Director Pahre moved to Authorize the General Manager to Execute an Agreement with Ventek Transit Inc. for Operations, Maintenance and Revenue Collection Services in an amount of \$886,124 which includes an Initial Three-Year Term and Two Options as presented. Director Naujokas second. The motion carried 11-0-1 (Director Rogers absent)

8. Approve a Resolution Authorizing SMART to submit a Regional Measure 3 Allocation request and a Letter of No Prejudice request for the SMART System Extension to Windsor project.

Programming and Grants Manager, Joanne Parker stated that the item before the Board today is to approve two actions in relation to Regional Measure 3 grant funds. In 2018, voters passed Regional Measure 3, raising the toll for vehicle on the seven state-owned toll bridges. This toll increased funds in various transit projects in the Bay Area. The Capital Program includes \$40M to SMART to extend our system north from Sonoma County Airport to the cities of Windsor and Healdsburg. In addition to Regional Measure 3 funds, the Windsor Project has received State Transit and Intercity Capital Rail Program funds, which advanced the project into design and construction.

There was a litigation filed against Regional Measure 3, the RM3 toll was upheld by San Francisco trial court in 2019 and again in the First District Court of Appeals on June 2020. The case has been appealed to the State Supreme Court and the Court has until approximately November 2020 to determine whether it will hear the case. If it declines to hear the case, the toll funds can be released and MTC can begin the process of allocating the toll funds to projects.

The first action before you today, is requesting the Metropolitan Transportation Commission to allocate \$35M toward the completion of the Windsor Extension project. The second action before you today, is designed to ensure that the project can proceed expeditiously once the Supreme Court makes the decision whether or not to hear the appeal.

Therefore, the action before the Board is that if the State Supreme Court does not take up the appeal, and letting Regional Measure 3 remain from that day forward we are requesting that the Metropolitan Transportation Commission to allow SMART to continue work and be eligible for reimbursement of Regional Measure 3 funds.

We recommend that the Board approve a Resolution authorizing SMART to request the allocation of \$35M for the P project and authorize the request to have the ability to submit for reimbursable work.

Comments

Director Naujokas asked what are the risks for SMART? Ms. Parker responded that SMART is doing something unique. MTC has the process in place for transit agencies can advance projects at their own risk. Four agencies have taken this action, the Water Emergency Transit Authority, Alameda County Transportation Commission, Solano Transportation and Transportation Authority of Marin no prejudice request. SMART is doing something less risky; we are waiting until the Supreme Court says it's okay.

Steve Birdlebough asked what happens if the Supreme Court decides to take the case.

Chair Lucan asked what happens in SMART's worst-case scenario. Ms. Parker responded that if the Supreme Court takes the case, SMART's project which has advanced to a degree in which construction can begin will need to stop the work because we have used all other financial resources.

Director Fudge stated that this is not just about SMART's construction. There is a lot of coordination with the Town of Windsor, because a round-about will be built through the intersection near the Train Station. A significant amount of work has been done underground in the area and there is a timeline for construction of the round-about in coordination with SMART. We need to find a way to keep the funds flowing for this project, so it will not impact the Town of Windsor and other agencies. Hopefully we can continue to advance the project through Regional Measure 3 funds.

MOTION: Director Fudge moved to Approve a Resolution Authorizing SMART to submit a Regional Measure 3 Allocation request and a Letter of No Prejudice request for the SMART System Extension to Windsor project.as presented. Director Arnold second. The motion carried 11-0-1 (Director Rogers absent)

9. Approve a Resolution Creating Debt Issuance Policy

Chief Financial Officer, Erin McGrath provided a brief update on refinancing. She stated SMART was required to sell bonds in order to finance the construction of our rail system that we are running today. Our efforts last year were for the passage of Measure I in order to have \$12 million annually debt savings. Today, we cannot achieve that level of savings because we weren't able to extend the tax. However, one of the benefits of the pandemic is that it has provided historically low rates.

During your budget process, we had early estimates that a taxable refinancing could save \$1 to \$2 million in annual debt service depending on how the debt was structured. Given current market conditions, we believe we are still on target to achieve those savings. Also, the Board authorized the execution of a contract with PFM Financial Advisors, LLC to assist with the bond refinancing process. Sarah Hollenbeck from PFM joined the meeting and is available to answer any questions. We moved forward to secure a team of experts to work on the efforts, including underwriters for the debt as well as bond counsel. In the Board packet the Memorandum from PFM outlining the process that SMART has taken up to date.

The Request for Proposal was distributed to a diverse group of 17 firms and six firms responded to the solicitation. PFM recommended and we concurred with the recommendation to move forward with a syndicate of two firms: Barclays and Bank of America Securities. Barclays will serve as the lead manager and Bank of America will serve as co-senior manager. These practice of choosing more than one firm allows SMART to combine bond sale strategies and to broaden the potential investor base which increasing the chances of a successful sale.

We moved quickly to secure specialized Bond Counsel for the transaction. We solicited proposals from three specialized firms, we have moved forward with a contract with Nixon Peabody to serve as counsel for this refinancing.

In the month of October, we will be returning with an agenda item that will request authorization of the bond sale, and all necessary documents such as a resolution authorizing the issuance of bonds, the preliminary official statement, and the legal indenture for the debt. Our goal is to move quickly with a refinancing well before the end of the calendar year to maximize the saving to SMART within this fiscal year.

In conjunction we have brought for the Board approval, debt issuance policy and that is the result of a new state law that was enacted in 2016 and effective January 2017 that governs the process and methods by which SMART issues debt. The law requires the debt issuer to approve this policy 30 days prior to the issuance of any debt. The policy we have provided provides the legal flexibility for SMART to contemplate multiple types of debt but does not authorize the actual issuance of debt.

Comments:

Director Naujokas asked to summarize the type of debt that the Board is authorizing? Ms. McGrath responded that SMART is refinancing the existing debt and has no plans to issue any more debt related to the financing and construction of the SMART project. SMART has entered into a negotiated sale. Ms. Hollenbeck stated that the debt that will be the financing, all the proper documentation would be brought back to the Board next month. SMART is working on fixed rate refinancing of the existing bonds that were issued in 2012, those bonds would be issued on a taxable basis, based on federal tax law and any savings that were able to achieve through that refinancing would be locked in at the time these bonds are issued.

David Oster commended staff for continuing to pursue the debt refinancing. His concern at the time, was the effect on future financing. He was glad that it's working and have the right team

Chair Lucan commended staff for the great work on the policy. The Board looks forward in receiving very competitive terms might be that would result in some savings for the agency. It would have been great if Measure I was successful, however at least we are able to get some debt savings.

MOTION: Director Naujokas moved to Approve a Resolution Creating Debt Issuance Policy as presented. Director Pahre second. The motion carried 11-0-1 (Director Rogers absent).

10. Approve a Resolution and Receive Fiscal Year 2019-20 Year End Information and Fiscal Year 2020-21 Additional Reduction Information

Chief Financial Officer, Erin McGrath gave a brief budget update. We are providing you with updates on additional savings we were able to achieve in the last half of the fiscal year and recommending a further reduction in our employee count for Fiscal Year 2020-21. During the budget approval process, SMART identified and the Board approved a one-time and ongoing reductions of \$7.2 million which was equivalent to 20% of our operating budget and 10% of the overall budget.

The budget that was presented in June was developed during April and May, those numbers provided only projections of final costs and revenues amidst a constantly changing landscape. We shared at that time that we had frozen all non-essential hiring and were working to reduce costs by limiting purchases and eliminating any unnecessary costs. During the month of August, we completed processing invoices related to Fiscal Year 2019-20 that ended on June 30.

We are pleased to report that we ended the Fiscal Year with lower expenditures than budgeted, allowing us to capture additional savings. The savings we were as follows:

- Salaries and Benefits
 - \$1.3 million due to holding positions vacant, overtime savings
- Administrative Services/Contracts

- \$1.4 million in savings from legal services, insurance retention and consulting services
- Administrative other
 - \$0.5 million in savings over anticipated costs for the Measure I election
- Operations Services/Contracts/Equipment
 - \$3 million on fuel, maintenance contracts, emergency services set asides, equipment and switches to lower cost suppliers
- Projects and Engineering
 - \$4.1 million in project and capital related expenses due to savings in consulting and permit fees, release of contingencies, and value engineering

The combined value of these savings is \$10.3 million. These funds will be a valuable resource as we continue to evaluate our needs for the coming years. We have a preliminary projection from our sales tax auditor indicating that sales tax will drop another 5.3% in new Fiscal Year 2020, and that it will take at least two more years for receipts to fully recover. The good news is that we budgeted for a greater drop and hope that their projection proves accurate.

Finally, we want to recommend a further reduction for your consideration. As you recall that during the budget process, we were able to utilize the CARES Act funding in order to avoid layoffs. We have not recommended layoffs for our employees because of that funding. We were experiencing attrition that was sufficient to allow us to reduce our full-time equivalent (FTE) employees by 13 during the June budget approvals.

We are recommending eliminating two additional FTEs. We have evaluated our needs under the new 6-1-6 schedule (to commence when ridership demands additional service) and believe that we can further reduce our total Engineer-Conductor count to 23 and still provide that service when the shelter in place is lifted. This number will also allow us to run weekend service whenever health orders and our partners in the region agree that ridership for those runs could be returning.

Staff recommends approval of Resolution No. 2020-18 that would eliminate these 2 vacancies in the Fiscal Year 2020-21 budget, leading to an annual salary and benefits expense reduction of \$310,078. Combined with the ongoing cost reductions approved in June, we are very optimistic that we will successfully weather a pandemic that is now lasting far longer than we had hoped. In the coming months, we will continue to monitor revenue and expense and will bring you an update whenever any significant changes.

Comments

Director Garbarino thanked Ms. McGrath for the wonderful uplifting and professional report and the entire staff for having found those funds and savings. It keeps SMART with the possibility of service interruption at Bay and helps us to sustain our staffing levels.

MOTION: Director Rabbitt moved to Approve a Resolution and Receive Fiscal Year 2019-20 Year End Information and Fiscal Year 2020-21 Additional Reduction Information as presented. Director Phillips second. The motion carried 11-0-1 (Director Rogers absent)

11. Next Regular Meeting of the Board of Directors, October 7, 2020 – 1:30pm
12. Adjournment – Meeting adjourned at 2:38pm

Respectfully submitted,

Leticia Rosas-Mendoza
Clerk of the Board

Approved on: _____



October 7, 2020

Eric Lucan, Chair
Transportation Authority of Marin

Barbara Pahre, Vice Chair
Golden Gate Bridge,
Highway/Transportation District

Judy Arnold
Marin County Board of Supervisors

Damon Connolly
Marin County Board of Supervisors

Debora Fudge
Sonoma County Mayors' and
Councilmembers Association

Patty Garbarino
Golden Gate Bridge,
Highway/Transportation District

Dan Hillmer
Marin County Council of Mayors and
Councilmembers

Joe Naujokas
Sonoma County Mayors' and
Councilmembers Association

Gary Phillips
Transportation Authority of Marin

David Rabbitt
Sonoma County Board of Supervisors

Chris Rogers
Sonoma County Mayors' and
Councilmembers Association

Shirlee Zane
Sonoma County Board of Supervisors

Farhad Mansourian
General Manager

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www.sonomamarintrain.org

Sonoma-Marina Area Rail Transit Board of Directors
5401 Old Redwood Highway, Suite 200
Petaluma, CA 94954

SUBJECT: Monthly Finance Reports

Dear Board Members:

RECOMMENDATION: Information Item

SUMMARY:

We are presenting the monthly reports for activity through the month of August which includes the first two months of the new fiscal year. All revenues and expenses are within budgeted amounts. We have adjusted the reported budgeted amounts to reflect the necessary shift of \$4.2 million in expense from Fiscal Year 2019-20 to Fiscal Year 2020-21 tied to committed purchase orders entered into in Fiscal Year 2019-20, that were not received or completed before June 30, 2020, and will now happen in the new fiscal year. These purchase orders are related to capital projects and equipment with longer lead times and shifting construction schedules.

Because of the lag time in sales tax receipts, the report does not reflect any sales tax revenue yet as all receipts to date are booked toward the prior fiscal year. Fare and parking revenues are \$121,507. Bond fund investments through July totaled \$25,929,876 while other cash and investments equaled \$40,486,680.

Very truly yours,

/s/

Erin McGrath
Chief Financial Officer

Attachment(s): 1) Monthly Finance Report
2) Contract Summary Report

Sonoma-Marín Area Rail Transit District

Monthly Finance Reports

Through August 2020

FY2020-21

	Revised Budget	Actual	Remaining Budget
Revenues			
Administration			
Sales/Use Taxes	\$ 26,531,856	\$ 595	\$ 26,531,261
Interest Earnings	436,583	4,197	432,386
Rent - Real Estate	313,700	68,350	245,350
Advertising Revenue	225,000	2,021	222,979
Miscellaneous Revenue	58,824	17,513	41,311
Administration Subtotal	27,565,964	92,676	27,473,287
Operations			
Fund Balance	2,919,994	2,919,994	-
Sales/Use Tax	6,488,898	149	6,488,749
Fare & Parking Revenue	2,658,366	121,507	2,536,859
Federal Funds	9,500,000	-	9,500,000
State Grants	6,065,711	376,205	5,689,506
Other Charges	65,000	11,722	53,278
Operations Subtotal	27,697,969	3,429,577	24,268,392
Capital			
Fund Balance	5,174,053	5,174,053	-
Federal Funds	4,494,025	-	4,000,000
State Grants	12,626,250	-	9,972,504
Other Governments/Misc	4,956,500	-	4,726,900
Measure M	157,348	-	157,348
Capital Subtotal	\$ 27,408,176	\$ 5,174,053	\$ 18,856,752
Revenue Total	\$ 82,672,109	\$ 8,696,306	\$ 70,598,431
Expenditures			
Administration			
Salaries & Benefits	\$ 4,973,854	\$ 743,061	\$ 4,230,793
Services & Supplies	6,133,260	484,561	5,648,699
Debt Service/Other Charges	16,405,850	-	16,405,850
Machinery & Equipment	53,000	-	53,000
Administration Subtotal	27,565,964	1,227,622	26,338,342
Operations			
Salaries & Benefits	15,510,578	1,894,407	14,236,326
Services & Supplies	9,232,613	806,244	8,426,369
Buildings & Capital Improvements	2,954,778	34,911	2,394,868
Operations Subtotal	27,697,969	2,735,562	25,057,563
Capital			
Salaries & Benefits	1,417,761	184,721	1,233,040
Services & Supplies	852,736	30,236	822,500
Other Charges	3,756,500	88,764	3,667,736
Machinery & Equipment	3,177,138	-	4,677,138
Infrastructure	18,204,041	2,495,747	15,708,294
Capital Subtotal	\$ 27,408,176	\$ 2,799,468	\$ 26,108,708
Expenditure Total	\$ 82,672,109	\$ 6,762,652	\$ 77,504,613

Investment Report

	Amount
Sonoma County Treasury Pool	
Bond Reserve Fund	\$ 17,072,500
Interest Fund	3,519,403
Principal Fund	5,337,973
Project Fund	-
SMART Operating Accounts	
Bank of Marin	13,871,196
Sonoma County Treasury Pool	26,612,484
Total	\$ 66,413,556

Capital Project Report

	Budget	Actual	Remaining
Additional Railcar Purchase			
Revenues	\$ 11,000,000	\$ 8,250,000	\$ 2,750,000
Expenditures	\$ 11,000,000	\$ 8,250,000	\$ 2,750,000
Windsor Extension			
Revenues	\$ 65,000,000	\$ 11,747,351	\$ 53,252,649
Expenditures	\$ 65,000,000	\$ 14,183,034	\$ 50,816,966
Sonoma County Pathway Connector Project			
Revenues	\$ 13,573,526	-	\$ 13,573,526
Expenditures	\$ 13,573,526	\$ 88,613	\$ 13,484,913



Contract Summary

Active Contracts as of September 1, 2020

Contractor	Scope	Fiscal Year 2021 Projected	Fiscal Year 2021 Actuals-To-Date
A.J. Janitorial Service	Janitorial Services for all Stations, Roblar, ROC, and Fulton	\$109,500.00	\$17,880.00
Air Technology West	Maintenance and On-Call Repair for Air Compressors	\$4,856.00	\$0.00
Alcohol & Drug Testing Services, LLC	DOT Drug and Alcohol Testing	\$25,000.00	\$1,200.00
Alliant Insurance Services	Insurance Brokerage & Risk Management Services	\$80,250.00	\$0.00
American Integrated Services, INC.	On-Call Biohazard Remediation Services	\$50,000.00	\$0.00
American Rail Consultants, Inc.	Railroad Bridge Engineering, Inspection, & Design	\$40,000.00	\$0.00
Aramark Uniform Services	Employee Uniform Provider and Cleaning Service	\$18,000.00	\$0.00
Asbury Environmental Services (AES)	Recycling & Disposal Service for Used Oil, Fuel Filters, Rags, and Related Equipment	\$25,000.00	\$0.00
Barbier Security Group	Security Patrol Services along Right-of-Way	\$74,825.00	\$0.00
Becoming Independent	Emergency Bus Bridge Services	\$50,000.00	\$1,000.00
Bettin Investigations	Background Investigations	\$8,000.00	\$0.00
Bright Star Security, Inc.	Security Patrol Services at SMART's Cal Park Tunnel	\$10,440.00	\$1,740.00
Burke, Williams & Sorensen, LLP	Litigation Support Services	\$100,000.00	\$0.00
Certified Employment Group	Temporary Staffing Services	\$35,000.00	\$0.00
Cinquini & Passarino, Inc.	Right-of-Way Land Surveying and Related Services	\$36,000.00	\$3,013.00
Corey, Canapary & Galanis	NTD Compliant Passenger Counting Services	\$35,283.15	\$0.00
Delta Wheel Truing Solutions	Modifications to the Wheel Truing Machine	\$34,911.00	\$34,911.00
Doug Williams	Fire and Life Safety Consultant	\$6,355.00	\$60.00
Dr. Lance O'Connor	Occupational Health Screening Services	\$3,000.00	\$0.00
Dr. Mark Clementi	Pre-Employment Psychological Evaluations	\$25,000.00	\$2,410.00
eLock Technologies, LLC	Station Bike Lockers and Maintenance Services	\$13,130.00	\$0.00
Empire Cleaners	Uniform Dry-Cleaning, Laundering, and Related Services	\$40,000.00	\$1,146.00
Emtec Consulting Services, LLC	Oracle Accounting System Support Services	\$15,000.00	\$0.00
Environmental Logistics, INC.	On-Call Biohazard Remediation Services	\$150,000.00	\$0.00
George Hills Company, Inc.	Third Party Claims Administration Services	\$25,000.00	\$882.00
GHD, Inc.	3 Segments MUP Petaluma - Penngrove - Rohnert Park	\$949,101.00	\$54,154.00
GHD, Inc.	SWPP Compliance, AutoCAD Management, Traffic and Hydraulic Analysis	\$12,371.00	\$4,315.00
Golden Gate Bridge, Highway and Transportation District	Customer Service Support Services	\$30,971.00	\$10,324.00
GP Crane & Hoist Services	Cal/OSHA Crane Inspection Services	\$15,000.00	\$450.00
Granicus, Inc.	Media Streaming & Internet Broadcasting Services	\$2,986.00	\$0.00
Hanford A.R.C.	Implementation and Monitoring Las Gallinas Creek Riparian Enhancement Plan	\$16,600.00	\$653.00
Hanson Bridgett LLP	Legal Services	\$100,000.00	\$0.00
Hogan Lovells LLP	Legal Services - Freight and Passenger Rail Sector	\$25,000.00	\$4,979.00
Holland Company	Track Geometry and Measurement Services	\$24,000.00	\$0.00
Hulcher Services, Inc.	On-Call Derrailment Services	\$100,000.00	\$0.00
Innovation Business Solutions	Payroll Processing Solutions	\$35,400	\$1,933.45
Intelligent Technology Solutions, Inc.	Maximo MMS Implementation and Support Services	\$178,000.00	\$15,579.00
Leete Generators	Generator Maintenance	\$4,392.00	\$3,634.00
Masabi LLC	SMART Mobile Ticketing Pilot Project	\$570,000.00	\$4,750.00
MaxAccel	Compliance Management Software Design/Implementation/Asset Management	\$9,966.00	\$2,247.00
Maze & Associates	Financial Audit Services	\$53,116.00	\$0.00
MGrodrer, LLC	Project Management Services	\$30,000.00	\$975.00
Mike Brown Electric Co.	On-Call Electrical Maintenance	\$25,000.00	\$0.00
Militus, Inc.	Cyber Security Services	\$40,000.00	\$0.00
Modern Railway Systems, Inc.	Design and Construction of Systems Improvements for the Windsor Extension Project	\$5,000,000.00	\$769,611.00
Netspeed Solutions, Inc.	SMART Phone System Maintenance	\$16,118.00	\$0.00

Contractor	Scope	Fiscal Year 2021 Projected	Fiscal Year 2021 Actuals-To-Date
Netwoven Inc.	SharePoint Maintenance, Support, Implementation, and Related Services	\$57,000.00	\$4,224.00
Nextdoor Inc.	Use of Nextdoor Platform for Community Notifications	\$10,529.00	\$3,008.00
North Bay SAP Services	Substance Abuse Professional Services	\$3,800.00	\$0.00
Occupational Health Centers of CA	Pre-Employment Evaluation Services	\$19,888.00	\$160.00
Pancco Machine Works, Inc.	Railroad Wheel Pressing Services	\$174,920.00	\$72,219.00
Parodi Investigative Solutions	Pre-Employment Background Investigation Services	\$18,000.00	\$500.00
PFM Financial Advisors, LLC	Financial Advisory Services	\$20,000.00	\$0.00
Portola Systems, Inc.	SMART Station Network Configuration Services	\$150,120.00	\$131,681.00
Precision Wireless	Tech Support and Maintenance for Land Mobile Radio	\$38,000.00	\$0.00
Premier Fall Protection, Inc.	Inspection and Certification Services for SMART's Fall Protection Equipment	\$8,000.00	\$0.00
Railquip, INC.	Providing Portable Hydraulic Rerailing Equipment, Training, and Related Services	\$147,721.00	\$0.00
Santa Rosa Fire Equipment Service, Inc.	SMART Fire Equipment Maintenance	\$10,000.00	\$0.00
SEFAC USA	Portable Lifting Jack Inspection and Certification Services	\$8,000.00	\$0.00
Sonoma County Fleet Operation Division	Non-Revenue Fleet Maintenance Services	\$50,000.00	\$214.00
Sperry Rail Service	Rail Flaw Detection Services	\$13,500.00	\$0.00
SPTJ Consulting	Network Infrastructure, Security, Migration and Setup Services	\$340,470.00	\$0.00
Stacy and Witbeck, Inc.	Design/Build Construction of Civil, Track & Structures of Windsor Extension	\$6,190,000.00	\$2,514,157.00
Stacy and Witbeck/Herzog, JV	Design/Build Construction of Civil, Track & Structures Improvements of Larkspur Extension	\$291,260.00	\$0.00
Stacy and Witbeck/Herzog, JV	Design/Build Construction of Civil, Track & Structures Improvements of IOS-1	\$50,000.00	\$0.00
Stantec Consulting Services, Inc.	Environmental Permit Management and Construction Compliance Monitoring	\$36,000.00	\$0.00
Stericycle, Inc.	Medical Waste Pick-Up and Disposal Services	\$1,836.00	\$0.00
Summit Signal, Inc.	Emergency Call-Out Services for Track and Signals	\$10,000.00	\$0.00
Survival CPR & First Aid, LLC	First Aid and CPR Training, AED Compliance Program	\$5,000.00	\$192.00
Swiftly, Inc.	AVL Mobile Application and Website Interface	\$8,400.00	\$0.00
Testing Engineers, Inc.	Material Failure Analysis on cracked flywheel from DMU	\$4,500.00	\$0.00
Triliant, LLC	Online Training Program	\$444.00	\$0.00
Transportation Analytics	Transit Financial Modeling, Benchmarking, Performance Metrics, Benefit-Cost Analysis, and Strategic Plan	\$25,000.00	\$0.00
United Mechanical Incorporated	HVAC Maintenance Services at SMART Facilities	\$8,709.00	\$6,487.00
Van Scoyoc Associates	Federal Lobbying Services	\$30,000.00	\$5,000.00
VenTek Transit Inc.	Clipper Vending Machine Operations and Maintenance Services	\$45,746.00	\$0.00
WBE	Existing CCTV System On-Call Maintenance	\$25,000.00	\$0.00
West Coast Arborists, Inc.	Tree Trimming and Tree Removal Services	\$30,000.00	\$0.00
WRA Environmental Consultants	Environmental Permitting, Management, & Support Services	\$204,000.00	\$23,823.00
	Totals	\$16,288,414.15	\$3,699,511.45



October 7, 2020

Eric Lucan Chair
Transportation Authority of Marin

Barbara Pahre, Vice Chair
Golden Gate Bridge,
Highway/Transportation District

Judy Arnold
Marin County Board of Supervisors

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Phone: 707-794-3330
Fax: 707-794-3037
www.sonomamarintrain.org

Sonoma-Marín Area Rail Transit Board of Directors
5401 Old Redwood Highway, Suite 200
Petaluma, CA 94954

SUBJECT: Approval of Intelligent Technology Solutions, Inc Contract Amendment No. 5.

Dear Board Members:

RECOMMENDATION:

Authorize the General Manager to execute Contract Amendment No. 5 in the amount of \$50,000 to the existing Consultant Services contract with Intelligent Technology Solutions, Inc (ITS) for MAXIMO support services for a total not-to-exceed amount of \$1,040,177.

SUMMARY:

In November 2015, your Board approved a Contract with ITS for services to implement, train and support a cloud-based MAXIMO Maintenance Management System. This MAXIMO system is used to track all aspects of the Operations Department, including but not limited to dispatch logging, purchasing, inventory, and the maintenance of our vehicles, facilities, track, and signal systems.

Our MAXIMO system has proven to be successful for our Operations Department. As such, SMART staff has decided to also use MAXIMO for our Information Technology department call tracking. SMART has recently hired a new Railroad Information Systems Specialist who brings 20 years of experience in MAXIMO. She has been able to work with ITS to implement positive changes to our system, to allow SMART to use the MAXIMO more efficiently, and to better leverage our investment in MAXIMO.

This contract amendment for ITS will allow SMART to continue to improve its usage of the MAXIMO system. It will provide authority for projects to develop more efficient processes to gather asset information, and help with asset management decisions. These projects are for dispatch, signals, track, railcar maintenance, and non-revenue vehicles. Ultimately these projects will provide us with the best possible system for planning and tracking maintenance for SMART's operational assets.

FISCAL IMPACT: Funds for this service are included in the Fiscal Year 2020-21 operations budget.

REVIEWED BY: [] Finance /s/ [] Counsel /s/

Very truly yours,

 /s/
Bryan Crowley
Information Systems Manager

Attachment (s): ITS Inc Consulting Contract Amendment No. 5

**FIFTH AMENDMENT TO AGREEMENT FOR CONSULTANT SERVICES
BETWEEN THE SONOMA-MARIN AREA RAIL TRANSIT DISTRICT
AND INTELLIGENT TECHNOLOGY SOLUTIONS, LLC**

This Fifth Amendment dated as of September 24, 2020 (the “Fifth Amendment”) to the Agreement for Consultant Services by and between the Sonoma-Marín Area Rail Transit District (“SMART”) and Intelligent Technology Solutions, LLC (“CONSULTANT”), dated as of November 1, 2015 (the “Original Agreement,” and as amended by the First Amendment through Fourth Amendment, and this Fifth Amendment, the “Agreement”).

RECITALS

WHEREAS, SMART and CONSULTANT previously entered into the Original Agreement to provide implementation, training, and support of a cloud-based Maximo Maintenance Management System (hereinafter “MMS”); and

WHEREAS, SMART and CONSULTANT previously amended the Agreement to increase the not-to-exceed amount and to switch to a full support, fee for service model; and

WHEREAS, SMART desires to increase the Agreement’s not-to-exceed amount by \$50,000 for a total not-to-exceed amount of \$1,040,177 to add funds to the 24 Hour Support Services in Years 5 & 6 for SMART’s MAXIMO Software System; and

NOW, THEREFORE, in consideration of the recitals set forth above and the covenants contained herein, it is mutually agreed by and between the parties that:

AGREEMENT

1. EXHIBIT B – BUDGET & SCHEDULE OF RATES

Exhibit B to the Agreement shall be amended and replaced with the Exhibit B – Schedule of Rates attached to this Fifth Amendment.

2. ARTICLE 5. “PAYMENT” Article 5 of the Agreement is amended as follows:

In addition to the not-to-exceed amount set forth in the Original Agreement and increased by previous Amendments, the Contract amount shall be increased by an amount not-to-exceed \$50,000 for a total not-to-exceed amount of \$1,040,177.

3. ARTICLE 16. MISCELLANEOUS PROVISIONS. Article 16 of the Agreement is amended to add Section 16.09 as follows:

Section 16.09 “Acceptance of Electronic Signatures and Counterparts. The parties agree that this Contract, Agreements ancillary to this Contract, and related documents to be entered into this Contract will be considered executed when all parties have signed this Agreement. Signatures delivered by scanned image as an attachment to electronic mail or delivered electronically through the use of programs such as DocuSign must be treated in all respects as having the same effect as an original signature. Each party further agrees that this Contract may be executed in two or more counterparts, all of which constitute one and the same instrument.”

4. Except to the extent the Agreement is specifically amended or supplemented hereby, the Agreement, together with all supplements, amendments and exhibits thereto is, and shall continue to be, in full force and effect as originally executed, and nothing contained herein shall, or shall be construed to, modify, invalidate, or otherwise affect any provision of the Agreement.

THIS SPACE INTENTIONALLY LEFT BLANK

IN WITNESS WHEREOF, the parties hereto have executed this Fifth Amendment as set forth below.

SONOMA-MARIN AREA RAIL TRANSIT DISTRICT

Dated: _____

By _____
Farhad Mansourian, General Manager

INTELLIGENT TECHNOLOGY SOLUTIONS, LLC

Dated: _____

By _____
Its _____

APPROVED AS TO FORM:

Dated: _____

By _____
District Counsel

**EXHIBIT B
BUDGET**

NOT-TO-EXCEED BUDGET BY CONTRACT YEAR:

Exhibit B Budget is amended to increase the not to exceed amount by \$50,000 for the 24 Hour Support in Years 5 & 6 for a total not-to-exceed amount of \$1,040,177, and replaces previous Exhibit B Budgets:

	Year 1 Nov '15 - Oct '16	Year 2 Nov '16 - Oct '17	Year 3 Nov '17 - Oct '18	Year 4 Nov '18 - Oct '19	Year 5 Nov '19 - Oct '20	Year 6 (partial) Nov '20-Mar '21	Total
Implementation Services	\$ 226,787	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 226,787
Implementation Travel	\$ 20,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,000
24 Hour Support	\$ 9,984	\$ 13,978	\$ 3,495	\$ -	\$ -	\$ -	\$ 27,457
Fee for Service	\$ -	\$ -	\$ 10,901	\$ 14,829	\$ 15,274	\$ -	\$ 41,004
Software as a Service	\$ 107,655	\$ 102,356	\$ 105,406	\$ 108,568	\$ 111,825	\$ 47,166	\$ 582,976
Addition of HSE Operator Log	\$ 4,777	\$ 4,900	\$ 5,068	\$ 5,220	\$ 5,634	\$ 2,452	\$ 28,051
Additional Licensing Costs	\$ -	\$ -	\$ 7,420	\$ 20,637	\$ 25,211	\$ 10,633	\$ 63,899
Additional Fees for Services 9/1/20 – 3/31/21					\$ 14,286	\$ 35,714	\$ 50,000
Total	\$ 369,204	\$ 121,234	\$ 132,290	\$ 149,254	\$ 172,230	\$ 95,965	\$ 1,040,177



October 7, 2020

Eric Lucan Chair
Transportation Authority of Marin

Barbara Pahre, Vice Chair
Golden Gate Bridge,
Highway/Transportation District

Judy Arnold
Marin County Board of Supervisors

Damon Connolly
Marin County Board of Supervisors

Debora Fudge
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Sonoma County Mayors' and
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Shirlee Zane
Sonoma County Board of Supervisors

Farhad Mansourian
General Manager

Sonoma-Marín Area Rail Transit Board of Directors
5401 Old Redwood Highway, Suite 200
Petaluma, CA 94954

SUBJECT: Authorize the General Manager to Award a Purchase Order for 80 Passenger Railcar Wheels to UTC/RAS, LLC in the amount of \$174,396.72

Dear Board Members:

RECOMMENDATION:

The Board-Approved Fiscal Year 2021 Budget includes the purchase of Passenger Railcar wheels for SMART's Diesel Multiple Units. Staff recommends authorizing the General Manager to award a Purchase Order for 80 Passenger Railcar Wheels to UTC/RAS, LLC in the amount of \$174,396.72.

SUMMARY:

SMART's Vehicle Maintenance team is tasked with performing routine maintenance and timely repairs on SMART's DMUs to ensure a smooth and safe operation for passengers. These new wheels are being purchased in preparation of needing to replace existing wheels in use where tread has worn down to a level requiring replacement.

An Invitation for Bid was issued to procure the Passenger Railcar Wheels on July 7, 2020. The Invitation for Bid included a base order of 80 wheels, along with an option to purchase additional wheels up to a maximum of 80 wheels the following year. The lowest bid determination was made based on the total of the base order plus the optional year bid amounts. SMART received a total of four bids, only three bids were deemed to be responsive and were from the following vendors:

5401 Old Redwood Highway
Suite 200
Petaluma, CA 94954
Phone: 707-794-3330
Fax: 707-794-3037
www.sonomamarintrain.org

COMPANY	BASE ORDER	OPTIONAL YEAR	TOTAL BID
ORX RAIL	\$181,440.00	\$185,120.00	\$366,560.00
PENN MACHINE COMPANY	\$196,382.40	\$202,273.60	\$398,656.00
UTC/RAS, LLC	\$160,364.80	\$160,364.80	\$320,729.60

UTC/RAS, LLC's bid was the lowest responsive responsible bid. Bid amounts in the table do not include sales tax. After factoring in sales tax based on the final delivery location, the final cost of the base order purchase is \$174,396.72.

Staff recommends authorizing the General Manager to award a Purchase Order for the base order of 80 Passenger Railcar Wheels to UTC/RAS, LLC in the amount of \$174,396.72.

FISCAL IMPACT: Funds for the purchase are included in the Fiscal Year 2020-21 operations budget.

REVIEWED BY: [x] Finance /s/ [x] Counsel /s/

Very truly yours,

/s/
Ken Hendricks
Procurement Coordinator



October 7, 2020

Eric Lucan, Chair
Transportation Authority of Marin

Barbara Pahre, Vice Chair
Golden Gate Bridge,
Highway/Transportation District

Judy Arnold
Marin County Board of Supervisors

Damon Connolly
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Sonoma-Marin Area Rail Transit Board of Directors
5401 Old Redwood Highway, Suite 200
Petaluma, CA 94954

SUBJECT: Authorize the Issuance of up to \$160 million of Tax Revenue Refunding Bonds (green Bonds) and the execution of related documents

Dear Board Members:

RECOMMENDATION:

Adopt Resolution No. 2020-20 which:

1. Authorizes and approves the issuance of up to \$160,000,000 of Sonoma-Marin Area Rail Transit District Measure Q Sales Tax Revenue Refunding Bonds (Green Bonds), Series 2020A (Taxable) (the "Bonds"), via negotiated sale;
2. Authorizes the execution and delivery of documents in connection with the Bond issuance including the Indenture, Purchase Agreement, Official Statement with Disclosure Certificate and Escrow Agreement;
3. Authorizes the General Manager or Chief Financial Officer to take other actions necessary in connection with the issuance and negotiated sale of the Bonds.

SUMMARY:

For several months, at the Board's direction, we have been discussing and reporting on the steps necessary to take advantage of historically low borrowing costs in order to lower our annual debt service. At your September 16, 2020, Board meeting, your Board adopted a debt policy which was a necessary step toward the issuance of refunding bonds. Today we are requesting your approval of a resolution and legal documents necessary to move forward with a successful refinancing.

REFINANCING BACKGROUND AND UPDATE:

The 2011A Bonds that were issued to finance construction of the initial operating segment from San Rafael to Airport Boulevard are currently outstanding in the amount of \$136.9 million with a final maturity of March 1, 2029 and a call date (the first opportunity for tax-exempt refinancing) of March 1, 2022. Our remaining annual debt service on the 2011A Bonds escalates from \$17.4 million in FY 2021 to \$22.0 million in FY 2028, the year of maximum debt service. The final payment is March 1, 2029.

As we discussed previously, because our existing debt is not eligible for a tax-exempt refinancing until 2022, we are proposing to refinance the bonds using a taxable advance refunding structure which will allow for savings to begin prior to the call date. This has become a strategy utilized by many governments following elimination of tax-exempt advance refunding following the federal tax law changes in 2017.

The refinancing will take advantage of two conditions that benefit SMART in 2020: First, and foremost, the historically low borrowing rates available in the market as a result of the recession; and second, the ability to achieve a positive market result without a debt service reserve fund, which investors no longer require for highly rated bonds. These factors and the use of a taxable advance refunding allow SMART to refinance its outstanding bonds over the same term (without extending the repayment period) to generate an estimated average \$3.34 million of annual cashflow savings. Fiscal Year 2021 savings are estimated at \$2.80 million. Net present value savings are estimated at \$10.78 million or 7.88% of refunded debt which is more than double the industry standard threshold of 3% for refunding savings. These savings are net of the transaction costs associated with the refunding, which are estimated at \$658,000. Attached as Exhibit A to this report are the good faith estimates of the costs and benefits of the deal we are seeking, information that is necessary to meet disclosure requirements of California Government Code Section 5852.1.

The sole reason for the refinancing, as we have discussed in our meetings to date, is to provide breathing room in our revenue streams for known and projected operating costs in the coming years. This estimated \$3.34 million annual savings from refinancing, added to the budget savings and reserves we achieved during the last few months, will put SMART on solid financial ground until the end of the tax in 2029. No one can predict the future, as we have painfully learned this year, but today we are gratified that we have pivoted to our new reality in a way that successfully tackles our financial challenges.

You will also notice that we have designated the Bonds as “Green Bonds,” which is a designation under the International Capital Markets Associations’ (ICMA) Green Bond Principles (GBP). Under the GBP, refunding bonds can be designated green if the original proceeds of the refunded bonds were used for eligible projects. The purpose of designating the Series 2020 Bonds as “Green Bonds” is to allow potential investors to know that if they choose to invest in the SMART bonds, they are investing in bonds that have previously financed environmentally beneficial projects. This designation is a positive one for SMART that could increase the investor pool for the bonds.

Today we are requesting your approval of a number of documents in order to move forward to carry out the refinancing. They are outlined below.

1. **Bond Resolution:** Resolution No. 2020-20 authorizes the issuance of the debt which is necessary for the refinancing. The actual amount will be determined during the market transaction.

The Bond Resolution sets forth the findings of the Board related to the Series 2020A Bonds, approves the issuance of the bonds and documents related to the issuance (listed below), approves the application of proceeds of the Series 2020A Bonds, and delegates authority to Authorized Officers (the General Manager or the Chief Financial Officer) to provide all consents and approvals necessary for execution and delivery of documents, as well as further actions required to complete the issuance and sale of the Series 2020A Bonds.

2. **Third Supplemental Indenture:** This legal document established the particular terms of the Series 2020A Bonds, including provisions related to principal and interest payments, redemption provisions, maturities, and certain additional bond covenants. For more information, please refer to [Exhibit B](#).
3. **Bond Purchase Agreement:** The Purchase Agreement is a contract between Barclays Capital Inc., acting on behalf of the underwriters, and SMART. It sets forth the purchase price, interest rates and conditions pursuant to which the underwriters will underwrite the Series 2020A Bonds, as well as certain other material business terms. For more information, please refer to [Exhibit C](#).
4. **Preliminary Official Statement:** The Preliminary Official Statement discloses information about SMART and the Bonds, to provide relevant information to potential investors. Such information includes a description of the purpose and security for the Bonds, including information about the Measure Q Sales Tax, information about the bond documents and certain risks related to ownership of the Series 2020A Bonds. For more information, please refer to the Preliminary Official Statement, included as [Exhibit D](#). The final Official Statement will contain final pricing information and will otherwise be substantially similar to the attached Preliminary Official Statement.
5. **Escrow Agreement:** Because of the nature of an advance refunding which requires payments to existing bond holders through the 2022 call date, SMART will enter into an escrow agreement for the security and management of those funds. This is an agreement with the Bank of New York who will continue to act as the Trustee for the sales tax revenue that is pledged to pay the debt service on the bonds and the Escrow Fund which must be held separate and apart from all other funds for the purposes of the refinancing. For more information, please refer to [Exhibit E](#).

SMART will also be required to enter into certain collateral documents related to the Bonds. For example, a Continuing Disclosure Agreement for the benefit of the bondholders is required to provide certain financial information and data relating to SMART on an annual basis, and material event disclosures on a continuing basis, in order to comply with SEC rules related to the Bonds.

RECOMMENDATION:

Staff recommends that the Board Adopt Resolution No. 2020-20 which:

1. Authorizes and approves the issuance of up to \$160,000,000 of Sonoma-Marín Area Rail Transit District Measure Q Sales Tax Revenue Refunding Bonds (Green Bonds), Series 2020A (Taxable) (the "Bonds"), via negotiated sale;
2. Authorizes the execution and delivery of documents in connection with the Bond issuance including the Indenture, Purchase Agreement, Official Statement with Disclosure Certificate and Escrow Agreement;
3. Authorizes the General Manager or Chief Financial Officer to take other actions necessary in connection with the issuance and negotiated sale of the Bonds.

Very truly yours,

/s/

Erin McGrath
Chief Financial Officer

Attachment(s):

- 1) Resolution No. 2020-20
- 2) Exhibit A: Good Faith Estimate Disclosure
- 3) Exhibit B: Third Supplemental Indenture
- 4) Exhibit C: Bond Purchase Agreement
- 5) Exhibit D: Preliminary Official Statement and Certificate of Disclosure
- 6) Exhibit E: Escrow Agreement

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SONOMA-MARIN AREA RAIL TRANSIT DISTRICT, STATE OF CALIFORNIA, AUTHORIZING THE SALE OF UP TO \$160,000,000 AGGREGATE PRINCIPAL AMOUNT OF SONOMA-MARIN AREA RAIL TRANSIT DISTRICT MEASURE Q SALES TAX REVENUE REFUNDING BONDS (GREEN BONDS), SERIES 2020A (TAXABLE), AUTHORIZING THE EXECUTION AND DELIVERY OF A SUPPLEMENTAL INDENTURE THERETO PROVIDING FOR THE ISSUANCE OF SAID BONDS, AN OFFICIAL STATEMENT DESCRIBING SAID BONDS, A BOND PURCHASE CONTRACT PROVIDING FOR THE NEGOTIATED SALE OF SAID BONDS AND CERTAIN OTHER AGREEMENTS AND DOCUMENTS REQUIRED IN CONNECTION WITH THE ISSUANCE AND NEGOTIATED SALE OF SAID BONDS AND AUTHORIZING THE TAKING OF OTHER ACTIONS NECESSARY IN CONNECTION WITH THE ISSUANCE AND NEGOTIATED SALE OF SAID BONDS

WHEREAS, the Sonoma-Marín Area Rail Transit District (the “Issuer”) is a public entity duly established and existing under and pursuant to the Sonoma-Marín Area Rail Transit Act (constituting Part 16 of Division 10 of the Public Utilities Code of the State of California) (the “Act”);

WHEREAS, pursuant to the provisions of the Act, the Issuer adopted Ordinance No. 2008-01 (the “Ordinance”), on July 16, 2008;

WHEREAS, the Ordinance provided for the imposition of a retail transactions and use tax (the “Measure Q Sales Tax”) at the rate of one-fourth of one percent (1/4%) for a period of twenty (20) years beginning April 1, 2009, such Measure Q Sales Tax to be applicable in the incorporated and unincorporated territory of the Counties of Sonoma and Marín (the “Counties”);

WHEREAS, in conjunction with the adoption of the Ordinance, the Issuer adopted an expenditure plan providing for the expenditure of the proceeds of the Measure Q Sales Tax (such expenditure plan, as supplemented and amended from time to time pursuant to its terms, being hereinafter referred to as the “Expenditure Plan”);

WHEREAS, the Measure Q Sales Tax was approved by more than two-thirds of the electors voting on a ballot measure to authorize such Measure Q Sales Tax at the general election held in the Counties on November 4, 2008;

WHEREAS, by its terms the Ordinance became effective at the close of the polls on November 4, 2008, the date of the general election at which the Ordinance was approved;

WHEREAS, pursuant to the provisions of the Ordinance, collection of the Measure Q Sales Tax commenced on April 1, 2009 and will currently expire on March 31, 2029;

Resolution No. 2020-20
Sonoma-Marín Area Rail Transit District
October 7, 2020

WHEREAS, pursuant to the provisions of the Act (Section 105220) and the Ordinance, the Issuer is authorized to issue from time to time revenue bonds secured by and payable from the proceeds of the Measure Q Sales Tax;

WHEREAS, in order to provide funds to finance, or reimburse the Issuer for its prior payment of, the costs of designing, constructing, implementing, manufacturing, operating, financing, and maintaining a passenger rail system and a bicycle/pedestrian pathway as permitted by the Ordinance and the Expenditure Plan (hereinafter collectively referred to as the "Project"), the Issuer has issued a series of revenue bonds to be designated as the Sonoma-Marín Area Rail Transit District Measure Q Sales Tax Revenue Bonds, Series 2011A (the "Refunded Bonds"), in an aggregate principal amount of \$190,145,000;

WHEREAS, the Refunded Bonds were issued pursuant to an Indenture and a First Supplemental Indenture thereto (together with all other prior supplements thereto, the "Master Indenture"), each of which was entered into between the Issuer and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee");

WHEREAS, the Issuer desires to issue its Measure Q Sales Tax Revenue Refunding Bonds (Green Bonds), Series 2020A Bonds (the "Bonds") on a taxable basis to (i) defease and refund the Refunded Bonds, and (ii) to pay certain costs incurred in connection with the issuance of the Bonds (including the cost of any bond insurance policy);

WHEREAS, there has been prepared and presented to the board of directors of the Issuer (the "Board of Directors") a proposed form of Third Supplemental Indenture (the Master Indenture and Third Supplemental Indenture being hereinafter collectively referred to as the "Indenture") providing for issuance of Bonds in the form of federally taxable bonds;

WHEREAS, to effect the defeasance and refunding of the Refunded Bonds, there has been prepared and made available to the Board of Directors a proposed form of Escrow Agreement (the "Escrow Agreement"), between the Issuer and the Trustee, as escrow agent (the "Escrow Agent");

WHEREAS, the Issuer has determined to sell the Bonds by negotiated sale and in order to set forth the terms of sale of the Bonds, the Issuer proposes to enter into a bond purchase contract (the "Purchase Contract") with the underwriters to be named therein (the "Purchasers");

WHEREAS, in order to obtain the lowest cost of borrowing obtainable at a prudent level of risk, it may be desirable to obtain municipal bond insurance for the Bonds of one or more stated maturity dates;

WHEREAS, in order to facilitate the offering of the Bonds, the Issuer proposes to approve, execute and deliver an Official Statement (the “Official Statement”) describing the Bonds and certain related matters;

WHEREAS, there has been prepared and presented to the Board of Directors a proposed form of Official Statement describing the Bonds and certain related matters;

WHEREAS, the Board of Directors has been presented with forms of the Indenture, the Purchase Contract, the Official Statement, the Continuing Disclosure Certificate and the Escrow Agreement (hereinafter collectively referred to as the “Bond Documents”), each of such documents relating to the financing described herein (the “Financing”), and the Issuer desires to authorize and direct the execution and delivery of each of the Bond Documents and such other documents as shall be necessary or advisable in connection with the Financing contemplated by this Resolution and described herein; and

WHEREAS, in accordance with Government Code Section 5852.1, the Board of Directors has obtained and disclosed the information required thereby in the staff report accompanying this Resolution; and

WHEREAS, all acts, conditions and things required by the Act and the Constitution and laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of the transactions authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the Issuer is now duly authorized and empowered, pursuant to each and every requirement of law, to authorize the Financing, to authorize the execution and delivery of the Bond Documents, to sell the Bonds pursuant to the Purchase Contract, to authorize the negotiation of, and, as applicable, the securing of municipal bond insurance to provide credit support for the Bonds of one or more stated maturity dates, for the purposes, in the manner and upon the terms provided.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the **SONOMA-MARIN AREA RAIL TRANSIT DISTRICT** as follows:

Section 1. The issuance by the Issuer of not to exceed \$160,000,000 aggregate principal amount of Sonoma-Marín Area Rail Transit District Measure Q Sales Tax Revenue Refunding Bonds (Green Bonds), Series 2020A, in the form of federally taxable bonds, is hereby authorized and approved.

Section 2. In connection with the financing transaction approved by this Resolution, the Board of Directors hereby approves, confirms and ratifies the selection of Nixon Peabody LLP, to act as Bond and Disclosure Counsel and PFM Advisors, to act as municipal advisor to the Issuer. Each of the Authorized Officers (as defined herein) is hereby authorized to enter into a

professional services contract with such professionals, as may be determined to be necessary or appropriate, with all of the costs of such professionals shall be payable from the proceeds of the financing transaction.

Section 3. The proposed form of the Third Supplemental Indenture, between the Issuer and the Trustee, made available to the Board of Directors, and the terms and provisions thereof, which are hereby incorporated by reference, are hereby approved. The Clerk of the Board (hereinafter referred to as the “Secretary”) is directed to file a copy of such form of Third Supplemental Indenture with the minutes of this meeting. Each of the General Manager of the Issuer or the Chief Financial Officer of the Issuer and any designee appointed by either in accordance with Section 9 of this Resolution (each, hereinafter referred to as an “Authorized Officer”), is authorized and directed to execute and deliver the Third Supplemental Indenture to the Trustee, in substantially the form of the Third Supplemental Indenture provided to the Board of Directors, with such additions thereto or changes therein as the Authorized Officer executing the same, with the advice of counsel to the Issuer, may require or approve, the approval of such additions or changes to be conclusively evidenced by the execution and delivery of the Third Supplemental Indenture.

Section 4. The structure, date, maturity date or dates (not to exceed March 1, 2029), interest rates, interest payment dates, forms, denominations, registration and exchange privileges, place or places of payment, reserve fund requirements, if any, terms of redemption (optional redemption may or may not be provided, as determined by the Authorized Officer executing the Third Supplemental Indenture), and all other terms of the Bonds shall be (subject to the foregoing limitations) as provided in the Third Supplemental Indenture as finally executed and delivered.

Section 5. The proposed form of the Escrow Agreement, between the Issuer and the Escrow Agent, made available to the Board of Directors, and the terms and provisions thereof, which are hereby incorporated by reference, are hereby approved. The Secretary is directed to file a copy of such form of Escrow Agreement with the minutes of this meeting. Each Authorized Officer, acting alone, is authorized and directed to execute and deliver the Escrow Agreement, in substantially the form of the Escrow Agreement provided to the Board of Directors, with such additions thereto or changes therein as the Authorized Officer executing the same, with the advice of counsel to the Issuer, may require or approve, the approval of such additions or changes to be conclusively evidenced by the execution and delivery of the Escrow Agreement.

Section 6. The proposed form of Official Statement in preliminary form (the “Preliminary Official Statement”), made available to the Board of Directors, describing the Bonds and related matters, and the terms and provisions thereof, which are hereby incorporated by reference, is hereby approved. The Preliminary Official Statement may be deemed final by either Authorized Officer on behalf of the Issuer for purposes of compliance with Securities and

Exchange Commission Rule 15c2-12 and the distribution of the Preliminary Official Statement as is deemed final by either Authorized Officer is hereby authorized.

Section 7. Each Authorized Officer, acting alone, is hereby authorized and directed to execute and deliver a final Official Statement in substantially the form of the Preliminary Official Statement provided to the Board of Directors, with such additions thereto or changes therein as such Authorized Officer, with the advice of counsel to the Issuer, may require or approve, the approval of such additions or changes to be conclusively evidenced by the execution and delivery of the Official Statement. The Underwriters are hereby authorized and directed to distribute copies of the Official Statement to persons purchasing the Bonds.

Section 8. The proposed form of Purchase Contract, between the Issuer and the Underwriters, made available to the Board of Directors, providing for the sale of the Bonds to the Underwriters and the terms and conditions thereof, which are hereby incorporated by reference, are hereby approved. The Secretary is directed to file a copy of such form of Purchase Contract with the minutes of this meeting. The sale of the Bonds at the principal amount thereof, less an underwriters' discount of not to exceed 2.5% of such principal amount, less any agreed-upon original issue discount, plus any original issue premium, at prices that will generate debt service savings of not less than 3% of the principal amount of the Refunded Bonds being refunded, in accordance with such form of Purchase Contract, is hereby authorized and approved. Each Authorized Officer is hereby authorized and directed to execute and deliver the Purchase Contract to the Underwriters, in substantially the form of Purchase Contract provided to the Board of Directors, with such additions thereto or changes therein, as such Authorized Officer executing the same, with the advice of counsel to the Issuer, may require or approve, the approval of such additions or changes to be conclusively evidenced by the execution and delivery of the Purchase Contract.

Section 9. The proposed form of the Continuing Disclosure Certificate, made available to the Board of Directors, and the terms and conditions thereof, which are hereby incorporated by reference, are hereby approved. The Secretary is directed to file a copy of such form of Continuing Disclosure Certificate with the minutes of this meeting. Each Authorized Officer, acting alone, is hereby authorized to execute and deliver a Continuing Disclosure Certificate, in substantially the form of the Continuing Disclosure Certificate provided to the Board of Directors, with such additions thereto or changes therein, as such Authorized Officer executing the same, with the advice of counsel to the Issuer, may require or approve, the approval of such additions or changes to be conclusively evidenced by the execution and delivery of the Continuing Disclosure Certificate.

Section 10. All approvals, consents, directions, notices, orders, requests and other actions permitted or required by any of the documents authorized by this Resolution, including, without limitation, any of the foregoing which may be necessary in connection with any amendment of any documents executed in connection with the issuance of the Bonds, including,

without limitation, the redemption, purchase in lieu of redemption, refunding or defeasance of any Bonds, may be given by either Authorized Officer without further authorization or direction by the Board of Directors, and each Authorized Officer acting alone, is hereby authorized and directed to give any such approval, consent, direction, notice, order or request and to take any such action which such Authorized Officer may deem necessary or desirable to further the purposes of this Resolution.

Section 11. Each Authorized Officer and each other appropriate officer of the Issuer, are authorized and directed, for and in the name and on behalf of the Issuer, to execute and deliver any and all agreements, certificates, documents and instruments, including, without limitation, signature certificates, no-litigation certificates, disclosure certificates, letters of representation relating to book-entry registration, escrow instructions, insurance agreements, certificates concerning Purchase Contract representations, certificates concerning the contents of the Official Statement, contracts for rebate compliance services, and to do any and all things and take any and all actions which may be necessary or advisable, in their discretion, to effectuate the actions which the Issuer has approved in this Resolution, including, without limitation, any of the foregoing which may be necessary, and to carry out, consummate and perform the duties of the Issuer set forth in the Financing Documents and all other documents executed in connection with the issuance of the Bonds.

Section 12. The General Manager or the Chief Financial Officer of the Issuer may appoint in writing a designee to perform any of the actions which such officer of the Issuer may take under this Resolution.

Section 13. The General Counsel of the Issuer is authorized and directed to provide such opinions, on behalf of the Issuer, as are required under the terms of the Financing Documents and as are required to consummate any of the financing, conversion or purchase transactions authorized by this Resolution.

Section 14. Bond Insurance. The Authorized Representatives of the Issuer, each acting alone, are hereby authorized and directed, for and in the name and on behalf of the Issuer, to negotiate with providers of municipal bond insurance, and, if any Authorized Representative of the Issuer determines that it is in the best interest of the Issuer, to commit to purchase municipal bond insurance for Bonds of one or more stated maturity dates, the Authorized Representatives of the Issuer, each acting alone, are authorized to commit to purchase municipal bond insurance on such terms as the Authorized Representative of the Issuer committing to the same, with the advice of the Issuer's financial advisor and Issuer Counsel, determines are appropriate.

Section 15. Authorized Representatives. The Authorized Representatives of the Issuer, each acting alone, are authorized and directed, for and in the name and on behalf of the Issuer, to execute and deliver any and all agreements, certificates, documents, orders, instructions and instruments, including, without limitation, tax certificates, amendments to the

Indenture as may be required by any rating agency, bond insurer or credit enhancer, continuing disclosure agreements or certificates, agreements or documents necessary to provide for utilization of a book-entry only system for the Bonds, agreements, documents or instructions necessary in connection with the investment of proceeds of the Bonds, agreements, documents or instructions necessary in connection with securing municipal bond insurance for the Bonds of one or more stated maturity dates, agreements, documents or instructions necessary in connection with securing bond insurance, certificates concerning representations and warranties set forth in any of the Bond Documents, instructions necessary or advisable to carry out the purposes of this Resolution and the transactions contemplated hereby and to do and cause to be done any and all acts and things necessary or advisable to carry out the purposes of this Resolution and the transactions contemplated hereby and to do any and all things and take any and all actions which may be necessary or advisable, in such officer's discretion, to effectuate the actions which the Board of Directors has approved in this Resolution and the transactions contemplated hereby.

Section 16. Ratification of Actions. All actions heretofore taken by the members of the Board of Directors, committees of the Board of Directors, each Authorized Representative of the Issuer and officers and agents of the Issuer with respect to the transactions contemplated by this Resolution and described herein are hereby ratified, confirmed and approved.

Section 17. Completion of Financing; Subsequent Actions. All approvals, consents, directions, notices, orders, requests and other actions permitted or required by any of the Bond Documents authorized by this Resolution or any of the other documents authorized by this Resolution, or any of the other documents authorized by this Resolution may be given or taken by any Authorized Representative of the Issuer without further authorization by the Board of Directors, and each Authorized Representative of the Issuer is hereby authorized and directed to give any such approval, consent, direction, notice, order or request and to take any such action which such Authorized Representative of the Issuer, with the advice of Issuer Counsel, may deem necessary or desirable to further the purposes of this Resolution and the transactions contemplated hereby.

Section 18. Severability. If any section, paragraph, clause or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution, which shall continue in full force and effect.

Section 19. Effective Date. This Resolution shall take effect from and after its adoption.

THE FOREGOING RESOLUTION was moved by Director _____, seconded by Director _____.

Resolution No. 2020-20
Sonoma-Marín Area Rail Transit District
October 7, 2020

PASSED AND ADOPTED at a regular meeting of the Board of Directors of the Sonoma-Marín Area Rail Transit District held on the 7th day of October, 2020, by the following vote

DIRECTORS:

AYES:

NOES:

ABSENT:

ABSTAIN:

Eric Lucan, Chair, Board of Directors
Sonoma-Marín Area Rail Transit District

ATTEST:

Leticia Rosas-Mendoza, Clerk of Board of Directors
Sonoma-Marín Area Rail Transit District

Exhibit A

**California Government Code Section 5852.1 Disclosure
Good Faith Estimates**

- (A) True Interest Cost of the Series 2020A Bonds: 1.84%
- (B) Finance Charge of the Series 2020A Bonds (Sum of all fees/charges paid to third parties):
\$658,150
- (C) Net Proceeds to be Received (net of finance charges, reserves and capitalized interest, if any):
\$122,601,850
- (D) Total Payment Amount Through Maturity: \$133,807,893

THIRD SUPPLEMENTAL INDENTURE

between

SONOMA-MARIN AREA RAIL TRANSIT DISTRICT

and

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

Dated as of October 1, 2020

Relating to

SONOMA-MARIN AREA RAIL TRANSIT DISTRICT
MEASURE Q SALES TAX REVENUE REFUNDING BONDS (GREEN BONDS),
SERIES 2020A (TAXABLE)

(Supplementing the Indenture
Dated as of December 1, 2011)

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THIRD SUPPLEMENTAL INDENTURE

This THIRD SUPPLEMENTAL INDENTURE, dated as of October 1, 2020 (this “Supplemental Indenture”), between the SONOMA-MARIN AREA RAIL TRANSIT DISTRICT, a public entity duly established and existing under the laws of the State of California (the “Issuer”) 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, as trustee (the “Trustee”):

WITNESSETH:

WHEREAS, this Supplemental Indenture is supplemental to the Indenture, dated as of December 1, 2011 (as supplemented and amended from time to time pursuant to its terms, including by this Supplemental Indenture, the “Indenture”), between the Issuer and the Trustee;

WHEREAS, the Indenture provides that the Issuer may issue Bonds from time to time as authorized by a supplemental indenture;

WHEREAS, the Issuer has heretofore issued \$190,145,000 aggregate principal amount of Sonoma-Marine Area Rail Transit District Measure Q Sales Tax Revenue Bonds, Series 2011A, of which \$121,155,000 in aggregate principal amount is currently outstanding (the “Refunded Bonds”);

WHEREAS, in accordance with the Act, the Issuer has determined to issue \$_____ aggregate principal amount of Sonoma-Marine Area Rail Transit District Measure Q Sales Tax Revenue Refunding Bonds (Green Bonds), 2020 Series A (Taxable) (the “Series 2020A Bonds”) to refund and defease all of the outstanding Refunded Bonds;

NOW, THEREFORE, the parties hereto hereby agree as follows:

ARTICLE XXI DEFINITIONS

Section 21.01. Definitions. Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to such terms in Section 1.02 of the Indenture.

Section 21.02. Additional Definitions. Unless the context otherwise requires, the terms defined in this Section 21.01 for all purposes of this Supplemental Indenture and of any indenture supplemental hereto, have the meanings herein specified in this Section 21.01.

Authorized Denominations means \$5,000 and any integral multiple thereof.

Beneficial Owner means, so long as the Series 2020A Bonds are held in the Book-Entry System, any Person who acquires a beneficial ownership interest in a Series 2020A Bond held by the Securities Depository. If at any time the Series 2020A Bonds are not held in the Book-Entry System, Beneficial Owner shall mean the registered owner for purposes of this Supplemental Indenture.

Bond Counsel means any firm of nationally recognized municipal bond attorneys selected by the Issuer and experienced in the issuance of municipal bonds.

Book-Entry System means a system under which physical bond certificates in fully registered form are registered only in the name of a Securities Depository or its nominee.

DTC means The Depository Trust Company, New York, New York.

Escrow Agreement means the Escrow Agreement, dated as of October 1, 2020, between the Issuer and The Bank of New York Mellon Trust Company, N.A., as trustee and escrow agent, as originally executed or as it may from time to time be supplemented or amended pursuant to its terms.

Interest Payment Date means March 1 and September 1 of each year, commencing [March 1, 2021].

Opinion of Counsel means a written legal opinion from a firm of attorneys or an attorney, who is acceptable to the Trustee. The Counsel may be an employee of, or counsel to, the Issuer or the Trustee.

Person shall mean an individual, a corporation, an association, a joint venture, a partnership, a trust, an unincorporated organization or any other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

Record Date with respect to each Interest Payment Date means the fifteenth (15th) day (whether or not a Business Day) of the month preceding the month in which such Interest Payment Date occurs.

[**Redemption Date** means the date fixed for redemption of Series 2020A Bonds in any notice of redemption given in accordance with the terms hereof.]

Refunded Bonds means the Sonoma-Marín Area Rail Transit District Measure Q Sales Tax Revenue Bonds, Series 2011A, maturing on March 1, 2029.

Series 2020A Bonds means the Sonoma-Marín Area Rail Transit District Measure Q Sales Tax Revenue Refunding Bonds (Green Bonds), 2020 Series A (Taxable), authorized by and at any time Outstanding pursuant to this Indenture.

Series 2020A Costs of Issuance Fund means the fund by that name established pursuant to Section 24.02.

ARTICLE XXII THE SERIES 2020A BONDS

Section 22.01. Authorization of Series 2020A Bonds; Issuance of Series 2020A Bonds.
A Series of Bonds to be issued under the Indenture is hereby created. Such Series of Bonds shall be known as the “Sonoma-Marín Area Rail Transit District Measure Q Sales Tax Revenue Refunding Bonds, 2020 Series A (Taxable).” In addition, the Series 2020A Bonds shall be designated “(Green Bonds)”. At any time after the execution and delivery of this Third

Supplemental Indenture, the Issuer may execute and, upon the order of the Issuer, the Trustee shall authenticate and deliver the Series 2020A Bonds in the aggregate principal amount of \$_____. The Series 2020A Bonds shall be issued for the purpose of refunding and defeasing the Refunded Bonds.

Section 22.02. Terms of Series 2020A Bonds.

Each Series 2020A Bond shall be issued in Authorized Denominations. The Series 2020A Bonds shall be registered initially in the name of “Cede & Co.,” as nominee of the Securities Depository, and shall be evidenced by one bond certificate in the principal amount of each maturity of each Series of the Series 2020A Bonds. Registered ownership of the Series 2020A Bonds, or any portion thereof, may not thereafter be transferred except as set forth in Section 2.10. The Series 2020A Bonds shall be numbered in consecutive numerical order from R-1 upwards.

The Series 2020A Bonds shall be Current Interest Bonds, shall be dated as of their date of delivery (hereinafter referred to as the “Issue Date”) and shall bear interest, payable in lawful money of the United States of America, from the Issue Date until payment of the principal or Redemption Price thereof shall have been made or provided for in accordance with the provisions of this Indenture, whether upon maturity, redemption or otherwise. Interest on the Series 2020A Bonds shall be computed on the basis of a 360-day year, consisting of twelve 30-day months and shall be payable on [March 1, 2021] and semiannually thereafter on each Interest Payment Date.

The Series 2020A Bonds shall be issued in the aggregate principal amount of \$_____ and shall mature on the following dates in the following amounts, subject to the right of prior redemption as provided herein, and shall bear interest at the following rates per annum:

Maturity Date (March 1)	Principal Amount	Interest Rate
	\$	%

Payment of interest on any Series 2020A Bond shall be made to the person appearing on the bond registration books of the Trustee as the registered owner thereof as of the close of business on the applicable Record Date, such interest to be payable on each Interest Payment Date by the Trustee (i) by check mailed on such Interest Payment Date to such registered owner's address as it appears on the bond registration books of the Trustee at the close of business on the Record Date or (ii) by wire transfer to any Holder of at least \$1,000,000 aggregate principal amount of Series 2020A Bonds according to the written instructions provided by such Holder on or prior to the applicable Record Date to the Trustee, which written instructions shall remain in effect until revised by such Holder by an instrument in writing delivered to the Trustee.

If available funds are insufficient on any Interest Payment Date to pay the interest then due on the Series 2020A Bonds, interest shall continue to accrue thereon but shall cease to be payable to the Holder on such Record Date. If sufficient funds for the payment of such overdue interest thereafter become available, the Trustee (i) shall establish a "special interest payment date" for the payment of the overdue interest and a special record date (which shall be a Business Day) for determining the Holders entitled to such payment and (ii) shall mail notices by first class mail of such dates as soon as practicable. Notice of each such date so established shall be mailed to each Holder at least ten (10) days prior to the special record date but not more than thirty (30) days prior to the special interest payment date. The overdue interest shall be paid on the special interest payment date to the Holders, as shown on the registration books of the Trustee as of the close of business on the special record date.

The principal or Redemption Price of the Series 2020A Bonds shall be payable in lawful money of the United States of America at the designated Corporate Trust Office of the Trustee upon surrender of the Series 2020A Bonds to the Trustee for cancellation.

Section 22.03. Form of Series 2020A Bonds. The Series 2020A Bonds and the certificate of authentication to be executed thereon shall be in substantially the form set forth as Exhibit A to this Third Supplemental Indenture. The principal amounts, maturity dates and interest rates for the Series 2020A Bonds shall be inserted therein in conformity with Section 22.02.

ARTICLE XXIII REDEMPTION OF SERIES 2020A BONDS

Section 23.01. Redemption of Series 2020A Bonds. [(a)The Series 2020A Bonds maturing on or before March 1, 20__ shall not be subject to redemption prior to their respective stated maturities. The Series 2020A Bonds maturing on or after March 1, 20__ shall be subject to redemption prior to their respective stated maturities, at the option of the Issuer, from any source of available funds, as a whole or in part, in Authorized Denominations, on any date on or after March 1, 20__ at a Redemption Price equal to 100% of the principal amount of Series 2020A Bonds called for redemption, plus accrued interest to the date fixed for redemption, without premium.] [TBD]

(b) [Mandatory Sinking Fund Redemption. The Term Bonds are subject to mandatory sinking fund redemption in part prior to their stated maturity date, on each March 1 in accordance with the tables set forth below, respectively, at a redemption price equal to 100% of

the principal amount thereof called for redemption, plus accrued interest to the redemption date, without premium:

Term Bonds Maturing March 1, 20__

Redemption Date <u>(March 1)</u>	Principal Amount of Bonds <u>to be Redeemed</u>
-------------------------------------	--

(maturity)]

[TBD]

Section 23.02. Make-Whole Optional Redemption. [Prior to March 1, 20__ the Bonds are subject to redemption prior to their respective maturity dates, at the option of the issuer, in whole or in part, at a redemption price equal to the greater of:

(1) 100% of the principal amount of the Bonds to be redeemed; or

(2) The sum of the present value of the remaining scheduled payments of principal and interest to the stated maturity date of such Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which such Bonds are to be redeemed, discounted to the date on which such Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate (described below) plus [____] basis points

Plus, in each case, accrued interest on such Bonds to be redeemed to but not including the redemption date.

The “Treasury Rate” is, with respect to any redemption date for a particular Bond, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity, excluding inflation indexed securities (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two Business Days, but no more than 45 calendar days, prior to the redemption date or, if such Statistical Release is no longer published, any publicly available source of similar market date) most nearly equal to the period from the redemption date to the maturity date of the bond to be redeemed; provided, however, that if the period from the redemption date to such maturity date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.] [TBD]

Section 23.03. Notice of Redemption. Each notice of redemption with respect to the Refunded Bonds shall be mailed by the Trustee, not less than twenty (20) nor more than sixty (60) days prior to the redemption date, to (i) each Holder and (ii) to the MSRB’s Electronic Municipal Market Access system. Any notice of redemption given pursuant to this Section 23.03 may be rescinded by written notice delivered to the Trustee by the Issuer. Upon receipt of such written notice of rescission from the Issuer, the Trustee shall give notice of such rescission as soon thereafter as practicable in the same manner, and to the same parties, as notice of redemption was given pursuant to Section 4.02 of this Indenture. Notice of redemption of Series

2020A Bonds shall otherwise be given in accordance with the provisions set forth in Section 4.02 of this Indenture.

Section 23.04. Mandatory Purchase in Lieu of Redemption. Each Holder, by purchase and acceptance of any Series 2020A Bond irrevocably grants to the Issuer the option to purchase such Series 2020A Bond, on any date such Series 2020A Bond is subject to optional redemption provided in this Article XXIII at a purchase price equal to the Redemption Price then applicable to such Series 2020A Bond, plus accrued interest thereon to the date of purchase. In order to exercise such option, the Issuer shall direct the Trustee to provide notice of mandatory purchase in lieu of redemption, such notice to be provided, as and to the extent applicable, in accordance with the provisions set forth in Section 23.03, the Issuer shall pay the purchase price of such Series 2020A Bond to the Trustee in immediately available funds and the Trustee shall pay the same to the Holders of Series 2020A Bonds being purchased against delivery thereof. Following such purchase, the Trustee shall register such Series 2020A Bonds in accordance with the written instructions of the Issuer. No purchase of any Series 2020A Bond pursuant to this Section 23.04 shall operate to extinguish the indebtedness evidenced by such Series 2020A Bond. No Holder may elect to retain a Series 2020A Bond subject to mandatory purchase to this Section 23.04.

If the Issuer lacks sufficient funds to pay the purchase price of any Series 2020A Bond subject to mandatory purchase in lieu of redemption pursuant to this Section 23.04 on the date fixed for such purchase, the Issuer shall cancel such mandatory purchase in lieu of redemption and shall return each such Series 2020A Bond to the Holder who shall have tendered such Series 2020A Bond for mandatory purchase in lieu of redemption pursuant to this Section 23.04. The Trustee shall give notice that such mandatory purchase was not effected promptly following the date fixed for such purchase. Any failure to pay the purchase price of any Series 2020A Bond subject to mandatory purchase pursuant to this Section 23.04 shall not constitute an Event of Default under this Indenture.

Section 23.05. Selection of Series 2020A Bonds to be Redeemed.

If less than all of the Series 2020A Bonds are to be redeemed, the particular maturities of Series 2020A Bonds to be redeemed at the option of the Authority will be determined by the Authority in its sole discretion.

If the Series 2020A Bonds are registered in book-entry only form and so long as DTC or a successor securities depository is the sole registered owner of such Series 2020A Bonds, if less than all of the Series 2020A Bonds of a maturity are called for prior redemption, the particular Series 2020A Bonds or portions thereof to be redeemed shall be allocated on a pro rata pass-through distribution of principal basis in accordance with DTC procedures, provided that, so long as the Series 2020A Bonds are held in book-entry form, the selection for redemption of such Series 2020A Bonds shall be made in accordance with the operational arrangements of DTC then in effect, and, if the DTC operational arrangements do not allow for redemption on a pro rata pass-through distribution of principal basis, the Series 2020A Bonds will be selected for redemption, in accordance with DTC procedures, by lot.

The Authority intends that redemption allocations made by DTC be made on a pro rata pass-through distribution of principal basis as described above. However, neither the Authority

nor the Underwriters can provide any assurance that DTC, DTC's direct and indirect participants or any other intermediary will allocate the redemption of Series 2020A Bonds on such basis.

For purposes of calculation of the "pro rata pass-through distribution of principal," "pro rata" means, for any amount of principal to be paid, the application of a fraction to each denomination of the respective Series 2020A Bonds where (a) the numerator of which is equal to the amount due to the respective bondholders on a payment date, and (b) the denominator of which is equal to the total original par amount of the respective Series 2020A Bonds.

If the Series 2020A Bonds are no longer registered in book-entry-only form, each owner will receive an amount of Series 2020A Bonds equal to the original face amount then beneficially held by that owner, registered in such investor's name. Thereafter, any redemption of less than all of the Series 2020A Bonds of any maturity will continue to be paid to the registered owners of such Series 2020A Bonds on a pro-rata basis, based on the portion of the original face amount of any such Series 2020A Bonds to be redeemed.

ARTICLE XXIV APPLICATION OF PROCEEDS; 2020 SERIES COSTS OF ISSUANCE FUND

Section 24.01. Application of Proceeds of Series 2020A Bonds. The proceeds of the sale of the Series 2020A Bonds, \$_____, comprised of \$_____ aggregate principal amount of Series 2020A Bonds, less an underwriters' discount of \$_____, shall be received by the Trustee and shall be held in trust and applied by the Trustee as follows:

(a) The Trustee shall deposit \$_____ in the Series 2020A Costs of Issuance Fund established pursuant to Section 24.02 hereof.

(b) The Trustee shall transfer \$_____ of the proceeds of the Series 2020A Bonds [and \$_____ from the Refunded Bonds reserve fund] to the escrow fund created pursuant to the Escrow Agreement, such amount to be applied to defease and refund the Refunded Bonds.

Section 24.02. Establishment and Application of Series 2020A Costs of Issuance Fund. The Trustee shall establish, maintain and hold in trust a separate fund designated as the "Series 2020A Costs of Issuance Fund." The moneys in the Series 2020A Costs of Issuance Fund shall be used and withdrawn to pay Costs of Issuance of the Series 2020A Bonds. The Trustee shall disburse moneys from the Series 2020A Costs of Issuance Fund upon receipt of a requisition, substantially in the form set forth in Exhibit B hereto. At the end of one hundred twenty (120) days from the date of issuance of the Series 2020A Bonds, or upon the earlier Request of the Issuer, amounts, if any, remaining in the Series 2020A Costs of Issuance Fund shall be transferred to the Revenue Fund.

ARTICLE XXV MISCELLANEOUS

Section 25.01. Headings Not Binding. The headings in this Supplemental Indenture are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Supplemental Indenture.

Section 25.02. Terms of Series 2011 Bonds Subject to the Indenture. Except as in this Supplemental Indenture expressly provided, every term and condition contained in the Indenture shall apply to this Supplemental Indenture with the same force and effect as if the same were herein set forth at length, with such omissions, variations and modifications thereof as may be appropriate to make the same conform to this Supplemental Indenture.

This Supplemental Indenture and all the terms and provisions herein contained shall form part of the Indenture as fully and with the same effect as if all such terms and provisions had been set forth in the Indenture. The Indenture is hereby ratified and confirmed and shall continue in full force and effect in accordance with the terms and provisions thereof, as supplemented and amended hereby.

Section 25.03. Effective Date of Third Supplemental Indenture. This Supplemental Indenture shall take effect upon its execution and delivery.

Section 25.04. Execution in Counterparts. This Supplemental Indenture may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

Section 25.05. Brokerage Confirmations. The Issuer acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Issuer the right to receive brokerage confirmations of security transactions as they occur, the Issuer specifically waives receipt of such confirmations to the extent permitted by law. The Trustee will furnish the Issuer periodic cash transaction statements which will include detail for all investment transactions made by the Trustee under the Indenture.

IN WITNESS WHEREOF, the parties hereto have executed this Third Supplemental Indenture by their officers thereunto duly authorized as of the day and year first written above.

SONOMA-MARIN AREA RAIL
TRANSIT DISTRICT

By: _____
Authorized Representative

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

By: _____
Authorized Officer

Exhibit A

[Form of Series 2020A Bond]

No. R-____ \$_____

Unless this Bond is presented by an authorized representative of The Depository Trust Company to the Issuer or its agent for registration of transfer, exchange or payment, and any Bond issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., **any transfer, pledge or other use hereof for value or otherwise by or to any person is wrongful** since the registered owner hereof, Cede & Co., has an interest herein.

**SONOMA-MARIN AREA RAIL TRANSIT DISTRICT
MEASURE Q SALES TAX REVENUE REFUNDING BONDS (GREEN BONDS),
SERIES 2020A (TAXABLE)**

Maturity Date	Interest Rate	Issue Date	CUSIP
March 1, ____		November __, 2020	835588_____

Registered Owner: CEDE & CO.

Principal Amount: _____ Dollars

SONOMA-MARIN AREA RAIL TRANSIT DISTRICT, a public transit district duly established and existing under the laws of the State of California (the “Issuer”), for value received, hereby promises to pay (but only out of Revenues as such term is defined in the hereinafter defined Indenture) to the registered owner identified above (the “Holder”) or registered assigns, on the maturity date set forth above, the principal amount set forth above and to pay (but only out of the Revenues) interest on the balance of said principal amount from time to time remaining unpaid from and including the date hereof until payment of said principal amount has been made or duly provided for, at the rates and on the dates determined as provided in the Indenture, dated as of December 1, 2011, as supplemented and amended from time to time pursuant to its terms, including as supplemented and amended by the Third Supplemental Indenture thereto, dated as of October 1, 2020 (hereinafter collectively referred to as the “Indenture”), between the Issuer and The Bank of New York Mellon Trust Company, N.A, as trustee (together with any successor trustee, the “Trustee”), except as the provisions set forth in the Indenture with respect to redemption or tender prior to maturity may become applicable hereto. All capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in the Indenture.

Interest payments on this Bond shall be made by the Trustee to the Holder hereof as of the close of business on the Record Date with respect to each Interest Payment Date commencing [March 1, 2021] and shall be paid (i) by bank check mailed on the applicable Interest Payment Date to such Holder’s address as it appears on the registration books of the Trustee at the close of business on the Record Date or (ii) by wire transfer to any Holder of at least \$1,000,000 aggregate principal amount of Bonds of the Series designated above according

to the written instructions given by such Holder to the Trustee on or prior to the applicable Record Date; except, in each case, that, if and to the extent that there shall be a default in the payment of the interest due on such Interest Payment Date, such defaulted interest shall be paid to the Holders in whose name any such Bonds are registered as of a special record date to be fixed by the Trustee, notice of which shall be given to such Holders not less than ten (10) days prior thereto. Principal of and premium, if any, on this Bond shall be payable upon surrender hereof in lawful money of the United States of America at the designated Corporate Trust Office of the Trustee. Notwithstanding the foregoing, however, for so long as a Securities Depository is utilized, interest hereon and principal hereof shall be payable in accordance with the payment procedures established by such Securities Depository.

This Bond is one of a duly authorized issue of "Sonoma-Marín Area Rail Transit District Measure Q Sales Tax Revenue Bonds" (the "Bonds") issued pursuant to the provisions of the Sonoma-Marín Area Rail Transit Act constituting part 16 of Division 10 of the California Public Utilities Code (the "Act"), and Chapter 6 of Part 1 of Division 2 of Title 5 of the California Government Code, as referenced in said Act, and Articles 10 and 11 of Chapter 3 Part 1 of Division 2 of Title 5 of the California Government Code (collectively, and together with the Act, the "Law"), and the Indenture. Such authorized issue of Bonds is not limited in aggregate principal amount and consists or may consist of one or more series of varying denominations, dates, maturities, interest rates and other provisions, as in the Indenture provided. This Bond is being issued on a parity with certain other Bonds issued pursuant to the Indenture and certain Parity Obligations incurred in accordance with the provisions of the Indenture. Certain additional Bonds may be issued and other obligations may be secured on a parity with the Bonds of the Series designated above, but only subject to the conditions and limitations set forth in the Indenture.

Reference is hereby made to the Indenture and the Act for a description of the terms on which the Bonds are issued and to be issued, of the nature and extent of the security for the Bonds, of the rights thereunder of the Holders of the Bonds, and of the rights and obligations of the Issuer thereunder, all of the terms and provisions of which are incorporated herein and constitute a contract between the Issuer and the Holder from time to time of this Bond, and all of the provisions of which the Holder of this Bond, by acceptance hereof, consents and agrees.

The Bonds are special limited obligations of the Issuer and, as and to the extent set forth in the Indenture, are payable solely from, and secured solely by a pledge of and lien on, the 2000 Measure A Sales Tax Revenues and certain other funds held by the Trustee under the Indenture (as more fully defined in the Indenture, the "Revenues"). The general fund of the Issuer is not liable, and the credit of the Issuer (other than as described above) is not pledged, for the payment of the Bonds or their interest. The Bonds are not secured by a legal or equitable pledge of, or charge, lien or encumbrance upon, any of the property of the Issuer or any of its income or receipts, except the Revenues.

Principal of, redemption premium, if any, and interest on the Bonds are payable solely from the Revenues pledged to their payment pursuant to the Indenture and the Issuer is not obligated to pay the Bonds except from such Revenues. Neither the faith and credit nor the taxing power of the State of California or any political subdivision or any public agency thereof or any public agency thereof, other than the Issuer to the extent of

the pledge of such Revenues, is pledged to the payment of the principal of, redemption premium, if any, or interest on the Bonds.

[This Bond is subject to optional and/or make-whole redemption prior to its stated maturity date as described in the Indenture.]

The Bonds of the Series designated above are issuable as fully registered bonds without coupons in the denominations specified in the Indenture.

This Bond is transferable or exchangeable for other Authorized Denominations of the same Series by the Holder hereof, in person or by its attorney duly authorized in writing, at the designated office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this Bond. Upon any such transfer, a new fully registered Bond or Bonds, of an Authorized Denomination or Denominations of the same Series and for the same aggregate principal amount, will be issued to the transferee in exchange therefor.

The Issuer and the Trustee may deem and treat the Holder hereof as the absolute owner hereof for all purposes and neither the Issuer nor the Trustee shall be affected by any notice to the contrary.

The rights and obligations of the Issuer and the Holders of the Bonds may be modified or amended at any time in the manner, to the extent, and upon the terms provided in the Indenture, which provide, in certain circumstances, for modifications and amendments without the consent of, or prior notice to, the Holders of the Bonds.

The Indenture and the Bonds shall be governed by and construed in accordance with the laws of the State of California.

It is hereby certified and recited that any and all acts, conditions and things required to exist, to happen and to be performed, precedent to and in the incurring of the indebtedness evidenced by this Bond, and in the issuing of this Bond, do exist, have happened and have been performed, in due time, form and manner, as required by the Act and by the Constitution and statutes of the State of California, and that this Bond, together with all other indebtedness of the Issuer pertaining to the Revenues, is within every debt and other limit prescribed by the Act and by the Constitution and the statutes of the State of California, and is not in excess of the amount of Bonds permitted to be issued under the Indenture or the Act.

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

IN WITNESS WHEREOF, the SONOMA-MARIN AREA RAIL TRANSIT DISTRICT has caused this Bond to be executed in its name and on its behalf by the facsimile signature of its Chief Financial Officer and its seal to be reproduced hereon by facsimile and attested by the facsimile signature of its Board Secretary, all as of the date set forth above.

SONOMA-MARIN AREA RAIL
TRANSIT DISTRICT

By _____
Chief Financial Officer

(Seal)

Attest:

Board Secretary

[Form of Certificate of Authentication]

This Bond is one of the Bonds described in the within-mentioned Indenture.

Date of Authentication: November __, 2020.

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

By _____
Authorized Signatory

[Form of Assignment]

For value received _____, whose taxpayer identification number is _____, does hereby sell, assign and transfer unto _____ the within Bond and hereby irrevocably constitute and appoint _____ attorney, to transfer the same on the books of the Issuer at the office of the Trustee, with full power of substitution in the premises.

NOTE: The signature to this Assignment must correspond with the name on the face of the within Registered Bond in every particular, without alteration or enlargement or any change whatsoever.

Dated: _____

Signature Guaranteed by:

NOTE: Signature must be guaranteed by an eligible guarantor institution.

Exhibit B

[Form of Series 2020A Costs of Issuance Fund Requisition]

REQUISITION NO.

Series 2020A Costs of Issuance Fund

The undersigned, _____, hereby certifies as follows:

1. I am the _____ of Sonoma-Marín Area Rail Transit District, a public transit district duly established and existing under the laws of the State of California (the “Issuer”).

2. Pursuant to the provisions of that certain Indenture, dated as of December 1, 2011, as supplemented and amended, including as supplemented and amended by that certain Third Supplemental Indenture, dated as of October 1, 2020 (hereinafter collectively referred to as the “Indenture”), between the Issuer and The Bank of New York Mellon Trust Company, N.A, as trustee (the “Trustee”). I am an Authorized Representative (as such term is defined in the Indenture) of the Issuer and am delivering this Requisition on behalf of the Issuer.

3. The undersigned hereby requests that the Trustee pay from the Series 2020A Costs of Issuance Fund established under the Indenture the amounts specified in Schedule I hereto to the persons identified in Schedule I.

4. The undersigned hereby certifies that: (i) obligations in the amounts stated in Schedule I have been incurred by the Issuer and are presently due and payable; (ii) each item is a proper charge against said Series 2020A Costs of Issuance Fund; and (iii) each item has not been previously paid from said Series 2020A Costs of Issuance Fund.

Dated: _____

**SONOMA-MARIN AREA RAIL
TRANSIT DISTRICT**

By: _____
Authorized Representative

Schedule I

Series 2020A Costs of Issuance Fund

To	Amount	Purpose	Wire or Payment Instructions
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[\$[PAR]]
SONOMA-MARIN AREA RAIL TRANSIT DISTRICT
MEASURE Q SALES TAX REVENUE REFUNDING BONDS,
SERIES 2020A (TAXABLE)

BOND PURCHASE AGREEMENT

[SALE DATE]

Board of Directors
Sonoma-Marine Area Rail Transit District

Ladies and Gentlemen:

The undersigned, Barclays Capital Inc., as representative (the “Representative”) for itself and BofA Securities, Inc., as underwriters (the “Underwriters”), hereby offers to enter into this Bond Purchase Agreement (this “Bond Purchase Agreement”) with you, the Sonoma-Marine Area Rail Transit District (the “District”), for the purchase by the Underwriters of the Sonoma-Marine Area Rail Transit District Measure Q Sales Tax Revenue Refunding Bonds, Series 2020A (Taxable) in the aggregate principal amount of \$[PAR] (the “Series 2020 Bonds”), issued under the Indenture, dated as of December 1, 2011 (the “Master Indenture”), between the District and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”), as supplemented including by the Third Supplemental Indenture, dated as of November 1, 2020 (the “Third Supplemental Indenture” and, together with the Master Indenture, the “Indenture”), between the District and the Trustee. Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Indenture.

The Representative is duly authorized to execute this Bond Purchase Agreement and to take any action hereunder. The District acknowledges and agrees that (i) the purchase and sale of the Series 2020 Bonds pursuant to this Bond Purchase Agreement is an arm’s-length commercial transaction between the District and the Underwriters, (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriters are and have been acting solely as principal and not as the agent or fiduciary of the District, (iii) the Underwriters have not assumed any advisory or fiduciary responsibility in favor of the District with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriters have provided other services or are currently providing other services to the District on other matters) and the Underwriters has no contractual or fiduciary obligation to the District with respect to the offering contemplated hereby except the obligations expressly set forth in this Bond Purchase Agreement, (iv) the District has consulted its own legal, financial and other advisors to the extent it has deemed appropriate, and (v) this Bond Purchase Agreement expresses the entire relationship between the parties hereto with respect to the transactions contemplated hereby.

This offer to purchase the Series 2020 Bonds is made subject to acceptance by the District prior to 11:59 p.m., California time, on the date hereof. If this offer is not so accepted, this offer will be subject to withdrawal by the Underwriters upon notice delivered to the District at any time prior to acceptance. Upon acceptance, this Bond Purchase Agreement shall be in full force and effect in accordance with its terms and shall be binding upon the District and the Underwriters.

1. Purchase, Sale and Delivery of the Series 2020 Bonds.

(a) Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Underwriters hereby agrees to purchase and the District agrees to sell to the Underwriters all (but not less than all) of the Series 2020 Bonds at a purchase price of \$_____, reflecting the aggregate principal amount of the Series 2020 Bonds of \$[PAR].00, [plus/less] a [net] original issue [premium/discount] of \$_____, less an underwriters' discount of \$_____.

(b) The Series 2020 Bonds are secured by a pledge of Sales Tax Revenues of the District, consisting primarily of a one-fourth of one percent (1/4%) retail transactions and use tax (the "Sales Tax"), and certain amounts held by the Trustee under the Indenture. The Series 2020 Bonds are substantially in the form described in, and were issued and secured under and pursuant to, and are payable and subject to redemption as provided in, the Indenture. The Series 2020 Bonds shall mature on the dates and in the amounts set forth in Schedule I hereto. The Series 2020 Bonds are Fixed Rate Bonds and will bear interest from March 1, 2021 at the rates set forth in Schedule I hereto. The District will apply the proceeds of the Series 2020 Bonds to (i) refund and defease [all of] the outstanding Sonoma-Marín Area Rail Transit District Measure Q Sales Tax Revenue Bonds, Series 2011A (the "Refunded Bonds") pursuant to an Escrow Agreement, dated as of November 1, 2020 (the "Escrow Agreement") between the District and The Bank of New York Mellon Trust Company, N.A. as Trustee and escrow agent (the "Escrow Agent"), and (ii) pay costs of issuing the Series 2020 Bonds.

(c) The District has undertaken, pursuant to a Continuing Disclosure Certificate dated [Closing Date] (the "Continuing Disclosure Certificate"), to provide certain annual financial information and notices of the occurrence of certain events. A form of the Continuing Disclosure Certificate is set forth in the Official Statement. The Indenture, the Escrow Agreement and the Continuing Disclosure Certificate shall be collectively referred to herein as the "Financing Documents."

(d) The District hereby ratifies, confirms and approves the use and distribution by the Underwriters prior to the date hereof of the Preliminary Official Statement of the District dated [POS DATE] relating to the Series 2020 Bonds (which, together with the cover page and all appendices thereto, is referred to herein as the "Preliminary Official Statement"). The District has deemed final the Preliminary Official Statement as of its date for purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 ("Rule 15c2-12"), except for such information permitted to be omitted therefrom by Rule 15c2-12. The District hereby acknowledges that the Preliminary Official Statement was made available to investors on the Internet at <http://www.munios.com>. The District hereby agrees to deliver or cause to be delivered to the Underwriters, not later than the earlier of seven (7) business days following the

date hereof and three (3) business days prior to the Closing Date (as defined herein), copies of the final Official Statement (including any amendments or supplements to such Official Statement as have been approved by the District and the Underwriters) (the “Official Statement”) in sufficient quantity to enable the Underwriters to comply with the rules of the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. At the time of or prior to the Closing Date, the Representative shall file a copy of the Official Statement with the Municipal Securities Rulemaking Board on its Electronic Municipal Market Access (“EMMA”) system. The District hereby authorizes the Underwriters to use the Official Statement and each of the other Financing Documents and the information contained in each of the foregoing in connection with the public offering and sale of the Series 2020 Bonds.

(e) [The Underwriters agree to make a bona fide public offering of the Series 2020 Bonds at the initial offering prices set forth in the Official Statement and in Schedule I hereto, which prices may be changed from time to time by the Underwriters, in its discretion in connection with the marketing of the Series 2020 Bonds; provided that the Series 2020 Bonds may be offered and sold to certain dealers, unit investment trusts and money market funds, certain of which may be sponsored or managed by the Underwriters, at prices lower than such public offering prices and the Underwriters may effect transactions that stabilize or maintain the market price of the Series 2020 Bonds. A “bona fide public offering” shall include an offering to institutional investors or registered companies, regardless of the number of such investors to which the Series 2020 Bonds are sold.]

(f) At 8:00 a.m., California time, on [CLOSING DATE], or at such other time or on such other date as the District and the Representative mutually agree upon (the “Closing Date”), the District will cause to be delivered to the Underwriters, the Series 2020 Bonds (delivered through the book-entry system of The Depository Trust Company (“DTC”) (physical delivery of Series 2020 Bonds to be made to the Trustee, as agent of DTC under the Fast Automated Securities Transfer System), and at the offices of Nixon Peabody LLP (“Bond Counsel”), One California Plaza, 300 S. Grand Ave. #4100, Los Angeles, California 90071, or at such other place as the District and the Representative shall have mutually agreed upon, the other documents mentioned herein. The Underwriters will accept such delivery and pay the purchase price of the Series 2020 Bonds as set forth in subparagraph (a) above in immediately available funds (such delivery and payment being herein referred to as the “Closing”) payable to the order of the Trustee.

The Series 2020 Bonds will be registered in the name of “Cede & Co.” as nominee of DTC. It is anticipated that CUSIP identification numbers will be printed on the Series 2020 Bonds, but neither the failure to print such numbers on the Series 2020 Bonds nor any error with respect thereto shall constitute a cause for failure or refusal by the Underwriters to accept delivery of the Series 2020 Bonds in accordance with the terms of this Bond Purchase Agreement.

2. Representations, Warranties and Agreements of the District. The District hereby represents, warrants and agrees with the Underwriters as follows:

(a) The District is and will be on the Closing Date a transit district duly organized and validly existing pursuant to the laws of the State of California (the “State”).

(b) (i) The District has full legal right, power and authority under the Constitution of the State, the Sonoma-Marín Area Rail Transit District Act, being Part 16 of Division 10 (Sections 105000 et seq.) of the Public Utilities Code of the State, Chapter 6 of Part 1 of Division 2 of Title 5 (Section 54300 et seq.) of the Government Code of the State, as and to the extent referenced in Section 105220 of the Public Utilities Code of the State, and Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 (Section 53570 et seq.) of the Government Code of the State (collectively, the “Act”), all other applicable laws of the State, the District’s Ordinance No. 2008-01 adopted on July 16, 2008 to levy and cause the collection of the Sales Tax (the “Ordinance”), to adopt the resolution adopted on [October 7, 2020] authorizing the issuance of the Series 2020 Bonds, the delivery of the Preliminary Official Statement, and the execution and delivery of the Financing Documents, this Bond Purchase Agreement and the Official Statement (together, the “Bond Resolution”), to execute and deliver the Official Statement, to enter into the Financing Documents and this Bond Purchase Agreement and to sell and issue the Series 2020 Bonds as provided herein; (ii) the District has duly authorized and has full legal right, power and authority to perform its obligations under the Ordinance, the Bond Resolution, the Financing Documents and this Bond Purchase Agreement, and, when executed and delivered by the respective parties thereto, each of the aforementioned documents and the Series 2020 Bonds are and will be the legal, valid and binding obligation of the District enforceable in accordance with its terms subject to any applicable bankruptcy, reorganization, insolvency, moratorium or other laws affecting the enforcement of creditors’ rights from time to time in effect, and to carry out and consummate the transactions contemplated thereby and hereby and by the Official Statement; (iii) the District has complied with, or will at the Closing Date be in compliance with, in all respects material to this transaction, the Constitution, the Act, all other applicable laws of the State, the Ordinance, the terms of the Bond Resolution, the Series 2020 Bonds, the Financing Documents and this Bond Purchase Agreement.

(c) By all necessary official action, the District has duly adopted the Ordinance imposing the Sales Tax, which was approved by at least two-thirds of the electors in the Counties of Sonoma and Marin voting on the Sales Tax on November 4, 2008.

(d) By official action of the District prior to or concurrently with the acceptance hereof, the District has duly authorized and approved the execution and delivery of, and the performance by the District of the obligations on its part contained in, the Financing Documents and the consummation by it of all other transactions contemplated by the Official Statement and this Bond Purchase Agreement.

(e) The execution and delivery of the Financing Documents executed and to be executed by the District, this Bond Purchase Agreement and the Official Statement, and compliance with the provisions on the District’s part contained herein and therein, will not in any material respect conflict with or constitute a breach of or default under any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the District is a party or is otherwise subject, and the levy and collection of the Sales Tax, the adoption of the Bond Resolution, the issuance and sale of the Series 2020 Bonds and the execution and delivery of this Bond Purchase Agreement and the Financing Documents and compliance with the District’s obligations therein and herein will not in any material respect conflict with, violate or result in a breach of or constitute a default under, any constitutional provision, law, administrative regulation, judgment, decree, loan agreement,

indenture, agreement, mortgage, lease or other instrument to which the District is a party or to which the District or any of its property or assets is otherwise subject, nor will any such levy, collection, execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the District or under the terms of any such law, regulation or instruments, except as provided by the Bond Resolution and the Financing Documents.

(f) The District is not in any material respect in breach of or default under any constitutional provision, law or administrative regulation of the State or of the United States or any agency or instrumentality of either or any 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 or any of its property or assets is otherwise subject (including, without limitation, the Ordinance, the Bond Resolution and the Financing Documents), 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.

(g) As of the date hereof, no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court, government agency, public board or body, is pending or, to the best of the District's knowledge, threatened against the District: (i) in any way affecting the existence of the District or in any way challenging the respective powers of the several offices or the titles of the officials of the District to such offices; (ii) affecting or seeking to prohibit, restrain or enjoin the issuance or sale of any of the Series 2020 Bonds, the application of the proceeds of the Series 2020 Bonds, the proceedings authorizing and approving the Sales Tax, the levy or collection of the Sales Tax; (iii) in any way contesting or affecting, as to the District, the validity or enforceability of the Act, the proceedings authorizing the Sales Tax, the Bond Resolution, the Series 2020 Bonds, the Financing Documents or this Bond Purchase Agreement; (iv) in any way contesting the powers of the District or its authority with respect to issuance or sale of the Series 2020 Bonds, the adoption of the Bond Resolution, or the execution and delivery of the Financing Documents or this Bond Purchase Agreement, or contesting the power or authority to levy the Sales Tax; (v) in any way contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or any supplement or amendment thereto; or (vi) in any way contesting or challenging the consummation of the transactions contemplated hereby or thereby or that might materially adversely affect the ability of the District to perform and satisfy its obligations under this Bond Purchase Agreement, the Financing Documents or the Series 2020 Bonds; nor to the best of the District's knowledge is there any basis for any such action, suit, proceeding, inquiry or investigation, wherein an unfavorable decision, ruling or finding would materially adversely affect the Act, the proceedings authorizing the Sales Tax, the Bond Resolution, the Financing Documents or this Bond Purchase Agreement or the performance by the District of its obligations thereunder, or the authorization, execution, delivery or performance by the District of the Series 2020 Bonds, the Bond Resolution, the Financing Documents or this Bond Purchase Agreement.

(h) The District will furnish such information, execute such instruments, and take such other action in cooperation with and at the expense of the Underwriters as the Underwriters may reasonably request in order (i) to qualify the Series 2020 Bonds for sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions in the United States as the Underwriters may designate and (ii) to determine the eligibility of the Series 2020 Bonds

for investment under the laws of such states and other jurisdictions; and the District will use commercially reasonable efforts to continue such qualification in effect so long as required for distribution of the Series 2020 Bonds; provided, however, that in no event shall the District be required to qualify as a foreign corporation in, or submit to the general jurisdiction of, any other state or to file any general or special consent to service of process under the laws of any jurisdiction in which it is not already so subject, and will provide prompt written notice to the Underwriters of receipt by the District of any written notification with regard to the suspension of the qualification of the Series 2020 Bonds for sale in any jurisdiction or the initiation or threat of any proceeding for that purpose.

(i) The Series 2020 Bonds, when issued, will conform to the description thereof contained in the Preliminary Official Statement and the Official Statement under the captions “THE SERIES 2020 BONDS” and APPENDIX C — “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE”; the proceeds of the Series 2020 Bonds, when issued, will be applied generally as described in the Preliminary Official Statement and the Official Statement under the captions “INTRODUCTION — Purpose and Application of Proceeds” and “PLAN OF REFUNDING”; and the Financing Documents which are described in the Official Statement conform to the descriptions thereof contained in the Preliminary Official Statement and the Official Statement.

(j) The Preliminary Official Statement (other than information allowed to be omitted by Rule 15c2-12), as of its date and as of the date hereof, did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading (excluding therefrom information relating to DTC and the book-entry system, and the prices or yields of the Series 2020 Bonds as shown on the inside cover (collectively, the “Excluded Information”) as to which no representation is made).

(k) At all times upon the delivery thereof and subsequent to the date of delivery thereof (up to and including the Closing Date), the Official Statement (excluding therefrom the Excluded Information as to which no representation is made) did not, except as amended or supplemented pursuant to the terms hereof, contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(l) As of the date thereof and at all times subsequent thereto to and including the date which is twenty-five (25) days following the End of the Underwriting Period (as such term is hereinafter defined) for the Series 2020 Bonds, the Official Statement (excluding therefrom the Excluded Information as to which no representation is made) did not and will not, except as amended or supplemented pursuant to the terms hereof, contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(m) If between the date hereof and the date which is twenty-five (25) days after the End of the Underwriting Period for the Series 2020 Bonds an event occurs, of which the District has knowledge, which might or would cause the information contained in the Official Statement (excluding the Excluded Information as to which no representation is made), as then

supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make such information therein, in the light of the circumstances under which such information was presented, not misleading, the District will notify the Underwriters, and, if in the opinion of the District, the Underwriters or its counsel, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the District will forthwith prepare and furnish to the Underwriters (at the expense of the District) a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to counsel for the Underwriters). For the purposes of this subsection, between the date hereof and the date which is twenty-five (25) days after the End of the Underwriting Period for the Series 2020 Bonds, the District will furnish such information with respect to itself as the Underwriters may from time to time reasonably request.

(n) If the information contained in the Official Statement is amended or supplemented pursuant to paragraph (m) hereof, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such subparagraph) at all times subsequent thereto up to and including the date which is twenty-five (25) days after the End of the Underwriting Period for the Series 2020 Bonds, the portions of the Official Statement so supplemented or amended (including any financial and statistical data contained therein, but excluding therefrom the Excluded Information as to which no representation is made) will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make such information therein, in the light of the circumstances under which it was presented, not misleading.

(o) After the Closing until the date which is twenty-five (25) days after the End of the Underwriting Period for the Series 2020 Bonds, the District will not participate in the issuance of any amendment of or supplement to the Official Statement to which, after being furnished with a copy, the Underwriters shall reasonably object in writing or which shall be disapproved by counsel for the Underwriters. As used herein and for the purposes of the foregoing, the term “End of the Underwriting Period” for the Series 2020 Bonds shall mean the earlier of (i) the Closing Date or (ii) the date on which the End of the Underwriting Period for the Series 2020 Bonds has occurred under Rule 15c2-12, as specified as such in a notice from the Underwriters stating the date which is the End of the Underwriting Period.

(p) The District has complied with all previous continuing disclosure undertakings required pursuant to Rule 15c2-12 for the past five years.

(q) The financial statements of, and other financial information regarding, the District in the Preliminary Official Statement and in the Official Statement fairly present the financial position and results of the District as of the dates and for the periods therein set forth. The financial statements of the District have been prepared in accordance with generally accepted accounting principles consistently applied, and except as noted in the Preliminary Official Statement and in the Official Statement, the other historical financial information regarding the District set forth in the Preliminary Official Statement and in the Official Statement has been presented on a basis consistent with that of the District’s audited financial statements included in the Preliminary Official Statement and in the Official Statement. Except as disclosed in the Preliminary Official Statement and the Official Statement or otherwise disclosed in writing to the Underwriters, there has not been any materially adverse change in the financial condition of the

District or in its operations since the date of the financial statements included in the Preliminary Official Statement and the Official Statement, and there has been no occurrence, circumstance or combination thereof which is reasonably expected to result in any such materially adverse change.

(r) Prior to the Closing, the District will not take any action within or under its control that will cause any adverse change of a material nature in such financial position, results of operations or condition, financial or otherwise, of the District.

(s) All consents, approvals, authorizations, orders, licenses or permits of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter, that are required for the due authorization by, or that would constitute a condition precedent to or the absence of which would materially adversely affect the offering or sale of the Series 2020 Bonds and the execution, delivery of and performance of the Financing Documents by the District 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 Series 2020 Bonds, as to which no representation is made).

(t) Between the date hereof and the Closing Date, the Authority will not, without the prior written consent of the Underwriters, offer or issue in any material amount any bonds, notes or other obligations for borrowed money, or in any material amount incur any material liabilities, direct or contingent, except in the course of normal business operations of the Authority or relating to the Project or except for such borrowings as may be described in or contemplated by the Preliminary Official Statement and the Official Statement.

(u) The District has the legal authority to apply and will apply, or cause to be applied, the proceeds of the Series 2020 Bonds as provided in and subject to all of the terms and provisions of the Act, the Ordinance, the Bond Resolution and the Indenture.

(v) Except as described in the Preliminary Official Statement and the Official Statement, the District has not granted a lien on or made a pledge of the Revenues or any other funds pledged under the Indenture.

(w) Upon the issuance of the Series 2020 Bonds, the aggregate principal amount of Bonds authorized to be issued under the Indenture, together with all outstanding Parity Obligations, will not in combination with all outstanding debt obligations of the District exceed any limitation imposed by law or by the Indenture.

(x) The sum of the principal of and expected interest on the Series 2020 Bonds, together with all outstanding Parity Obligations and other outstanding debt obligations of the District, if any, does not exceed the estimated proceeds of the retail transactions and use tax for the period for which the retail transactions and use tax is to be imposed by the District.

(y) Any certificate, signed and delivered by any official of the District authorized to do so in connection with the transactions described in this Bond Purchase Agreement, shall be deemed a representation and warranty by the District to the Underwriters as to the statements made therein.

3. Conditions to the Obligations of the Underwriters.

The Underwriters hereby enter into this Bond Purchase Agreement in reliance upon the representations and warranties of the District contained herein and the representations and warranties of the District to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the District of its obligations both on and as of the date hereof and as of the Closing Date. Accordingly, the Underwriters' obligations under this Bond Purchase Agreement to purchase the Series 2020 Bonds shall be subject, at the option of the Underwriters, to the accuracy of the representations and warranties of the District contained herein as of the date hereof and as of the Closing Date, to the accuracy of the statements of the officers and other officials of the District made in any certificate or other document furnished pursuant to the provisions hereof, to the performance by the District of its obligations to be performed hereunder and under the Financing Documents at or prior to the Closing Date, and also shall be subject to the following additional conditions:

(a) The Underwriters shall receive, within seven (7) business days of the date hereof and not less than three (3) business days before the Closing Date, whichever is earlier, copies of the Official Statement (including any amendments or supplements as have been approved by the Underwriters), in such reasonable quantity as the Underwriters shall have requested.

(b) At the Closing, the Financing Documents shall have been duly authorized, executed and delivered by the respective parties thereto, and the Official Statement shall have been duly authorized, executed and delivered by the District, all in substantially the forms heretofore submitted to the Underwriters, with only such changes as shall have been agreed to in writing by the Representative, and shall be in full force and effect; and there shall be in full force and effect such resolution or resolutions of the Board of Directors of the District as, in the opinion of Bond Counsel, shall be necessary or appropriate in connection with the transactions contemplated hereby.

(c) Subsequent to the date hereof, up to and including the Closing, there shall not have occurred any change in or particularly affecting the District, the Act, the Ordinance, the Sales Tax, the Sales Tax Revenues or the Series 2020 Bonds as the foregoing matters are described in the Official Statement, which in the reasonable professional judgment of the Underwriters materially impairs the investment quality of the Series 2020 Bonds.

(d) Subsequent to the date hereof, up to and including the Closing, the California State Board of Equalization shall not have suspended or advised the District of suspension of the collection of the Sales Tax or the escrow of any proceeds thereof, and counsel to the District shall not have been advised of the suspension of the collection of the Sales Tax or the escrow of any proceeds thereof or have any question as to the validity of the Sales Tax.

(e) As of the date hereof and at the Closing Date, all necessary official action of the District relating to this Bond Purchase Agreement, the Financing Documents, the Preliminary Official Statement and the Official Statement shall have been taken and shall be in full force and effect and shall not have been amended, modified or supplemented in any material respect.

(f) Between the date hereof and the Closing Date, the market price or marketability, at the prices set forth in Schedule I hereto, of the Series 2020 Bonds shall not have been

materially adversely affected, in the reasonable judgment of the Underwriters (evidenced by a written notice to the District terminating the obligation of the Underwriters to accept delivery of and make any payment for the Series 2020 Bonds), by reason of any of the following:

(i) Any legislation that is (1) enacted by or introduced in Congress; (2) favorably reported for passage to either House of the Congress of the United States by any Committee of such House to which such legislation has been referred for consideration; or (3) officially presented by the Committee on Finance of the United States Senate, the Committee on Ways and Means of the United States House of Representatives, or the Joint Committee on Taxation of the United States Congress for formal action by such Committee, but only, however, if the occurrence of any of the foregoing events is generally accepted by the municipal bond market as potentially affecting the federal tax status of the District, its property or income, or the interest on its bonds or notes; (B) any decision rendered by a court established under Article III of the Constitution of the United States or the Tax Court of the United States, but only, however, if such decision is generally accepted by the municipal bond market as potentially affecting the federal tax status of the District, its property or income, or the interest on its bonds or notes; or (C) a final order, ruling, regulation or official statement issued or made (x) by or on behalf of the Treasury Department of the United States or the Internal Revenue Service, with the purpose or effect, directly or indirectly, of imposing federal income taxation upon such revenues or other income of the general character expected to be received by the District; or

(ii) the occurrence of any new material outbreak of, or material escalation of existing hostilities or other national or international calamity or crisis, the effect of such outbreak, calamity or crisis on the financial markets of the United States being such as, in the reasonable judgment of the Representative, would make it impracticable for the Underwriters to market or enforce contracts for the sale of the Series 2020 Bonds; or

(iii) the declaration of a general banking moratorium by federal, New York or State authorities or a major financial crisis or a material disruption in commercial banking or securities settlement or clearances services shall have occurred, or the general suspension of trading or minimum or maximum prices for trading shall have been fixed and be in force or maximum ranges or prices for securities shall have been required and be in force on the New York Stock Exchange on any national securities exchange by a determination by that exchange or by order of the Securities and Exchange Commission or any other governmental agency having jurisdiction; or

(iv) 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 Series 2020 Bonds or obligations of the general character of the Series 2020 Bonds or securities generally, 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 Underwriters; or

(v) legislation enacted (or resolution passed) by or introduced or pending legislation amended in the Congress or recommended for passage by the President of the

United States, or an order, decree or injunction issued by any court of competent jurisdiction, or an order, ruling or regulation (final, temporary or proposed) 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 Series 2020 Bonds, or the Series 2020 Bonds, including any or all underlying arrangements, are not exempt from registration under the Securities Act of 1933, as amended (the “Securities Act”), or that the Indenture is not exempt from qualification under the Trust Indenture Act of 1939, as amended (the “Trust Indenture Act”), or that the execution, offering or sale of obligations of the general character of the Series 2020 Bonds, or of the Series 2020 Bonds, including any or all underlying arrangements, as contemplated hereby or by the Official Statement, otherwise is or would be in violation of the federal securities laws as amended and then in effect; or

(vi) any litigation shall be instituted or be pending at the Closing to restrain or enjoin the issuance, sale or delivery of the Series 2020 Bonds, or in any way contesting or affecting any authority for or the validity of the proceedings authorizing and approving the Sales Tax or the rates, levy or collection thereof, the Series 2020 Bonds, the Act, the Ordinance, the Bond Resolution, the Financing Documents or the existence or powers of the District with respect to its obligations under the Financing Documents or the Series 2020 Bonds; or

(vii) the withdrawal or downgrading of the Series 2020 Bonds or any other Bonds issued under the Indenture by a national rating agency or the placing of the Series 2020 Bonds or any other Bonds issued under the Indenture on credit watch or under review of any such rating agency that has assigned a rating to the Series 2020 Bonds or any other Bonds issued under the Indenture; or

(viii) 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 Series 2020 Bonds, or the issuance, offering or sale of the Series 2020 Bonds, including any or all underlying obligations, as contemplated hereby or by the Official Statement, is or would be in violation of the federal securities laws as amended and then in effect; or

(ix) any event occurring, or information becoming known which, in the reasonable judgment of the Underwriters, makes untrue in any material respect any statement or information contained in the Official Statement, or has the effect of causing the Official Statement to contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; or

(x) the occurrence of any materially adverse change in the affairs or financial condition of the District, other than changes that the Official Statement discloses are expected to occur.

(g) At or prior to the Closing Date, the Underwriters shall have received the following documents, in each case satisfactory in form and substance to the Underwriters:

(i) Certified copies of the Master Indenture, the Third Supplemental Indenture and the Continuing Disclosure Certificate, each duly executed and delivered by the respective parties thereto;

(ii) An opinion of Bond Counsel, dated the Closing Date and addressed to the Trustee and the Underwriters in substantially the form attached to the Official Statement as APPENDIX F;

(iii) The supplemental opinion, dated the Closing Date and addressed to the Underwriters, of Bond Counsel, in substantially the form of Exhibit A hereto;

(iv) The opinion of the counsel for the District, dated the Closing Date and addressed to the Underwriters and the Trustee, in substantially the form of Exhibit B hereto;

(v) The opinion, dated the Closing Date and addressed to the District and the Underwriters, of Nixon Peabody LLP, as disclosure counsel to the District (“Disclosure Counsel”), to the effect that based upon their participation in the preparation of the Preliminary Official Statement and the Official Statement and upon the information made available to them in the course of the foregoing, but without having undertaken to determine or verify independently or assuming any responsibility for the accuracy, completeness or fairness of the statements contained in the Preliminary Official Statement or the Official Statement, as of the date Closing Date no facts have come to the attention of the personnel directly involved in rendering legal advice and assistance in connection with the preparation of the Preliminary Official Statement and the Official Statement that causes them to believe that (1) the Preliminary Official Statement as of its date or as of [SALE DATE] contained any untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading (except for the description of any claim or litigation, any information relating to The Depository Trust Company, Cede & Co., the book-entry system, forecasts, projections, estimates, assumptions and expressions of opinions and the other financial and statistical data included therein and information in Appendices A and E, as to all of which no view need be expressed), and except for such information as is permitted to be excluded from the Preliminary Official Statement pursuant to Rule 15c2-12, including but not limited to information as to pricing, yields, interest rates, maturities, amortization, redemption provisions, debt service requirements, Underwriters’ discount and CUSIP numbers, or (2) the Official Statement as of its date or as of the date hereof contained or contains any untrue statement of a material fact or omitted or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (except for the description of any claim or litigation, any information relating to The Depository Trust Company, Cede & Co., the book-entry system, forecasts, projections, estimates, assumptions and expressions of opinions and the other financial and statistical data included therein and information in Appendices A and E, as to all of which no view need be expressed);

(vi) The opinion, dated the Closing Date and addressed to the Underwriters, of Orrick, Herrington & Sutcliffe LLP, San Francisco, California, counsel for the Underwriters (“Underwriters’ Counsel”) in form and substance satisfactory to the Underwriters;

(vii) A certificate or certificates, dated the Closing Date, signed by a duly authorized official of the District satisfactory to the Underwriters, in form and substance satisfactory to the Underwriters, to the effect that, to the best of such official’s knowledge, (1) the representations and warranties of the District contained in this Bond Purchase 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; (2) 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 (excluding the Excluded Information) or has the effect of causing the Official Statement to contain any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements and information therein, in light of the circumstances under which they were made not misleading; (3) none of the District’s proceedings or authority for the issuance and sale of the Series 2020 Bonds, or the execution and delivery of the Indenture, or the execution and adoption of the Bond Resolution as described in the Preliminary Official Statement and the Official Statement has been repealed, modified, amended, revoked or rescinded; (4) no approval, permit, consent or authorization of any governmental or public agency, authority or person having jurisdiction over the District not already obtained and no proceedings not already had are required in connection with (A) the issuance and sale of the Series 2020 Bonds, (B) the execution and delivery by the District of, or the performance by it of its obligations under, the Series 2020 Bonds, the Indenture and the Bond Resolution or (C) except as contemplated by the Official Statement, the issuance and sale of the Series 2020 Bonds or the application of the proceeds thereof; and (5) the District has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied at or prior to the date hereof with respect to the issuance of the Series 2020 Bonds;

(viii) A certificate, dated the Closing Date, signed by a duly authorized official of the Trustee and Escrow Agent, satisfactory in form and substance to the Underwriters, to the effect that: (1) it is a national banking association organized and existing under and by virtue of the laws of the United States of America, having the full power and being qualified to enter into and perform its duties under the Indenture and the Escrow Agreement and (2) the Trustee has duly authenticated the Series 2020 Bonds;

(ix) Two copies of the Official Statement, executed on behalf of the District by an authorized representative thereof;

(x) A certified copy of the proceedings relating to authorization and approval of the Sales Tax, including: (1) a certified copy of the Ordinance; and (2) certifications from the Registrars of Voters in the Counties of Sonoma and Marin concerning results of the November 4, 2008 election;

(xi) Evidence of signature authority and incumbency of the Trustee;

(xii) A certified copy of the Bond Resolution of the District authorizing the execution and delivery of the Indenture, the Escrow Agreement, the Continuing Disclosure Certificate, the Official Statement and this Bond Purchase Agreement;

(xiii) A copy of the executed amended and restated Agreement for State Administration of Transactions and Use Tax, between the District and the California State Board of Equalization, including all amendments thereto, and the EFT Authorization Agreement for local jurisdictions regarding deposit of Sales Tax receipts with the Trustee;

(xiv) Evidence that any ratings described in the Official Statement are in full force and effect as of the Closing Date;

(xv) A copy of the Blanket Letter of Representation to DTC relating to the Series 2020 Bonds signed by DTC and the District;

(xvi) A verification report relating to the Refunded Bonds of _____, as verification agent, addressed to the Representative, in form and substance acceptable to Bond Counsel and Underwriters' Counsel;

(xvii) Such additional legal opinions, certificates, proceedings, instruments and other documents as the Underwriters, Underwriters' Counsel or Bond Counsel may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the Closing Date, of the representations of the District herein and of the statements and information contained in the Official Statement, and the due performance or satisfaction by the District and the Trustee at or prior to the Closing of all agreements then to be performed and all conditions then to be satisfied by any of them in connection with the transactions contemplated hereby and by the Financing Documents.

If the District shall be unable to satisfy the conditions to the Underwriters' obligations contained in this Bond Purchase Agreement or if the Underwriters' obligations shall be terminated for any reason permitted herein, all obligations of the Underwriters hereunder may be terminated by the Underwriters at, or at any time prior to, the Closing Date by written notice to the District and neither the Underwriters nor the District shall have any further obligations hereunder.

4. Indemnification. To the extent permitted by applicable law, the District (a "District Indemnifying Party") shall indemnify and hold harmless, to the extent permitted by law, the Underwriters and its respective directors, officers, employees and agents and each person who controls the Underwriters within the meaning of Section 15 of the 1933 Act (any such person being herein sometimes called a "District Indemnified Party"), against any and all losses, claims, damages or liabilities, joint or several, to which such District Indemnified Party may become subject under any statute or at law or in equity or otherwise, and shall promptly reimburse any such District Indemnified Party for any reasonable legal or other expenses incurred by it in connection with investigating any claims against it and defending any actions, but only to the extent that such losses, claims, damages, liabilities or actions arise out of or are

based upon any untrue statement of a material fact contained in the Preliminary Official Statement or the Official Statement under the captions “THE SERIES 2020 BONDS,” “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2020 BONDS,” “PLAN OF REFUNDING,” “THE 2008 MEASURE Q SALES TAX,” “THE MEASURE Q PROGRAM,” “THE DISTRICT,” and “LITIGATION” or any amendment or supplement thereof, or the omission to state therein a material fact necessary to make the statements therein in light of the circumstances under which they were made not misleading. This indemnity agreement shall not be construed as a limitation on any other liability which the District may otherwise have to any District Indemnified Party, provided that in no event shall the District be obligated for double indemnification.

The Underwriters (collectively, an “Underwriters Indemnifying Party”) shall indemnify and hold harmless, to the extent permitted by law, the District and its directors, officers, members, employees and agents and each person who controls the District within the meaning of Section 15 of the 1933 Act (any such person being herein sometimes called an “Underwriters Indemnified Party”), against any and all losses, claims, damages or liabilities, joint or several, to which such Underwriters Indemnified Party may become subject under any statute or at law or in equity or otherwise, and shall promptly reimburse any such Underwriters Indemnified Party for any reasonable legal or other expenses incurred by it in connection with investigating any claims against it and defending any actions, but only to the extent that such losses, claims, damages, liabilities or actions arise out of or are based upon any untrue statement of a material fact contained in the Preliminary Official Statement or the Official Statement with respect to the prices or yields of the Series 2020 Bonds as shown on the inside cover, or any amendment or supplement thereof, or the omission to state with respect thereto a material fact necessary to make the statements therein in light of the circumstances under which they were made not misleading, provided that the Underwriters’ liability shall not exceed the amount of the Underwriters’ discount. This indemnity agreement shall not be construed as a limitation on any other liability which the Underwriters may otherwise have to any Underwriters Indemnified Party, provided that in no event shall the Underwriters be obligated for double indemnification.

For purposes of this paragraph and the immediately succeeding paragraph, an “Indemnified Party” means a District Indemnified Party or an Underwriters Indemnified Party as the context dictates and an “Indemnifying Party” means a District Indemnifying Party or an Underwriters Indemnifying Party as the context dictates. An Indemnified Party shall, promptly after the receipt of notice of the commencement of any action against such Indemnified Party in respect of which indemnification may be sought against an Indemnifying Party, notify the Indemnifying Party in writing of the commencement thereof, but the omission to notify the Indemnifying Party of any such action shall not relieve the Indemnifying Party from any liability that it may have to such Indemnified Party otherwise than under the indemnity agreement contained herein. In case any such action shall be brought against an Indemnified Party and such Indemnified Party shall notify the Indemnifying Party of the commencement thereof, the Indemnifying Party may, or if so requested by such Indemnified Party shall, participate therein or assume the defense thereof, with counsel satisfactory to such Indemnified Party, and after notice from the Indemnifying Party to such Indemnified Party of an election so to assume the defense thereof, the Indemnifying Party will not be liable to such Indemnified Party under this paragraph for any legal or other expenses subsequently incurred by such Indemnified Party in connection with the defense thereof other than reasonable costs of investigation. If the Indemnifying Party

shall not have employed counsel to have charge of the defense of any such action or if the Indemnified Party shall have reasonably concluded that there may be defenses available to it or them that are different from or additional to those available to the Indemnifying Party (in which case the Indemnifying Party shall not have the right to direct the defense of such action on behalf of such Indemnified Party), such Indemnified Party shall have the right to retain legal counsel of its own choosing and reasonable legal and other expenses incurred by such Indemnified Party shall be borne by the Indemnifying Party.

An Indemnifying Party shall not be liable for any settlement of any such action effected without its consent by any Indemnified Party, which consent shall not be unreasonably withheld, but if settled with the consent of the Indemnifying Party or if there be a final judgment for the plaintiff in any such action against the Indemnifying Party or any Indemnified Party, with or without the consent of the Indemnifying Party, the Indemnifying Party agrees to indemnify and hold harmless such Indemnified Party to the extent provided herein.

In order to provide for just and equitable contribution in circumstances in which indemnification hereunder is for any reason held to be unavailable from the District or the Underwriters, to the extent permitted by law, the District and the Underwriters shall contribute to the aggregate losses, claims, damages and liabilities (including any investigation, legal and other expenses incurred in connection with, and any amount paid in settlement of, any action, suit or proceeding or any claims asserted, to which the District and the Underwriters may be subject) in such proportion so that the Underwriters is jointly and severally responsible for that portion represented by the percentage that the Underwriters' discount set forth in the Official Statement bears to the public offering price appearing thereon and the District is responsible for the balance; provided, however, that no person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. For purposes of this paragraph, each person, if any, who controls the Underwriters or the District within the meaning of the 1933 Act shall have the same rights to contribution as the Underwriters or the District, as applicable. Any party entitled to contribution will, promptly after receipt of notice of commencement of any action, suit or proceeding against such party in respect of which a claim for contribution may be made against another party or parties under this paragraph, notify such party or parties from whom contribution may be sought, but the omission so to notify shall not relieve that party or parties from whom contribution may be sought from any other obligation it or they may have hereunder or otherwise than under this paragraph. No party shall be liable for contribution with respect to any action or claim settled without its consent.

5. Expenses.

All expenses and costs incident to the issuance and sale of the Series 2020 Bonds, including the costs of printing of the Series 2020 Bonds, the Preliminary Official Statement, the Official Statement, the cost of preparation and duplicating the Financing Documents (other than the Bond Purchase Agreement), the fees of accountants, consultants and rating agencies, the fees of the Trustee, the Escrow Agent and its counsel in connection with the issuance and sale of the Series 2020 Bonds and the fees and expenses of Bond Counsel and Disclosure Counsel shall be paid by the District. All out-of-pocket expenses of the Underwriters, including traveling and other expenses, including those associated with the California Debt and Investment Advisory

Commission fee, the costs of preparation of any blue sky and legal investment surveys prepared by Underwriters' Counsel and the fees and expenses of Underwriters' Counsel, shall be paid by the Underwriters and reimbursed from the Underwriters' discount.

The District shall pay for expenses (included in the expense component of the underwriting spread) incurred on behalf of the District's employees which are incidental to implementing this Bond Purchase Agreement, including, but not limited to, meals, transportation, lodging, and entertainment of those employees. Additionally, and as a convenience to the District, the Underwriters may, from time to time, make arrangements for certain items and advance certain costs for which the District is responsible hereunder, such as printing of the Preliminary Official Statement and the Official Statement, entertainment, meals, lodging and travel arrangements for the District's representatives, in connection with the transaction for which it will be reimbursed from the Underwriters' discount.

6. Notices.

Any notice or other communication to be given to the parties to this Bond Purchase Agreement may be given by delivering the same in writing to the respective party at the following address:

Underwriters: Barclays Capital Inc.,
4 Embarcadero Center, Suite 2500
San Francisco, California 94111
Attention: Michael Fleishman

District: Sonoma-Marín Area Rail Transit District
5401 Old Redwood Highway
Petaluma, California 94954
Attention: General Manager

7. Survival of Representations and Warranties.

The representations and warranties of the District set forth in or made pursuant to this Bond Purchase Agreement shall not be deemed to have been discharged, satisfied or otherwise rendered void by reason of the Closing or termination of this Bond Purchase Agreement and regardless of any investigations or statements as to the results thereof made by the Underwriters and regardless of the sale and issuance of the Series 2020 Bonds.

8. Effectiveness.

This Bond Purchase Agreement shall become effective and binding upon the respective parties hereto upon the execution of the acceptance hereof by a duly authorized officer of the District and shall be valid and enforceable as of the time of such acceptance.

9. Execution in Counterparts.

This Bond Purchase Agreement may be executed in counterparts, all of which shall constitute one and the same instrument, and each of which shall be deemed to be an original.

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If the above terms are acceptable, please cause a duly authorized officer of the District to execute the acceptance below.

Very truly yours,

BARCLAYS CAPITAL INC.
BOFA SECURITIES, INC.,
as Underwriters

BARCLAYS CAPITAL INC.,
as Representative

By: _____
Director

ACCEPTED:

SONOMA-MARIN AREA RAIL TRANSIT DISTRICT

By: _____
Authorized Representative

SCHEDULE I
MATURITY SCHEDULE

\$(PAR)
SONOMA-MARIN AREA RAIL TRANSIT DISTRICT
MEASURE Q SALES TAX REVENUE REFUNDING BONDS,
SERIES 2020A (TAXBLE)

<u>Maturity</u> <u>March 1</u>	<u>Principal</u> <u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>
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c Priced to par call date of March 1, 20__

EXHIBIT A
FORM OF SUPPLEMENTAL OPINION OF BOND COUNSEL

[To come]

EXHIBIT B

FORM OF OPINION OF THE COUNSEL FOR THE DISTRICT

[CLOSING DATE]

Barclays Capital Inc.
San Francisco, California

BofA Securities, Inc.
San Francisco, California

The Bank of New York Mellon Trust Company, N.A.
San Francisco, California

[\$[PAR] Sonoma-Marín Area Rail Transit District Measure Q Sales Tax Revenue
Bonds, Series 2020A (Taxable)]

Ladies and Gentlemen:

This opinion is delivered to the addressees hereof in connection with the issuance of \$[PAR] aggregate principal amount of Sonoma-Marín Area Rail Transit District Measure Q Sales Tax Revenue Refunding Bonds, Series 2020A (Taxable) (the “Bonds”) issued by the Sonoma-Marín Area Rail Transit District (the “District”) under and by authority in the Sonoma-Marín Area Rail Transit District Act, being Part 16 of Division 10 (Sections 105000 et seq.) of the Public Utilities Code of the State of California (the “Act”), Chapter 6 of Part 1 of Division 2 of Title 5 (Section 54300 et seq.) of the California Government Code as referenced in said Sonoma-Marín Area Rail Transit District Act, and Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 (Section 53570 et seq.) of the California Government Code (collectively with the Act, the “Law”). The Bonds were issued pursuant to the provisions of an Indenture, dated as of December 1, 2011 (the “Master Indenture”), between the District and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”), as supplemented including by the Third Supplemental Indenture, dated as of November 1, 2020 (the “Third Supplemental Indenture” and, together with the Master Indenture, the “Indenture”). I am rendering this opinion pursuant to Section 3(g)(iv) of the Bond Purchase Agreement, dated [SALE DATE] (the “Bond Purchase Agreement”), between Barclays Capital Inc. and BofA Securities, Inc., as Underwriters of the Bonds (the “Underwriters”), and the District. All capitalized terms used herein have the meaning stated in the Indenture or the Bond Purchase Agreement.

In my capacity as general counsel to the District, I have examined the Bonds, the District’s Ordinance No. 2008-01 adopted on July 16, 2008 (the “Ordinance”), Resolution No. 2020-___, adopted by the Board of Directors of the District on October 7, 2020 (the “Bond Resolution”), the Indenture, the Bond Purchase Agreement, the Continuing Disclosure Certificate, dated [Closing Date] (the “Continuing Disclosure Certificate”), executed by the District, the Escrow Agreement, dated as of November 1, 2020 (the “Escrow Agreement”) between the District and The Bank of New York Mellon Trust Company, N.A., as Trustee and escrow agent, the Law, certifications of the District and others as to certain factual matters, and

such other documents, opinions and matters deemed necessary by me to render the opinions set forth herein. In reviewing the documents and matters referred to above, I have assumed the genuineness of all signatures thereto (other than signatures of officials of the District), and I have not undertaken to verify independently, and have assumed, the accuracy of the factual matters represented, warranted or certified therein, and the due and legal execution of such documents and certificates by, and the validity thereof against, any party other than the District. In addition, I call attention to the fact that the rights and obligations under the Bonds, the Bond Resolution, the Financing Documents and the other documents executed in connection with the Bonds, and the enforceability thereof, are subject to bankruptcy, insolvency, reorganization, fraudulent conveyance, arrangement, moratorium and other similar laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public entities in the State of California. I express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in documents mentioned in the preceding sentence.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof and under existing law, I am of the following opinions:

1. The District has been duly organized and is validly existing under the Constitution and laws of the State of California, and has all requisite power and authority thereunder: (a) to adopt the Bond Resolution, and to enter into, execute, deliver and perform its covenants and agreements under the Financing Documents and the Bond Purchase Agreement; (b) to approve and authorize the use and distribution of the Preliminary Official Statement and the use, execution and distribution of the Official Statement; (c) to issue and sell the Series 2020 Bonds; (d) to cause the Sales Tax to be levied and collected as described in the Preliminary Official Statement and the Official Statement; (e) to pledge the Revenues as contemplated by the Financing Documents; and (f) to carry on its activities as currently conducted.

2. The District has taken all actions required to be taken by it prior to the Closing Date material to the transactions contemplated by the documents mentioned in numbered paragraph 1 above, and the District has duly authorized the execution and delivery of, and the due performance of its obligations under, the Bond Purchase Agreement, the Financing Documents and the Series 2020 Bonds.

3. Except as disclosed in the Preliminary Official Statement, dated [POS DATE] (the "Preliminary Official Statement") and the Official Statement, dated [SALE DATE] (the "Official Statement"), relating to the Bonds, no litigation or other proceedings are pending or, to the best of my knowledge after due inquiry with respect thereto, threatened in any court or other tribunal of competent jurisdiction, State or federal, in any way (i) restraining or enjoining the issuance or sale of any of the Bonds or (ii) questioning or affecting the validity of the Ordinance, the Bond Resolution, the Bonds, the Financing Documents, the pledge by the District of the Sales Tax Revenues or other security provided under the Indenture or (iii) questioning or affecting the validity of any of the proceedings for the authorization, sale, execution, registration, issuance or delivery of the Bonds or (iv) questioning or affecting (A) the organization or existence of the District or the title to office of the officers thereof, or (B) the power or authority of the District to levy and collect the Sales Tax.

4. The District had and has lawful authority under the Constitution of the State and the Law to adopt the Bond Resolution and to authorize and issue the Bonds, and the Bond Resolution was duly adopted at a meeting of the governing body of the District, which was called and held pursuant to law and with all required notices and in accordance with all applicable open meetings laws and at which a quorum was present and acting at the time of the adoption of the Bond Resolution.

5. The adoption of the Bond Resolution, the execution and delivery by the District of the Bond Purchase Agreement, the Financing Documents and the Series 2020 Bonds and the compliance with the provisions of the Bond Purchase Agreement, the Financing Documents and the Series 2020 Bonds, to the best of such counsel's knowledge after due inquiry, do not and will not conflict with or violate in any material respect any California constitutional, statutory or regulatory provision, or, to the best of such counsel's knowledge after due inquiry, conflict with or constitute on the part of the District a material breach of or default under any agreement or instrument to which the District is a party or by which it is bound.

6. The Series 2020 Bonds, the Financing Documents and the Bond Purchase Agreement constitute binding and legal obligations of the District and are enforceable according to the terms thereof, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting enforcement of creditors' rights generally, and by the application of equitable principles if equitable remedies are sought, by the exercise of judicial discretion and the limitations on legal remedies against public entities in the State.

7. To the best of my knowledge after due inquiry, no authorization, approval, consent or other order of the State or any local agency of the State, other than such authorizations, approvals and consents which have been obtained, is required for the valid authorization, execution and delivery by the District of the Financing Documents and the authorization and distribution of the Official Statement (provided that no opinion is expressed as to any action required under state securities or Blue Sky laws in connection with the offer or sale of the Series 2020 Bonds by the Underwriters).

8. To the best of my knowledge after due inquiry, the District is not in breach of or default under any applicable law or administrative regulation of the State 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 is otherwise subject, which breach or default would materially adversely affect the District's ability to enter into or perform its obligations under the Financing Documents and the Bond Purchase Agreement, 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 an event of default under any such instrument and which would materially adversely affect the District's ability to enter into or perform its obligations under the Financing Documents and the Bond Purchase Agreement.

9. Without having undertaken to determine independently the accuracy, completeness or fairness of the information or statements contained in the Preliminary Official Statement and in the Official Statement, to my knowledge, (a) the information contained in the Preliminary Official Statement as of its date and as of the date of the Bond Purchase Agreement (excluding therefrom the Excluded Information and the information set forth under the captions

“TAX MATTERS” and Appendices B, C, E and F, as to which no opinion is expressed) did not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstance under which they were made, not misleading, and (b) the information contained in the Official Statement as of its date and as of the date hereof (excluding therefrom the Excluded Information and the information set forth under the captions “TAX MATTERS” and Appendices B, C, E and F, as to which no opinion is expressed) does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstance under which they were made, not misleading. No responsibility is undertaken or view expressed with respect to any other disclosure document, materials or activity, or as to any information from another document or source referred to by or incorporated by reference in the Preliminary Official Statement or the Official Statement.

I am an attorney admitted to practice in the State of California and, in rendering the opinions expressed herein, I have not passed upon the laws of any jurisdiction other than the State of California and the United States of America.

This opinion is delivered to each of the parties listed above and is solely for the benefit of each of such parties. Accordingly, this opinion may not be relied upon nor used, circulated, quoted or otherwise referred to for any other purpose without, in each instance, my prior written consent; provided, however, that this opinion may be included in the transcript of closing documents prepared in connection with this transaction. This opinion is limited to the matters expressly set forth, and no other opinion shall be inferred beyond the matters expressly stated. In addition, I specifically express no opinion as to the status of the Bonds or the interest thereon under any federal securities laws or any state securities or “Blue Sky” law or any federal, state or local tax law.

Very truly yours,

NP Draft – 9/29

NEW ISSUE-BOOK-ENTRY ONLY

RATING: S&P:

See “RATING”
herein

Interest on the Series 2020 Bonds is not excluded from gross income for federal income tax purposes. Bond Counsel is of the opinion that interest on the Series 2020 Bonds is exempt from personal income taxes of the State of California (the “State”) under present State law. See “TAX MATTERS” herein.

See “TAX MATTERS” herein.



\$ _____*
SONOMA-MARIN AREA RAIL TRANSIT DISTRICT
MEASURE Q SALES TAX REVENUE REFUNDING BONDS (GREEN BONDS), SERIES 2020A
(TAXABLE)

The \$ _____* Sonoma-Marín Area Rail Transit District Measure Q Sales Tax Revenue Refunding Bonds Revenue Refunding Bonds (Green Bonds), Series 2020A (Taxable) (the “Series 2020 Bonds”) are being issued by the Sonoma-Marín Area Rail Transit District (the “District”) pursuant to an Indenture, dated as of December 1, 2011 (the “Master Indenture”), between the District and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”), including as supplemented by a Third Supplemental Indenture, dated as of October 1, 2020 (the “Third Supplemental Indenture” and, together with the Master Indenture, the “Indenture”), between the District and the Trustee, to refund the District’s outstanding Sonoma-Marín Area Rail Transit District Measure Q Sales Tax Revenue Bonds, Series 2011A (the “Refunded Bonds”), and to pay certain costs of issuing the Series 2020 Bonds. See “PLAN OF REFUNDING” and “ESTIMATED SOURCES AND USES OF FUNDS” herein.

Interest on the Series 2020 Bonds will be payable on March 1 and September 1 of each year, commencing March 1, 2021. The Bonds will be issued as fully registered bonds, without coupons, in the denomination of \$5,000 or any integral multiple thereof. The Series 2020 Bonds will be registered in the name of Cede & Co., as holder of the Series 2020 Bonds and nominee for The Depository Trust Company, New York, New York (“DTC”). Purchasers will not receive physical certificates representing their interest in the Series 2020 Bonds purchased. The principal or redemption price of and interest on the Series 2020 Bonds is payable by wire transfer to DTC which, in turn, will remit such principal, redemption price or interest to the DTC Participants for subsequent disbursement to the beneficial owners of the Series 2020 Bonds. See APPENDIX E – “BOOK-ENTRY SYSTEM” herein.

The Series 2020 Bonds are subject to redemption prior to maturity as more fully described herein. See “THE SERIES 2020 BONDS – Redemption” herein.

The Series 2020 Bonds are special obligations of the District and are payable as to both principal and interest, and any premium upon redemption thereof, solely from Revenues (as defined herein) as provided in the Indenture and described herein. Revenues consist of all Sales Tax Revenues (as defined herein) and amounts held by the Trustee in certain funds and accounts established under the Indenture. Sales Tax Revenues consist of all amounts available for distribution to the District on account of the imposition of a retail transactions and use tax (the “2008 Measure Q Sales Tax”) levied in the incorporated and unincorporated territory of the Counties of Sonoma and Marin, at the rate of one-fourth of one percent (1/4%) after deducting amounts payable by the District to the California Department of Tax and Fee Administration for costs and expenses for its services in connection with the 2008 Measure Q Sales Tax. The 2008 Measure Q Sales Tax was approved by more than two-thirds of the electors voting on a ballot measure to authorize the 2008 Measure Q Sales Tax at the general election held in the Counties of Sonoma and Marin on November 4, 2008. Collection of the 2008 Measure Q Sales Tax commenced on April 1, 2009 and will expire on March 31, 2029. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2020 BONDS” herein.

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COUNTIES OF MARIN OR SONOMA, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION OR PUBLIC AGENCY THEREOF, OTHER THAN THE AUTHORITY, TO THE EXTENT OF THE PLEDGE OF THE SALES TAX REVENUES AND OTHER AMOUNTS HELD UNDER THE INDENTURE, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, REDEMPTION PREMIUM, IF ANY, OR INTEREST ON THE SERIES 2020 BONDS.

This cover page contains certain information for general reference only. It is not a summary of the security or terms of this issue. Investors must read the entire Official Statement to obtain information essential to make an informed investment decision with respect to the Series 2020 Bonds.

The Series 2020 Bonds are offered when, as and if issued and received by the Underwriters, subject to the approval of the validity of the Series 2020 Bonds and certain other legal matters by Nixon Peabody LLP, Los Angeles, California, Bond and Disclosure Counsel to the District, and certain other conditions. Certain legal matters will be passed on for the District by the District’s General Counsel, and for the Underwriter by its counsel, Orrick, Herrington & Sutcliffe LLP. It is anticipated that the Series 2020 Bonds will be available for delivery through the book-entry facilities of DTC on or about October ___, 2020.

Barclays

BofA Securities

___, 2020

* Preliminary; subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstance shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

\$ _____ *

**SONOMA-MARIN RAIL TRANSIT DISTRICT
MEASURE Q SALES TAX REVENUE REFUNDING BONDS (GREEN BONDS)
SERIES 2020A (TAXABLE)**

MATURITY SCHEDULE

Maturity Date (March 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP (Base No. 835588)†
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* Preliminary, subject to change.

† CUSIP is a registered trademark of the American Bankers Association. CUSIP data on the cover hereof and herein is provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. None of the District, the Trustee, the Underwriters or PFM, the Municipal Advisor to the Authority, is responsible for the selection or correctness of the CUSIP numbers set forth herein.

No dealer, salesman or any other person has been authorized by the Sonoma-Marin Area Rail Transit District (the "District") to give any information or to make any statements or representations, other than those contained in this Official Statement, and, if given or made, such other information, statements or representations must not be relied upon as having been authorized. The information set forth herein has been obtained from the District and other sources which are believed to be reliable. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy any of the Series 2020 Bonds in any jurisdiction in which such offer or solicitation is not authorized, or in which any 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 in such jurisdiction.

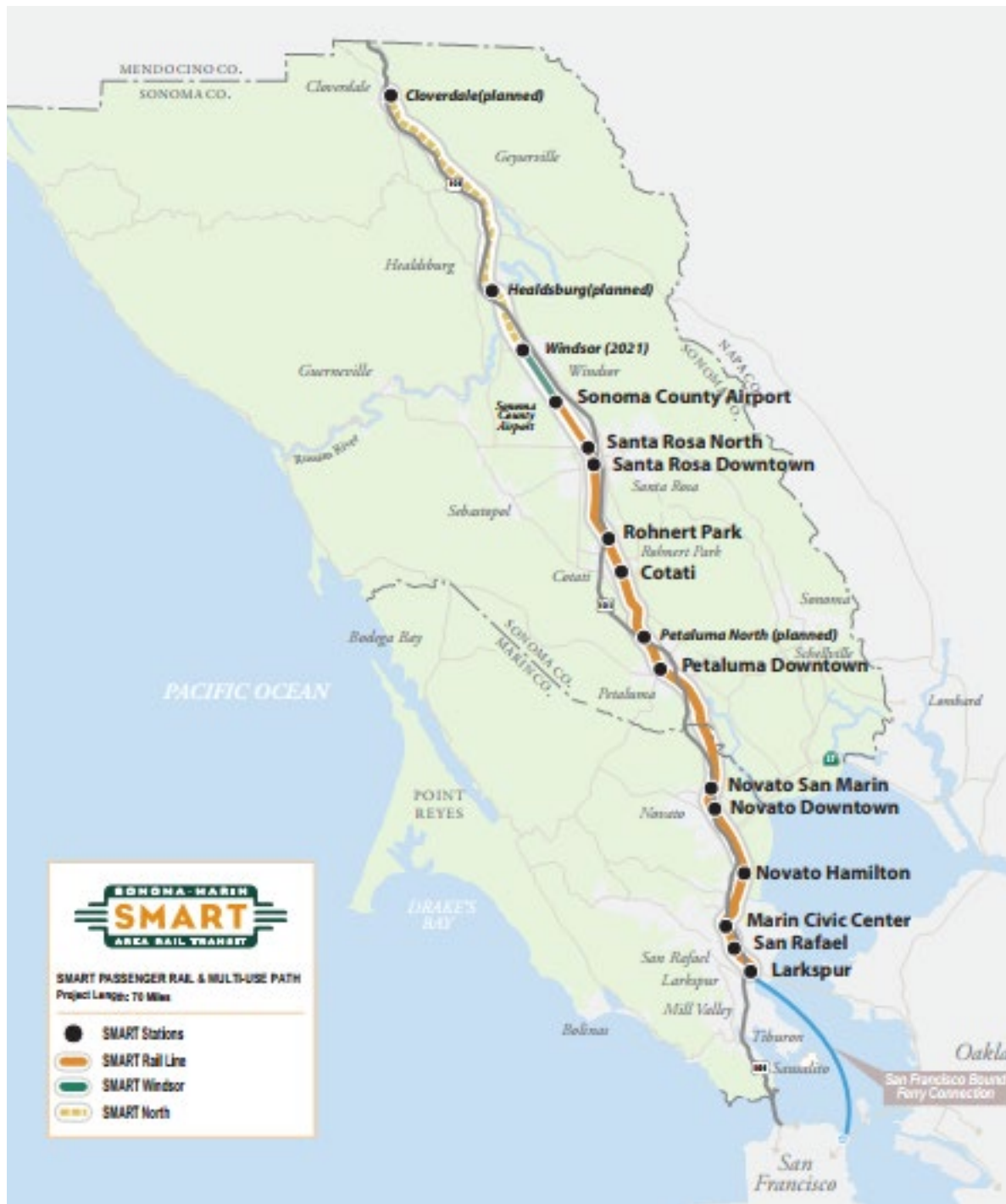
This Official Statement is not to be construed as a contract with the purchasers of the Series 2020 Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact.

The Underwriters have provided the following sentence for inclusion in the Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

CUSIP is a registered trademark of the American Bankers Association. CUSIP data on the cover hereof and herein is provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. None of the District, the Underwriters (as defined herein) or PFM, the Municipal Advisor, is responsible for the selection or correctness of the CUSIP numbers set forth herein.

FORWARD-LOOKING STATEMENTS

Certain statements included or incorporated by reference in this Official Statement constitute forward-looking statements. Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “project,” “budget” or other similar words. **The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. No assurance is given that actual results will meet the forecasts of the District in any way. The District does not plan to issue any updates or revisions to those forward-looking statements if or when any of its expectations, or events, conditions or circumstances on which such statements are based occurs.**



SONOMA-MARIN AREA RAIL TRANSIT DISTRICT

BOARD OF DIRECTORS

Eric Lucan, Chair
Barbara Pahre, Vice-chair
Judy Arnold
Damon Connolly
Debra Fudge
Patty Garbarino
Daniel Hillmer
Joe Naujokas
Gary Phillips
David Rabbitt
Chris Rogers
Shirlee Zane

ADMINISTRATIVE STAFF

Farhad Mansourian, General Manager
Erin McGrath, Chief Financial Officer
William L. Gamlen, Chief Engineer

SPECIAL SERVICES

Financial Advisor

PFM Financial Advisors LLC.
San Francisco, California

Bond and Disclosure Counsel

Nixon Peabody LLP
Los Angeles, California

Trustee

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

Verification Agent

[TO COME]

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OFFICIAL STATEMENT

\$ _____ *

SONOMA-MARIN AREA RAIL TRANSIT DISTRICT MEASURE Q SALES TAX REVENUE BONDS (GREEN BONDS), SERIES 2020A (TAXABLE)

INTRODUCTION

General

This Official Statement, which includes the cover page and the appendices hereto, sets forth certain information in connection with the offering by the Sonoma-Marine Area Rail Transit District (the “District” and sometimes referred to as “SMART”) of the Sonoma-Marine Area Rail Transit District Measure Q Sales Tax Revenue Bonds (Green Bonds), Series 2020A (Taxable) in the aggregate principal amount of \$ _____* (the “Series 2020 Bonds”). The Series 2020 Bonds are being issued pursuant to an Indenture, dated as of December 1, 2011 (as previously supplemented and amended, the “Master Indenture”), between the District and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”), as supplemented by a Third Supplemental Indenture, dated as of October 1, 2020 (the “Third Supplemental Indenture” and, together with the Master Indenture, the “Indenture”), between the District and the Trustee. The offering of the Series 2020 Bonds to potential investors is made only by means of the entire Official Statement, including the cover page and the appendices hereto.

All capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in APPENDIX C - “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Definitions” or, if not defined therein, shall have the meanings assigned to such terms in the Indenture.

Authority for Issuance

The Series 2020 Bonds are being issued by the District under and pursuant to the Sonoma-Marine Area Rail Transit District Act, being Part 16 of Division 10 (Sections 105000 *et seq.*) (the “Act”) of the Public Utilities Code of the State of California (the “State”), as now in effect and as it may from time to time hereafter be amended or supplemented and Chapter 6 of Part 1 of Division 2 of Title 5 (Section 54300 *et seq.*) of the Government Code of the State as referenced in the Act and Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 (Section 53570 *et seq.*) of the Government Code of the State (collectively with the Act, the “Law”), in each case as now in effect and as from time to time amended and supplemented.

Purpose and Application of Proceeds

The Series 2020 Bonds are being issued to refund the District’s outstanding Measure Q Sales Tax Revenue Bonds, Series 2011A (the “Refunded Bonds”) and to pay certain costs of issuing the Series 2020 Bonds. See “PLAN OF REFUNDING” and “ESTIMATED SOURCES AND USES OF FUNDS” herein.

Security and Sources of Payment for the Series 2020 Bonds

The Series 2020 Bonds are special obligations of the District and are payable as to both principal and interest, and any premium upon redemption thereof, solely from Revenues (as defined herein) as provided in the Indenture and described herein. Revenues consist of all Sales Tax Revenues (as defined herein) and certain amounts held by the Trustee in certain funds and accounts established under the Indenture. Sales Tax Revenues consist of all amounts available for distribution to the District on account

* Preliminary; subject to change.

of the imposition of a retail transactions and use tax (the “2008 Measure Q Sales Tax”) levied in the incorporated and unincorporated territory of the County of Sonoma and the County of Marin (the “Counties”), at the rate of one-fourth of one percent (1/4%) after deducting amounts payable by the District of a fee paid to the California Department of Tax and Fee Administration (the “CDTFA”) in connection with the collection and disbursement of the 2008 Measure Q Sales Tax. The Taxpayer Transparency and Fairness Act of 2017 restructured the California State Board of Equalization (the “BOE”) into three separate entities: the State Board of Equalization, the CDTFA and the Office of Tax Appeals. The CDTFA handles most of the taxes and fees previously collected by the BOE, including, as of July 1, 2017, the 2008 Measure Q Sales Tax.

The 2008 Measure Q Sales Tax is levied pursuant to Ordinance No. 2008-01 (the “Ordinance”) adopted by the Board of Directors of the District (the “Board”) on July 16, 2008, pursuant to the provisions of Article 5 of Chapter 4 of the Act. The 2008 Measure Q Sales Tax was approved by more than two-thirds of the electors in the counties voting on a ballot measure (“Measure Q”) to authorize the 2008 Measure Q Sales Tax at the general election held in the counties on November 4, 2008. Collection of the 2008 Measure Q Sales Tax commenced on April 1, 2009 and will expire on March 31, 2029. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2020 BONDS” herein.

Additional bonds, notes and other obligations (the “Parity Obligations”) secured by the pledge made pursuant to the Indenture and payable from the Revenues (including Sales Tax Revenues) equally and ratably with the Series 2020 Bonds as provided in the Indenture may be issued or incurred subject to the satisfaction of certain conditions of the Indenture. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2020 BONDS - Additional Bonds and Parity Obligations” herein. The Series 2020 Bonds and any additional bonds and notes authorized by, and at any time Outstanding under the Indenture, are referred to collectively herein as the “Bonds.”

Additional obligations secured by the pledge made pursuant to the Indenture and payable from the Revenues (including Sales Tax Revenues) on a basis subordinate to the Bonds and Parity Obligations as provided in the Indenture (the “Subordinate Obligations” and the “Fee and Expense Obligations”) may be issued or incurred subject to the satisfaction of certain conditions of the Indenture. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2020 BONDS - Subordinate Obligations and Fee and Expense Obligations” herein.

The purchase of the Series 2020 Bonds involves risks, certain of which are discussed under “RISK FACTORS” below.

Special and Limited Obligations

THE SERIES 2020 BONDS ARE SPECIAL OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY FROM REVENUES AS DEFINED AND PROVIDED IN THE INDENTURE AND CERTAIN OTHER FUNDS PLEDGED UNDER THE INDENTURE AND THE DISTRICT IS NOT OBLIGATED TO PAY THE SERIES 2020 BONDS EXCEPT FROM REVENUES AND THOSE CERTAIN OTHER FUNDS PLEDGED UNDER THE INDENTURE. THE SERIES 2020 BONDS DO NOT CONSTITUTE A DEBT OR LIABILITY OF THE STATE OR ANY POLITICAL SUBDIVISION OF THE STATE OTHER THAN THE DISTRICT, OR A PLEDGE OF THE FULL FAITH AND CREDIT OF THE STATE OR OF ANY POLITICAL SUBDIVISION OF THE STATE. THE GENERAL FUND OF THE DISTRICT IS NOT LIABLE, AND THE CREDIT OR TAXING POWER (OTHER THAN AS DESCRIBED IN THE INDENTURE) OF THE DISTRICT IS NOT PLEDGED, FOR THE PAYMENT OF THE SERIES 2020 BONDS, THEIR INTEREST, OR ANY PREMIUM DUE UPON REDEMPTION OF THE SERIES 2020 BONDS. THE SERIES 2020 BONDS ARE NOT SECURED BY A LEGAL OR EQUITABLE PLEDGE OF, OR CHARGE, LIEN OR ENCUMBRANCE UPON, ANY OF THE

PROPERTY OF THE DISTRICT OR ANY OF ITS INCOME OR RECEIPTS, EXCEPT THE REVENUES AND CERTAIN OTHER FUNDS PLEDGED UNDER THE INDENTURE.

Impacts of COVID-19 Pandemic

The outbreak of COVID-19, a disease caused by a new strain of coronavirus, has been declared a pandemic by the World Health Organization (“WHO”). COVID-19 outbreak developments, and associated governmental and regulatory responses, are rapidly changing. The effects of COVID-19 and the actions taken at the State, local and national levels, as described in this Official Statement, to halt its spread have had, and are expected to continue to have, a significant negative affect on the revenues and economy of the District. The District cannot predict the duration or magnitude of that impact. In addition, historical data presented in this Official Statement (including the appendices) may not predict near term trends accurately in light of the unprecedented and rapidly evolving nature of the COVID-19 pandemic and its economic effects. See “RISK FACTORS – Impacts of COVID-19 Pandemic” in this Official Statement.

References

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

THE SERIES 2020 BONDS

General

The Series 2020 Bonds will be dated their date of delivery, will bear interest at the rates and will mature on the dates set forth on the inside cover of this Official Statement. Interest on each Series 2020 Bond shall be computed on the basis of a 360-day year, consisting of twelve 30-day months and shall be payable commencing on March 1, 2021 and semiannually thereafter on each March 1 and September 1 (each, an “Interest Payment Date”). The Series 2020 Bonds will be issued in fully registered form without coupons and will initially be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), as the securities depository for the Series 2020 Bonds. The term “Owner” as used herein shall refer to DTC as the registered owner of the Bonds. Purchases of the Series 2020 Bonds are to be made in book-entry only form in the principal amount of \$5,000 or any integral multiple thereof. See APPENDIX E – “BOOK-ENTRY SYSTEM.”

Redemption*

Optional Redemption of Series 2020 Bonds. The Series 2020 Bonds maturing on or before March 1, 20__ shall not be subject to redemption prior to their respective stated maturities. The Series 2020 Bonds maturing on or after March 1, 20__ shall be subject to redemption prior to their respective stated maturities, at the option of the District, from any source of available funds, as a whole or in part, in Authorized Denominations, on any date on or after March 1, 20__ at a Redemption Price equal to 100% of the principal amount of Series 2020 Bonds called for redemption, plus accrued interest to the date fixed for redemption, without premium.

* Preliminary, subject to change.

Make-Whole Optional Redemption. Prior to March 1, 20__ the Bonds are subject to redemption prior to their respective maturity dates, at the option of the issuer, in whole or in part, at a redemption price equal to the greater of:

- (1) 100% of the principal amount of the Bonds to be redeemed; or
- (2) The sum of the present value of the remaining scheduled payments of principal and interest to the stated maturity date of such Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which such Bonds are to be redeemed, discounted to the date on which such Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate (described below) plus __ basis points

Plus, in each case, accrued interest on such Series 2020 Bonds to be redeemed to but not including the redemption date.

The “Treasury Rate” is, with respect to any redemption date for a particular Bond, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity, excluding inflation indexed securities (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two Business Days, but no more than 45 calendar days, prior to the redemption date or, if such Statistical Release is no longer published, any publicly available source of similar market date) most nearly equal to the period from the redemption date to the maturity date of the bond to be redeemed; provided, however, that if the period from the redemption date to such maturity date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

Selection of Series 2020 Bonds to be Redeemed.

If less than all of the Series 2020 Bonds are to be redeemed, the particular maturities of Series 2020 Bonds to be redeemed at the option of the District will be determined by the District in its sole discretion.

If the Series 2020 Bonds are registered in book-entry only form and so long as DTC or a successor securities depository is the sole registered owner of such Series 2020 Bonds, if less than all of the Series 2020 Bonds of a maturity are called for prior redemption, the particular Series 2020 Bonds or portions thereof to be redeemed shall be allocated on a pro rata pass-through distribution of principal basis in accordance with DTC procedures, provided that, so long as the Series 2020 Bonds are held in book-entry form, the selection for redemption of such Series 2020 Bonds shall be made in accordance with the operational arrangements of DTC then in effect, and, if the DTC operational arrangements do not allow for redemption on a pro rata pass-through distribution of principal basis, the Series 2020 Bonds will be selected for redemption, in accordance with DTC procedures, by lot.

The District intends that redemption allocations made by DTC be made on a pro rata pass-through distribution of principal basis as described above. However, neither the District nor the Underwriters can provide any assurance that DTC, DTC’s direct and indirect participants or any other intermediary will allocate the redemption of Series 2020 Bonds on such basis.

For purposes of calculation of the “pro rata pass-through distribution of principal,” “pro rata” means, for any amount of principal to be paid, the application of a fraction to each denomination of the respective Series 2020 Bonds where (a) the numerator of which is equal to the amount due to the respective bondholders on a payment date, and (b) the denominator of which is equal to the total original par amount of the respective Series 2020 Bonds.

If the Series 2020 Bonds are no longer registered in book-entry-only form, each owner will receive an amount of Series 2020 Bonds equal to the original face amount then beneficially held by that owner, registered in such investor's name. Thereafter, any redemption of less than all of the Series 2020 Bonds of any maturity will continue to be paid to the registered owners of such Series 2020 Bonds on a pro-rata basis, based on the portion of the original face amount of any such Series 2020 Bonds to be redeemed. See APPENDIX E – "BOOK-ENTRY SYSTEM."

Notice of Redemption. Each notice of redemption with respect to the Series 2020 Bonds shall be mailed by the Trustee, not less than twenty (20) nor more than sixty (60) days prior to the redemption date, to (i) each Holder, (ii) the Repository and (iii) to the MSRB's Electronic Municipal Market Access system. Any such notice of redemption may be rescinded by written notice delivered to the Trustee by the District. Upon receipt of such written notice of rescission from the District, the Trustee shall give notice of such rescission as soon thereafter as practicable in the same manner, and to the same parties, as notice of redemption was given pursuant to the Indenture.

Partial Redemption of Bonds. Upon surrender of any Series 2020 Bond redeemed in part only, the District shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the District, a new Series 2020 Bond of authorized denominations, and of the same maturity and interest rate, equal in aggregate principal amount to the unredeemed portion of the Series 2020 Bond surrendered.

Effect of Redemption. Notice of redemption having been duly given as aforesaid, and moneys for payment of the Redemption Price of, together with interest accrued to the redemption date on, the Series 2020 Bonds (or portions thereof) so called for redemption being held by the Trustee, on the redemption date designated in such notice, the Series 2020 Bonds (or portions thereof) so called for redemption shall become due and payable at the Redemption Price specified in such notice together with interest accrued thereon to the date fixed for redemption, interest on the Series 2020 Bonds so called for redemption shall cease to accrue, said Series 2020 Bonds (or portions thereof) shall cease to be entitled to any benefit or security under this Indenture, and the Owners of said Series 2020 Bonds shall have no rights in respect thereof except to receive payment of said Redemption Price and accrued interest to the redemption date.

Mandatory Purchase in Lieu of Redemption. Each Holder, by purchase and acceptance of any Series 2020 Bond, irrevocably grants to the District the option to purchase such Series 2020 Bond, on any date such Series 2020 Bond is subject to optional redemption provided in the Indenture for the Series 2020 Bonds at a purchase price equal to the Redemption Price then applicable to such Series 2020 Bond, plus accrued interest thereon to the date of purchase. In order to exercise such option, the District shall deliver to the Trustee a Favorable Opinion of Bond Counsel and shall direct the Trustee to provide notice of mandatory purchase in lieu of redemption, such notice to be provided, as and to the extent applicable, in accordance with the provisions set forth in the Indenture for the Series 2020 Bonds, the District shall pay the purchase price of such Series 2020 Bond to the Trustee in immediately available funds and the Trustee shall pay the same to the Holders of Series 2020 Bonds being purchased against delivery thereof. Following such purchase, the Trustee shall register such Series 2020 Bonds in accordance with the written instructions of the District. No purchase of any Series 2020 Bond shall operate to extinguish the indebtedness evidenced by such Series 2020 Bond. No Holder may elect to retain a Series 2020 Bond subject to mandatory purchase.

If the District lacks sufficient funds to pay the purchase price of any Series 2020 Bond subject to mandatory purchase in lieu of redemption pursuant to the Indenture on the date fixed for such purchase, the District shall cancel such mandatory purchase in lieu of redemption and shall return each such Series 2020 Bond to the Holder who shall have tendered such Series 2020 Bond for mandatory purchase in lieu of redemption pursuant to the Indenture. The Trustee shall give notice that such mandatory purchase was not effected promptly following the date fixed for such purchase. Any failure to pay the purchase price of any

Series 2020 Bond subject to mandatory purchase shall not constitute an Event of Default under the Indenture.

“Green Bond” Designation of Series 2020 Bonds

The District is designating the Series 2020 Bonds as “Green Bonds” due to what it believes are the environmental benefits of the Project (as defined herein). See “THE MEASURE Q PROGRAM” – Purpose and Description” for further details on the Project.

Use of Proceeds. The proceeds of the Green Bonds, with the exception of proceeds used to fund costs of issuance, are expected to refinance amounts previously spent on the construction of the Project as described further herein. Because all of the proceeds of the Refunded Bonds have already been spent, no further updates regarding the Project will be provided or filed.

Transit and Air Quality Benefits. The Project was constructed to, among other things, improve mobility and relieve congestion while promoting sustainability and enhancing the region's quality of life. The text of Measure Q itself provided that “SMART is committed to providing service with the most environmentally clean passenger rail service possible.” The Project is expected to reduce vehicle miles traveled within the Counties, with corresponding improvements to the region’s air quality. The Project also enhances and improves the region’s land use policies and preservation of agricultural lands by restricting stations to incorporated areas.

Green Bonds Sustainability. The purpose of designating the Series 2020 Bonds as “Green Bonds” is to allow owners of the Green Bonds to invest in bonds that have financed environmentally beneficial projects. The term “Green Bonds” is not defined in the Indenture and its use in this Official Statement is for identification purposes only and is not intended to provide or imply that the holders of the Bonds are entitled to any additional terms or security in addition to those provided in the Indenture. The District does not make any representation as to the suitability of the Green Bonds to fulfill such environmental and sustainability criteria. The Green Bonds may not be a suitable investment for all investors seeking exposure to green or sustainable assets. There is currently no market consensus on what precise attributes are required for a particular project to be defined as “green” or “sustainable,” and therefore no assurance can be provided to investors that the projects financed with by proceeds of the Green Bonds will continue to meet investor expectations regarding sustainability performance.

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2020 BONDS

Security

The Series 2020 Bonds are special obligations of the District and are payable as to both principal and interest, and any premium upon redemption thereof, solely from Revenues (as defined herein) as provided in the Indenture and described herein. Revenues consist of all Sales Tax Revenues (as defined herein) and certain amounts held by the Trustee in certain funds and accounts established under the Indenture. Sales Tax Revenues consist of all amounts available for distribution to the District on account of the imposition of a retail transactions and use tax (the “2008 Measure Q Sales Tax”) levied in the incorporated and unincorporated territory of the County of Sonoma and the County of Marin (the “Counties”), at the rate of one-quarter of one percent (1/4%) after deducting amounts payable by the District to the CDTFA for costs and expenses for its services in connection with the collection of the 2008 Measure Q Sales Tax. The 2008 Measure Q Sales Tax is levied pursuant to Ordinance No. 2008-01 (the "Ordinance") adopted by the Board of Directors of the District (the “Board”) on July 16, 2008, pursuant to the provisions of Article 5 of Chapter 4 of the Act. The 2008 Measure Q Sales Tax was approved by more than two-thirds of the electors in the Counties voting on a ballot measure (“Measure Q”) to authorize the 2008 Measure Q

Sales Tax at the general election held in the Counties on November 4, 2008. Collection of the 2008 Measure Q Sales Tax commenced on April 1, 2009 and will expire on March 31, 2029. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2020 BONDS" herein.

Additional bonds, notes and other obligations (the "Parity Obligations") secured by the pledge made pursuant to the Indenture and payable from the Revenues (including Sales Tax Revenues) equally and ratably with the Series 2020 Bonds as provided in the Indenture may be issued or incurred subject to the satisfaction of certain conditions of the Indenture. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2011 BONDS - Additional Bonds and Parity Obligations" herein. The Series 2020 Bonds and any Additional Bonds authorized by, and at any time Outstanding under the Indenture, are referred to collectively herein as the "Bonds."

Additional obligations secured by the pledge made pursuant to the Indenture and payable from the Revenues (including Sales Tax Revenues) on a basis subordinate to the Bonds and Parity Obligations as provided in the Indenture (the "Subordinate Obligations" and the "Fee and Expense Obligations") may be issued or incurred subject to the satisfaction of certain conditions of the Indenture. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2020 BONDS - Subordinate Obligations and Fee and Expense Obligations" herein.

The purchase of the Series 2020 Bonds involves risks, certain of which are discussed under "RISK FACTORS" below.

Special and Limited Obligations

THE SERIES 2020 BONDS ARE SPECIAL OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY FROM REVENUES AS DEFINED AND PROVIDED IN THE INDENTURE AND CERTAIN OTHER FUNDS PLEDGED UNDER THE INDENTURE AND THE DISTRICT IS NOT OBLIGATED TO PAY THE SERIES 2020 BONDS EXCEPT FROM REVENUES AND THOSE CERTAIN OTHER FUNDS PLEDGED UNDER THE INDENTURE. THE SERIES 2020 BONDS DO NOT CONSTITUTE A DEBT OR LIABILITY OF THE STATE OR ANY POLITICAL SUBDIVISION OF THE STATE OTHER THAN THE DISTRICT, OR A PLEDGE OF THE FULL FAITH AND CREDIT OF THE STATE OR OF ANY POLITICAL SUBDIVISION OF THE STATE. THE GENERAL FUND OF THE DISTRICT IS NOT LIABLE, AND THE CREDIT OR TAXING POWER (OTHER THAN AS DESCRIBED IN THE INDENTURE) OF THE DISTRICT IS NOT PLEDGED, FOR THE PAYMENT OF THE SERIES 2020 BONDS, THEIR INTEREST, OR ANY PREMIUM DUE UPON REDEMPTION OF THE SERIES 2020 BONDS. THE SERIES 2020 BONDS ARE NOT SECURED BY A LEGAL OR EQUITABLE PLEDGE OF, OR CHARGE, LIEN OR ENCUMBRANCE UPON, ANY OF THE PROPERTY OF THE DISTRICT OR ANY OF ITS INCOME OR RECEIPTS, EXCEPT THE REVENUES AND CERTAIN OTHER FUNDS PLEDGED UNDER THE INDENTURE.

Pledge of Revenues and certain Funds Held by Trustee

Under the Indenture, the District agrees to cause all Sales Tax Revenues to be transmitted by the CDTFA directly to the Trustee for deposit in the Revenue Fund established under the Indenture. Such direct transmittal by the CDTFA to the Trustee is expected to commence as promptly as possible following the Issue Date. Subject to the Indenture, all Revenues (other than Sales Tax Revenues) shall also be deposited in the Revenue Fund. Revenues (including Sales Tax Revenues) will be disbursed, allocated and applied solely for the uses and purposes set forth in the Indenture. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2020 BONDS - Allocation of Revenues" herein and APPENDIX C - "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Allocation of Revenues."

As security for the payment of all amounts owing on the Bonds, including the Series 2020 Bonds, any Parity Obligations, any Subordinate Obligations and any Fee and Expense Obligations, in the amounts and with the priorities set forth in the Indenture and in the Bonds, the District irrevocably pledges to the Trustee under the Indenture: (i) all Revenues, (ii) all funds and accounts established under the Indenture (other than the Rebate Fund, all Letter of credit Funds and all Purchase Funds) and all investments, money, instruments, and other property credited thereto or on deposit therein, and (iii) all proceeds thereof, whether now existing or hereafter arising, subject to the provision of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture. This collateral will immediately be subject to such pledge under the Indenture, and such pledge will constitute a lien and security interest which shall immediately attach to the collateral and be effective, binding and enforceable against the District and all others asserting the rights therein, to the extent set forth, and in accordance with, the Indenture irrespective of whether those parties have notice of such pledge and without the need for any physical delivery, recordation, filing or further act.

All Bonds, including the Series 2020 Bonds, and Parity Obligations shall be of equal rank without preference, priority or distinction of any Bonds and Parity Obligations over any other Bonds and Parity Obligations. All Subordinate Obligations shall be of equal rank without preference, priority or distinction of any Subordinate Obligations over any other Subordinate Obligations. All Fee and Expense Obligations shall be of equal rank without preference, priority or distinction of any Fee and Expense Obligations over any other Fee and Expense Obligations.

Allocation of Revenues

So long as any Bonds, including the Series 2020 Bonds, are Outstanding and Parity Obligations, Subordinate Obligations, Fee and Expense Obligations and all other amounts payable under the Indenture remain unpaid, the Trustee shall set aside in each month following receipt of the Sales Tax Revenues the moneys in the Revenue Fund in the following respective funds (each of which the Trustee shall establish, maintain and hold in trust for the benefit of the Holders of the Bonds and, as and to the extent applicable, the holders of Parity Obligations, Subordinate Obligations and Fee and Expense Obligations) in the following amounts, in the following order of priority, the requirements of each such fund (including the making up of any deficiencies in any such fund resulting from lack of Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any deposit is made to any fund subsequent in priority; provided that (i) on a parity with such deposits the Trustee may set aside or transfer amounts with respect to any outstanding Parity Obligations as provided in the proceedings for such Parity Obligations delivered to the Trustee pursuant to the Indenture (which shall be proportionate in the event such amounts are insufficient to provide for all deposits required as of any date to be made with respect to the Bonds and such Parity Obligations) and (ii) in the event any of the deposits or transfers requires more than one such deposit or payment and there is not then on deposit in the Revenue Fund sufficient moneys to make all such deposits and payments, then such deposits and payments shall be made *pro rata* (based on the total amount of such deposits and payments then due) to the extent of available moneys:

(1) Interest Fund. Following receipt of the Sales Tax Revenues in each month, the Trustee shall set aside in the Interest Fund as soon as practicable in such month an amount equal to (a) one-sixth of the aggregate half-yearly amount of interest becoming due and payable on the Outstanding current Interest Bonds (except for Bonds constituting Variable Rate Indebtedness which shall be governed by clause (b) below) during the next ensuing six (6) months (excluding any interest for which there are moneys deposited in the Interest Fund from the proceeds of any Series of Bonds or other source and reserved as capitalized interest or funded interest to pay such interest during said next ensuing six (6) months), until the requisite half-yearly amount of interest on all such Outstanding current Interest Bonds (except for Bonds constituting Variable Rate Indebtedness which shall be governed by clause (b) below) is on deposit in such fund; provided

that from the date of delivery of a Series of current Interest Bonds until the first Interest Payment Date with respect to such Series of Bonds the amounts set aside in such fund with respect to such Series of Bonds shall be sufficient on a monthly *pro rata* basis to pay the aggregate amount of interest becoming due and payable on said Interest Payment Date with respect to such Series of Bonds, plus (b) the aggregate amount of interest to accrue during that month on Outstanding Variable Rate Indebtedness, calculated, if the actual rate of interest is not known, at the interest rate specified in writing by the District, or if the District shall not have specified an interest rate in writing, calculated at the maximum interest rate borne by such Variable Rate Indebtedness during the month prior to the month of deposit plus one hundred (100) basis points (provided, however, that the amount of such deposit into the Interest Fund for any month may be reduced by the amount by which the deposit in the prior month exceeded the actual amount of interest accrued and paid during that month on said Outstanding Variable Rate Indebtedness and provided further that the amount of such deposit into the Interest Fund for any month shall be increased by the amount by which the deposit in the prior month was less than the actual amount of interest accruing during that month on said Outstanding Variable Rate Indebtedness). No deposit need be made into the Interest Fund with respect to any Bonds if the amount contained therein is at least equal to the interest to become due and payable on the Interest Payment Dates falling within the next six (6) months upon all of the Bonds issued hereunder and then Outstanding and on March 1 and September 1 of each year any excess amounts in the Interest Fund not needed to pay interest on such date (and not held to pay interest on Bonds having interest payment dates other than March 1 and September 1) shall be transferred to the District (but excluding, in each case, any moneys on deposit in the Interest Fund from the proceeds of any Series of Bonds or other source and reserved as capitalized interest or funded interest to pay interest on any future Interest Payment Dates following such Interest Payment Dates).

If there are Liquidity Facility Bonds outstanding at the time of any required deposits to the Interest Fund, such deposits shall take into account and include the Liquidity Facility Rate on Liquidity Facility Bonds required by the Liquidity Facility then in effect with respect to such Bonds. There are currently no Liquidity Facility Bonds outstanding.

(2) Principal Fund; Sinking Accounts. Following receipt of the Sales Tax Revenues in each month, the Trustee shall deposit in the Principal Fund as soon as practicable in such month an amount equal to at least (a) one-sixth of the aggregate semiannual amount of Bond Obligation becoming due and payable on the Outstanding Serial Bonds of all Series having semiannual maturity dates within the next six (6) months, plus (b) one-twelfth of the aggregate yearly amount of Bond Obligation becoming due and payable on the Outstanding Serial Bonds of all Series having annual maturity dates within the next twelve (12) months, plus (c) one-sixth of the aggregate of the Mandatory Sinking Account Payments to be paid during the next six-month period into the respective Sinking Accounts for the Term Bonds of all Series for which Sinking Accounts have been created and for which semiannual mandatory redemption is required from said Sinking Accounts, plus (d) one-twelfth of the aggregate of the Mandatory Sinking Account Payments to be paid during the next 12-month period into the respective Sinking Accounts for the Term Bonds of all Series for which Sinking Accounts shall have been created and for which annual mandatory redemption is required from such Sinking Accounts; provided that if the District certifies to the Trustee that any principal payments are expected to be refunded on or prior to their respective due dates or paid from amounts on deposit in the Bond Reserve Fund that would be in excess of the Bond Reserve Requirement applicable to such Bond Reserve Fund upon such payment, no amounts need be set aside towards such principal to be so refunded or paid. All of the aforesaid deposits made in connection with future Mandatory Sinking Account Payments shall be made without priority of any payment over any other such payment.

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

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

If there are any Liquidity Facility Bonds outstanding at the time of any required deposits to the Principal Fund, such deposits shall take into account and include any amortizations or redemptions of any Liquidity Facility Bonds required by the Liquidity Facility then in effect with respect to such Bonds. For purposes of the provisions above relating to the Principal Fund, Liquidity Facility Bonds shall be treated as Serial Bonds with maturity dates on the payment dates of any amortization or redemptions. There are currently no Liquidity Facility Bonds outstanding.

(3) Bond Reserve Funds. Upon the occurrence of any deficiency in any Bond Reserve Fund, the Trustee shall make such deposit to the Bond Reserve Fund, as is required pursuant to the Indenture, each such deposit to be made as soon as possible in each month, until the balance therein is at least equal to the applicable Bond Reserve Requirement. The Series 2020 Bonds are not currently secured by any Bond Reserve Fund.

(4) Subordinate Obligations Fund. The Trustee shall establish, maintain and hold in trust a separate fund designated as the "Subordinate Obligations Fund." After the transfers described in (1), (2) and (3) above have been made, the Trustee shall deposit in the Subordinate Obligations Fund in each month such amount as the District shall specify in writing is necessary to

make payments due and payable during the following month with respect to Subordinate Obligations then outstanding.

(5) Fees and Expenses Fund. The Trustee shall establish, maintain and hold in trust a separate fund designated as the “Fees and Expenses Fund.” After the transfers described in (1), (2), (3) and (4) above have been made, the Trustee shall deposit in the Fees and Expenses Fund in each month the amounts necessary for payment of Fee and Expense Obligations owing in such month or the following month by the District. The District shall provide the Trustee with invoices relating to the payment of such amounts, in writing, at the beginning of each month.

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

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

Additional Bonds and Parity Obligations

On the date of issuance of the Series 2020 Bonds, the Series 2020 Bonds will be the only obligations secured by the pledge of Revenues and other assets under the Indenture. The District may issue additional Bonds and may issue or incur other obligations secured in whole or in part by the pledge of Revenues and other assets under the Indenture and payable on a parity with the Bonds, including the Series 2020 Bonds, and any other Parity Obligations subject to compliance with the terms and provisions set forth in the Indenture. See APPENDIX C - “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Issuance of Additional Bonds and Other Obligations.”

Issuance of Additional Series of Bonds. Subsequent to the issuance of the Series 2020 Bonds, the District may by Supplemental Indenture establish one or more additional Series of Bonds, payable from Revenues and secured by the pledge made under the Indenture equally and ratably with the Series 2020 Bonds, and the District may issue, and the Trustee may authenticate and deliver to the purchasers thereof, Bonds of any Series so established, in such principal amount as shall be determined by the District, but only, with respect to each additional Series of Bonds issued subsequent to the Series 2020 Bonds issued under the Indenture, upon compliance by the District with the provisions of the Master Indenture and any additional requirements set forth in such Supplemental Indenture and subject to the specific conditions set forth below, each of which is a condition precedent to the issuance of any such additional Series of Bonds.

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

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

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

(D) The District shall deliver to the Trustee a certificate of the District certifying that (i) the amounts of Sales Tax Revenues for a period of twelve (12) consecutive months (selected by the District) during the twenty-four (24) months immediately preceding the date on which such additional Series of Bonds will become Outstanding or (ii) the estimated Sales Tax Revenues for the Fiscal Year in which such Series of Bonds are to be issued, shall have been, or will be, as applicable, at least equal to 1.5 times Maximum Annual Debt Service, on all Series of Bonds and Parity Obligations then Outstanding and the additional Series of Bonds then proposed to be issued, which certificate shall also set forth the computations upon which such certificate is based.

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

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

In the event additional assets or revenues are included within the definition of “Revenues” by a Supplemental Indenture, such additional assets or revenues shall be included in the calculations to be provided in paragraph (D) above as if such additional assets or revenues had always been included in “Revenues.”

Issuance of Refunding Bonds. Refunding Bonds may be authorized and issued by the District without compliance with the provisions of the Indenture summarized in paragraph (D) above; provided that the Trustee shall have been provided with a certificate of the District to the effect that the District has determined one of the following: (i) that Maximum Annual Debt Service on all Bonds Outstanding and all Parity Obligations outstanding following the issuance of such Refunding Bonds is less than or equal to Maximum Annual Debt Service on all Bonds Outstanding and all Parity Obligations outstanding prior to the issuance of such Refunding Bonds, or (ii) that the District expects a reduction in Debt Service on all Bonds Outstanding and all Parity Obligations outstanding to result from the refunding to be effected with the proceeds of such Refunding Bonds. See APPENDIX C - “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Issuance of Additional Bonds and Other Obligations - Issuance of Refunding Bonds.”

Parity Obligations. As defined in the Indenture, “Parity Obligations” means any indebtedness, installment sale obligation, lease obligation or other obligation of the District for borrowed money, in each case incurred in accordance with the provisions of the Indenture, or any obligation to pay the Rebate Requirement, which obligations are secured by the pledge made under the Indenture and payable from the Revenues equally and ratably with the Bonds (whether or not any Bonds are Outstanding). The District may issue or incur Parity Obligations provided that the conditions to the issuance or incurrence of such Parity Obligations set forth in the Indenture are satisfied. See APPENDIX C - “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Issuance of Additional Bonds and Other Obligations - *Limitation on the Issuance of Obligations Payable from Revenues; Parity Obligations; Subordinate Obligations; Fee and Expense Obligations.*”

As described further in “THE MEASURE Q PROGRAM – The Ordinance and Its Purpose,” SMART currently does not anticipate issuing any Parity Obligations payable from Measure Q Sales Tax Revenues.

Subordinate Obligations and Fee and Expense Obligations

The District may issue or incur Subordinate Obligations which will be secured by the pledge made under the Indenture and payable from the Revenues on a basis subordinate to the Bonds and Parity Obligations. The District may also issue or incur Fee and Expense Obligations secured by the pledge made under the Indenture and payable from the Revenues on a basis subordinate to the Bonds, the Parity Obligations and the Subordinate Obligations. See APPENDIX C - “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Issuance of Additional Bonds and Other Obligations - *Limitation on the Issuance of Obligations Payable from Revenues; Parity Obligations; Subordinate Obligations; Fee and Expense Obligations.*”

Investments

All amounts held in any fund or account established under the Indenture will be invested at the direction of the District in Investment Securities, as defined in the Indenture. See APPENDIX C - “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Definitions” and “- Investment in Funds and Accounts.”

PLAN OF REFUNDING

Pursuant to the terms of an Escrow Agreement, dated as of October 1, 2020 (the “Escrow Agreement”), by and between the District and The Bank of New York Mellon Trust Company, N.A., as escrow agent (the “Escrow Agent”), a portion of the proceeds of the Series 2020 Bonds, together with other available moneys (collectively, the “Escrow Deposit”), will be deposited into the Escrow Fund established under the Escrow Agreement and used to refund and defease all of the Refunded Bonds. The Escrow Deposit will be sufficient to purchase investment securities (the “Escrowed Securities”), the principal and interest on which when due will provide moneys that, together with uninvested moneys deposited with the Escrow Agent, will be sufficient to pay the principal of and interest on the Refunded Bonds to and including March 1, 2022 (the “Redemption Date”) and to pay the Refunded Bonds at a price of 100% of the principal amount thereof, without premium, plus accrued interest (the “Redemption Price”), on the Redemption Date.

_____, certified public accountants (the “Verification Agent”), will deliver a report stating that the firm has verified the accuracy of mathematical computations concerning the adequacy of the Escrow Deposit made pursuant to the Escrow Agreement and the funds to be available from the Escrowed Securities. See “VERIFICATION OF MATHEMATICAL COMPUTATIONS” herein.

The District is issuing the Bonds to refund \$190,145,000 of the outstanding Refunded Bonds, identified below. The Refunded Bonds will be selected based upon market conditions, bond structure, or other factors at the time of pricing and the District’s internal policies for issuing refunding bonds. These policies generally require, among other things, that the refunding generate sufficient present value savings, net of costs of issuance, as a percentage of the principal amount of bonds refunded and that the debt service savings from each maturity to be refunded be analyzed on an individual basis. Selection of the Refunded Bonds is at the sole and absolute discretion of the District.

**Sonoma-Marin Area Rail Transit District
Measure Q Sales Tax Revenue Bonds, Series 2011A***

Maturity Date (March 1)	Principal Amount⁽¹⁾	CUSIP Number⁽²⁾ (835588)
2021	\$ 120,000	AG9
2021	10,445,000	AS3
2022	11,745,000	AH7
2023	12,990,000	AJ3
2024	14,290,000	AK0
2025	15,660,000	AL8
2026	17,100,000	AT1
2027	18,610,000	AN4
2028	20,195,000	AP9
2029	15,710,000	AQ7

⁽¹⁾ To be redeemed at par on March 1, 2022.

⁽²⁾ CUSIP is a registered trademark of the American Bankers Association. CUSIP data on the cover hereof and herein is provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. None of the District, the Trustee, the Underwriters or PFM, the Municipal Advisor to the Authority, is responsible for the selection or correctness of the CUSIP numbers set forth herein.

* Preliminary, subject to change.

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of the funds in connection with the issuance of the Series 2020 Bonds are presented below:

Sources of Funds:	
Principal Amount of Series 2020 Bonds	\$ _____
[Refunded Bonds Reserve Fund release]	—
[District contribution]	
Total Sources:	\$ _____
 Uses of Funds:	
Deposit to Escrow Fund	\$ _____
Costs of Issuance(1)	_____
Total Uses:	\$ _____

(1) Includes Underwriters' fee, rating agency fees, Trustee fees, printing costs, Bond Counsel/Disclosure Counsel and Financial Advisor fees and expenses and other miscellaneous costs of issuance.

DEBT SERVICE SCHEDULE

The following table shows the annual debt service requirements by Fiscal Year on the Series 2020 Bonds (with principal and interest shown separately). The Authority's Fiscal Year ends each year on June 30.

<u>Fiscal Year</u>	<u>Series 2020 Bonds Principal</u>	<u>Series 2020 Bonds Interest</u>	<u>Combined Debt Service</u>
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
Total	_____		

THE 2008 MEASURE Q SALES TAX

Authorization, Application and collection of the 2008 Measure Q Sales Tax

On November 4, 2008, more than two-thirds of the voters in Sonoma and Marin counties approved Measure Q implementing the 2008 Measure Q Sales Tax. The 2008 Measure Q Sales Tax is a retail transactions and use tax of one quarter of one percent (1/4%) imposed for a period of 20 years beginning April 1, 2009 on the gross receipts from the sale of all tangible personal property sold at retail businesses in the counties and a use tax at the same rate on the storage, use, or other consumption in the counties of such property purchased from any retailer for storage, use or other consumption in the counties, subject to certain exceptions. Revenues from the 2008 Measure Q Sales Tax may be used to finance the transportation

programs and projects authorized pursuant to Measure Q and the Ordinance and described in the District's Expenditure Plan and Strategic Plan. See "THE MEASURE Q PROGRAM" herein.

Collection of the 2008 Measure Q Sales Tax is administered by the CDTFA. The CDTFA, after deducting a fee for administering the 2008 Measure Q Sales Tax, remits the remaining Sales Tax Revenues to the Trustee to satisfy the District's obligations with respect to the Bonds, Parity Obligations, Subordinate Obligations, and Fee and Expense Obligations. Such direct transmittal by the CDTFA to the Trustee is expected to commence as promptly as possible following the Issue Date. The remaining Sales Tax Revenues are then remitted to the District. The estimated fee that the CDTFA intends to charge the District for the Fiscal Year 2020-21 to collect the 2008 Measure Q Sales Tax is \$651,790. The fee that the CDTFA is authorized to charge for collection of the 2008 Measure Q Sales Tax is determined by State legislation; there can be no assurances that this fee or the method for determining the amount of the fee will be the same in the future. This fee may be increased or decreased by legislative action.

The 2008 Measure Q Sales Tax is in addition to a 7.25% sales and use tax currently levied state-wide by the State of California. In general, the state-wide sales tax applies to the gross receipts of retailers from the sale of tangible personal property. The state-wide use tax is imposed on the storage, use or other consumption in California of property purchased from a retailer for such storage, use or other consumption. Since the use tax does not apply to cases where the sale of the property is subject to the sales tax, the application of the use tax generally is to purchases made outside of California for use within the State, subject to certain exceptions. Action by the State legislature or by voter initiative could change the transactions and items upon which the state-wide sales and use tax and the 2008 Measure Q Sales Tax are imposed. Such changes or amendments could have either an adverse or beneficial impact on Sales Tax Revenues. The District is not currently aware of any proposed legislative change which would have a material adverse effect on Sales Tax Revenues. See "RISK FACTORS - The 2008 Measure Q Sales Tax," "- Proposition 218" and "- Further Initiatives" herein.

Many categories of transactions are exempt from the state-wide sales and use tax and from the 2008 Measure Q Sales Tax. The most important are sales of food products for home consumption; prescription medicine; edible livestock and their feed; seed and fertilizer used in raising food for human consumption; and gas, electricity and water when delivered to consumers through mains, lines, and pipes. In addition, "Occasional Sales" (*i.e.*, sales of property not held or used by a seller in the course of activities for which he or she is required to hold a seller's permit) are generally exempt from the state-wide sales and use tax and from the 2008 Measure Q Sales Tax.

Historical Sales Tax Revenues

Collection of the 2008 Measure Q Sales Tax commenced on April 1, 2009. The following table shows Sales Tax Revenues of the District, calculated on the basis of generally accepted accounting principles, during the 10 Fiscal Years ended June 30, 2020. Revenues are reported net of fees charged by the State of California for collection and distribution of the tax. Fiscal Year reporting includes accrued sales tax collected at the point of sale during the Fiscal Year which ends on June 30th, with the cash receipts occurring in July and August. The table below, therefore, includes collections through August 2020.

ANNUAL SALES TAX REVENUES
Net of State Collection Fees
Fiscal Years Ended June 30, 2010 - 2020

Fiscal Year Ended June 30	Sales Tax Revenues	Annual Percentage Change
2010	\$24,059,929	
2011	26,826,843	11.5%
2012	28,303,501	5.5%
2013	30,435,753	7.5%
2014	32,473,329	6.7%
2015	33,845,426	4.2%
2016	34,776,012	2.7%
2017	36,061,894	3.7%
2018	37,135,476	3.0%
2019	41,241,140	11.1%
2020 ⁽ⁱ⁾	38,978,630	-5.5%

⁽¹⁾ FY2020 data unaudited; all other amounts audited.
Source: The District.

For a summary of historical taxable retail sales within the counties see the tables entitled “County of Sonoma, Taxable Sales” and “County of Marin, Taxable Sales” in APPENDIX B - “ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING THE COUNTY OF SONOMA AND THE COUNTY OF MARIN.”

State Sales Tax and Other Sales Taxes Levied within the Counties

In addition to the 2008 Measure Q Sales Tax, various retail transactions and use taxes (referred to in this section as sales taxes) are levied within the counties. In the County of Sonoma, the Sonoma County Open Space Authority levies a sales tax at the rate of 0.25% for open space purposes which will expire on March 31, 2031. The Sonoma County Transportation Authority levies a retail transaction and use tax within the County of Sonoma at the rate of one-fourth of one percent for transportation purposes which expires on March 31, 2025. The County also levies a 0.125% sales tax for Library Maintenance, Restoration, and Enhancement which expires in 2027, as well as a 0.125% transactions and use tax for Parks Improvement, Water Quality and Fire Safety expiring in March of 2029.

In addition, a number of cities have sales tax measures with various uses and expiration dates, as shown in the table below:

City	Uses	Rate	Expiration
Cotati	General Government	1.00%	9/30/2023
Healdsburg	General Government	0.50%	3/31/2023
Rohnert Park	General Government	0.50%	None
Santa Rosa	General Government	0.25%	2025
	Public Safety	0.25%	2027
	Fire Recovery	0.25%	3/31/2025
Sebastopol	General Government	0.50%	None
Sonoma	General Government	0.50%	9/30/2022

In the County of Marin, the Transportation Authority of Marin levies a sales tax of 0.5% (the “Measure AA Sales Tax”) for transportation purposes. The Measure AA Sales Tax expires on March 31, 2049. Marin County also enacted in 2012 a 0.25% cent sales tax for Parks and Open Space that expires in 2022. In addition, the cities of Corte Madera, Fairfax, Larkspur, Novato, San Anselmo, Sausalito and San Rafael have each enacted sales taxes applicable to transactions within their respective city limits to be used for general government purposes. Amounts and expirations are provided below:

City	Rate	Expiration
Corte Madera	0.75%	None
Fairfax	0.75%	3/31/2027
Larkspur	0.75%	None
Novato	0.25%	None
San Anselmo	0.50%	3/31/2024
San Rafael	0.75%	3/31/2034
Sausalito	0.50%	3/31/2025

In addition to these sales taxes levied at each County and city level, the State also imposes a general 7.25% sales tax. Combined with the various sales taxes described above, this results in transactions in unincorporated areas of the Counties of Sonoma and Marin currently being taxed at an effective rate of 8.25%. Various cities within these two counties have rates ranging from 8.50% to 9.25% as shown in the table below.

City	Rate	County
Corte Madera	9.00%	Marin
Fairfax	9.00%	Marin
Larkspur	9.00%	Marin
Novato	8.50%	Marin
San Anselmo	8.75%	Marin
San Rafael	9.00%	Marin
Sausalito	8.75%	Marin
Cotati	9.25%	Sonoma
Healdsburg	8.75%	Sonoma
Rohnert Park	8.75%	Sonoma
Santa Rosa	9.00%	Sonoma
Sebastopol	9.00%	Sonoma
Sonoma	8.75%	Sonoma

THE MEASURE Q PROGRAM

Purpose and Description

The District was created by the California Legislature to facilitate the goal of building and operating passenger rail service along an approximately 70-mile existing rail corridor extending from Cloverdale in Sonoma County to Larkspur in Marin County (the “Project”). At the time of SMART’s creation, the rail

line had been owned by three different government entities and had no dedicated funding source to achieve the goal of passenger service.

The Ordinance and Its Purposes

On July 16, 2008, the District’s Board of Directors adopted Ordinance No. 2008-01 (the “Ordinance”), pursuant to provisions of the Act. The primary purpose of the Ordinance was to provide dedicated funding for the design, construction, implementation, operation, financing, maintenance and management of a passenger rail system and a bicycle/pedestrian pathway for the Project and to authorize the imposition of the 2008 Measure Q Sales Tax with voter approval. That ordinance was approved by over 2/3 of votes in the District in November 2008 with sales tax collections beginning on April 1, 2009.

A copy of the Ordinance is available on the District’s website: <http://sonomamarintrain.org>. Information contained in such website is not incorporated herein by reference.

Sales tax revenue generated by the Ordinance has been utilized since its inception for construction, operation and management of a new transportation system in Marin and Sonoma Counties. SMART was able to secure the Measure Q sales tax revenue stream to generate over \$323 million in outside grant funding to build and operate the system, adding stations to the system that would otherwise not been financially feasible in its initial operating segment. To date, over 45 miles of passenger rail service has been constructed beginning from Larkspur in Marin County and going North continuously to Sonoma Airport Boulevard in Santa Rosa. Through a combination of Measure Q revenues, proceeds of the Refunded Bonds, outside grants, and partnerships with other entities along the Right of Way, SMART and its partners have built 24 miles of bicycle and pedestrian pathways connecting to the Project’s stations -- with an additional 8.8 miles fully funded and planned for construction in the coming two years.

SMART is currently in the process of building a 3-mile rail and pathway extension to the Town of Windsor in Sonoma County, anticipating completion by the end of 2021. In June of 2020, the Board of Directors authorized using \$8 million in proceeds from a pending sale of a Downtown Petaluma SMART property to fund the design and construction of a second station in Petaluma at Corona Road and N. McDowell Boulevard. Both the new Windsor and Petaluma Station additions are anticipated to bring substantial new ridership to the system [after the conclusion of the COVID-19 pandemic] as they are located in areas with higher density trip generation rates and/or regional destinations, such as the Windsor Town Green or Santa Rosa Junior College Petaluma Campus. While subject to the provisions of the Indenture as described in “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2020 BONDS – Additional Bonds and Parity Obligations” it can do so, SMART currently does not anticipate issuing any Parity Obligations payable from Measure Q Sales Tax Revenues to fund remaining stations at Healdsburg and Cloverdale or any additional pathway segments. The funding required to construct the two remaining stations and additional pathway segments will rely on future grant sources, including state and federal funding as they become available.

Passenger Rail and Pathway Service

SMART passenger rail service began in August of 2017 with two-way passenger train service on 43 miles to 10 stations between Downtown San Rafael in Marin County and Airport Boulevard in Sonoma County. Since opening day, SMART has carried 1.9 million passengers, with weekly ridership at the start of 2020 averaging 16,309.

Train service is provided in state-of-the-art diesel multiple unit rail vehicles utilizing one of the first Positive Train Control systems for passenger rail. Prior to the COVID-19 shutdown, service was provided roughly every 30-minutes during commute hours with additional service midday and weekends.

In late 2019, two new stations were built in Downtown Novato and Larkspur near the regional Ferry to San Francisco. These two stations in Marin County brought rail service to its current total of 45 miles with 12 passenger stations. SMART also manages 16 miles of an ancillary bicycle/pedestrian pathway on its right of way connecting to the Project's stations where cyclists can find secure parking at the station or on-board the train for their bikes. Approximately 11% of riders bring their bicycles onboard with them.

SMART has overcome a number of operational challenges. First, significant fire events have disrupted normal commutes a number of times. Notably, within two months of opening day, what was then the most devastating wildfire in the State's history ravaged Sonoma and Napa Counties, destroying over 6,000 homes within a few miles of the Project's stations. None of SMART's infrastructure was damaged, and SMART provided nearly continuous operations during that time, providing free service for two weeks to assist with mobility during evacuation and repopulation efforts. Since that time, two more significant fires, a flood, a major evacuation and widespread power outages have affected the residents of the District. SMART's service has been minimally disrupted during these events, thanks to its significant backup power systems and dedicated information systems. Challenges brought on by the COVID-19 pandemic are also significant but currently being managed. See "RISK FACTORS – Impacts of COVID-19 Pandemic" in this Official Statement.

SMART has also faced and managed the challenge of recruiting a highly skilled workforce to operate new equipment in a very challenging cost-of-living region. Labor costs make up 50% percent of annual operating costs (excluding debt service), and, initially, SMART was required to increase wages in order to attract and retain skilled engineers, signal technicians and controllers. SMART has worked to constrain labor costs by implementing significant pension reform in 2012, one year before the State of California approved sweeping changes to its pension programs. Nearly all of SMART employees are in a reduced pension benefit tier in which employees share in the cost of pensions, the age for retirement is increased, and the salary base for pensions is lower. This has meant that SMART does not currently envision needing additional funds to address a significant unfunded pension liability. In addition, SMART has minimal commitment to retiree health care and has already set aside the modest funds needed to address any future potential liability. Finally, SMART has secure labor agreements for two years (through Fiscal Year 2022) and can reasonably anticipate labor needs in its financial planning.

Ridership

Open systems, such as SMART's, operate on a Proof of Payment structure without turnstiles or fare gates, and with multiple points of access to the station platforms. Therefore, SMART uses 3 different methods for tracking ridership.

On Board Manual Counts

SMART Engineer-Conductors manually count riders onboard the trains with a handheld counter. This method of data collection has been consistent since the start of service. When trains are full, the accuracy of the tracking drops because staff are often occupied verifying fare payment and/or trains are too full to navigate through. However, this method captures a number of passengers who are not captured by paid fare reporting, such as:

- Monthly pass holders who have activated their pass but are not required to tag on or off at fare validators
- Mobile app users who fail to activate their tickets (approximately 13% of mobile app users)
- Passengers who ride on numerous fare-free days or utilize promotional free programs

Paid Fare Media Ridership Reports

SMART riders use either a Clipper card or SMART's mobile application to pay their fares. SMART collects Fare Media Ridership Reports from Clipper and SMART's e-Ticket activations. There are built-in limitations with the Fare Media ridership reports that can result in a significant portion of ridership not being counted through this method. The industry-wide reports indicate that approximately 13% of riders fail to activate their ticket. SMART's data shows a similar experience with its mobile application activation failures.

Two of SMART's most popular fare products are 31-Day Passes and Eco-Passes (purchased through an employer). These fare products do not require the pass holder to tag on and off each time they ride the train, therefore, the Clipper system does not recognize their presence unless they tag on and off.

National Transit Database (NTD) Ridership

As a grantee of the Federal Transit Administration, SMART has a duty to report ridership data to the National Transit Database (NTD) using federally approved methodologies. SMART has submitted ridership data reports to the NTD since July 2017 and the data may be viewed online at: <https://www.transit.dot.gov/ntd/data-product/monthly-module-adjusted-data-release>

For agencies with an Open system such as SMART, the Federal Transit Administration requires that they conduct a random selection of statistically valid ride checks to validate the accuracy of the information reported to the NTD. In 2019, SMART contracted with a consultant research firm to create this third set of data using the federally approved method of conducting onboard counts of randomly selected trains over four quarters of the year, making it statistically valid and utilizing the standardized NTD Sampling Template. This independent analysis was submitted to SMART on December 20, 2019. The results of this report are deemed statistically significant within a 95% confidence interval plus or minus 10%. This third method of data collection confirms the validity of the other two methods SMART has developed.

Prior to the COVID-19 shutdown, SMART was beginning to see dramatic growth in its ridership following the opening of its two newest stations and a new service schedule with more frequent weekday trips and a new weekend schedule. January 2020 monthly total ridership was up 26% over January 2019, with four out of the top five Paid Fare ridership days ever in January 2020. February also showed ridership up overall by 40% over the prior year. Unfortunately, the shelter in place orders halted that progress and resulted in lower ridership overall for the end of the Fiscal Year 2020 (discussed further below).

Below is a summary of the reported ridership data for SMART for the three completed fiscal years since operations began.

TOTAL RIDERSHIP		
	Onboard	Fare Media
Fiscal Year	Counts	
2017-18	636,029	522,092
2018-19	716,847	645,222
2019-20	567,103	464,967

THE DISTRICT

General

The District was established on January 1, 2003 by the State Legislature through the enactment of AB 2224. It is comprised of the Counties of Marin and Sonoma with the purpose of providing for a unified, comprehensive institutional structure for the ownership and governance of a passenger rail system within the counties to operate in harmony with existing freight service that operates upon the same rail line and serves the counties of Humboldt, Marin, Mendocino, Napa and Sonoma.

Governance and Administration

Board of Directors. The District is governed by a twelve-member Board of Directors (the “Board”) consisting of two County supervisors from each of the counties, three appointed city council members from each County and two representatives from the Golden Gate Bridge, Highway and Transportation District. The Board currently has two vacancies.

Administration. The District is managed by a General Manager, who is appointed by and reports to the Board.

Farhad Mansourian, General Manager. Mr. Mansourian was appointed as the District's Executive Director and acting General Manager in June 2011. The Board appointed him General Manager in August 2011. Prior to his employment with the District, Mr. Mansourian was the Director of the Department of Public Works for Marin County from 2002 to 2011. He was initially hired by Marin County in 1980 as a junior civil engineer, and rose through the ranks serving as an assistant engineer, administrative analyst, traffic operations engineer, road maintenance engineer, Deputy Director, Assistant Director and Chief Assistant Director before his promotion to Director of the Department of Public Works in 2002. Concurrently with his responsibilities for Marin County, for over three years Mr. Mansourian was one of two people who served as the original staff of the District upon its initial formation, from 2003 to 2006.

Mr. Mansourian received a B.S. in Civil Engineering and Political Science from California State University, Sacramento and is a registered Professional Civil Engineer in the State of California.

Erin McGrath, Chief Financial Officer. Ms. McGrath was appointed Chief Financial Officer for the District in January 2012. Ms. McGrath has spent her entire career in public policy, budgeting and finance. Prior to her appointment as Chief Financial Officer of the District, Ms. McGrath spent ten years working for the City and County of San Francisco in positions ranging from aide to the President of the Board of Supervisors to Deputy Finance Director. During that time Ms. McGrath helped finance the reconstruction and operation of the San Francisco's two acute care hospitals, resolved five annual budget deficits, and negotiated several public-private development partnerships for San Francisco.

Ms. McGrath received a B.A. from the College of William and Mary in Virginia and an M.A. in Public Policy and Analysis from the University of Wisconsin.

William L. Gamlen, Chief Engineer. Mr. Gamlen has served as the District's Chief Engineer since April 2011, after serving as the District's Senior Rail Engineer from 2009. Prior to that time, he worked as a senior project manager for the Transportation Authority of Marin from 2007 to 2009. Mr. Gamlen has also served in project management positions at the engineering and construction management firm Garrett Fleming Inc. and the San Francisco Municipal Railway, and has over 22 years of experience with the planning, design and construction management of public transit and infrastructure projects.

Mr. Gamlen received a B.S. in Civil Engineering from the University of the Pacific, and is a Registered Professional Civil Engineer in the State of California.

Strategic Plan and Citizens Oversight Committee. As part of the Expenditure Plan adopted by the Board in 2008 and revised in 2020, SMART has a Citizens Oversight Committee whose role is to review its Strategic Planning process, which occurs at least every five years. The last Strategic Plan was prepared in 2019. The Citizens Oversight Committee is composed of citizens of the Counties appointed by the Board. The Board is currently evaluating the makeup and purpose of the Committee and plans on expanding both the role and membership of the Committee to be more expansive and inclusive of various interests related to SMART.

Recent Developments Regarding Sales Tax Collection

In June 2018, the United States Supreme Court published its decision in *South Dakota v. Wayfair* (the “Wayfair Decision”), in which the Supreme Court held that sales to a customer in a particular state alone are sufficient to create a nexus for purposes of determining whether a seller is required to collect sales taxes of the applicable state. Prior to the Wayfair Decision, courts had interpreted the dormant Commerce Clause of the United States Constitution to require that a company have physical nexus in a state in order for the seller to be liable for the collection of that state’s sales tax. Physical nexus is defined as having either property or payroll in the state, including a resident employee working from home or inventory stored in that state.

The State has issued guidance in response to the Wayfair Decision. Under such guidance, retailers located outside of the State are required to register with the CDTFA, collect the California use tax, and pay the tax to the CDTFA based on the amount of their sales into California, even if they do not have a physical presence in the state. The new collection requirements apply to retailers if during the preceding or current calendar year certain sales thresholds are met. The new collection requirements started to apply to taxable sales of tangible personal property to California consumers on and after April 1, 2019, and were not retroactive. Additionally, the State’s passage of Assembly Bill 147, signed by the Governor on April 25, 2019, provides the implementation rules for the Wayfair Decision in California. The District is unable to predict the ultimate benefit that the Wayfair Decision may have on Sales Tax Revenues.

Other District Revenue

Set forth below is a discussion of various other District revenue sources. Such revenue sources are not pledged toward the repayment of the Series 2020 Bonds and investors should only look to Pledged Revenues as the source for repayment for the Series 2020 Bonds.

Farebox Revenues: SMART passengers pay for their rides using the fare structure approved by the SMART Board in 2015 and 2016. SMART participates in the regional Clipper fare system that allows riders to transfer seamlessly among Bay Area operators using one fare media card. SMART also has its own mobile ticket device that provides for easy purchasing of multiple or discounted tickets without purchasing a Clipper card. The fares are based on the distance travelled by a rider which is similar to other commuter rail services. Daily fares range from \$3.50 for a non-discounted adult travelling one zone, and \$11.50 if travelling 5 zones. However, SMART provides a number of discounts available to SMART riders. In Fiscal Year 2019-20, 52 percent of rides on SMART has had some form of discount applied. The average fare per passenger during that same Fiscal Year was \$5.42, which is inclusive of the discounts provided to seniors, youth, disabled riders, 31-day pass holders, and other pass users. The average SMART passenger travels 2-3 zones or an estimated 24 miles per trip. In the first two years of service, SMART received a total of \$7.4 million in fare revenue through June of 2019, exceeding original budgeted estimates. Prior to the

COVID-10 shutdown, SMART anticipated receiving over \$4 million in fare revenue for Fiscal Year 2019-20. Final fare revenue in Fiscal Year 2020 was \$2.6 million.

Miscellaneous Revenues: SMART has a number of local funding sources, the largest ongoing of which is lease and advertising revenue. SMART received \$632,620 from these two sources in Fiscal Year 2020. SMART also has one-time revenue related to property transactions, legal settlements, or insurance reimbursements. On an ongoing basis, most of these one-time revenues are not included in SMART forecasts.

State Revenues: SMART benefits from a number of State revenue sources for rail and transit which have been enhanced by the passage of Senate Bill 1 (SB 1) in 2017—The Road Repair and Accountability Act of 2017. SB 1 provided a number of new funding sources for transportation, including new gas and diesel taxes, registration fees and other changes. In addition to raising new revenues for transportation purposes, SB 1 addresses the volatility of the variable portion of the state’s gasoline excise tax by: (1) ending the State Board of Equalization’s annual adjustments, and converting the variable rate to a fixed rate of 17.3 cents per gallon, effective July 1, 2019; and (2) indexing the fixed rate to inflation every year to maintain purchasing power. SB 1 provides \$5.4 billion annually in California’s transportation systems. SB1 was strengthened by Proposition 69 approved by voters on June 5, 2018. Proposition 69 amended the state constitution to dedicate all revenues from vehicle fees, gasoline and diesel taxes raised by SB 1 and other existing transit funding sources, to transportation purposes. The proposition was approved by 81 percent of voters.

State Rail Assistance: One new funding source created by SB 1 is the State Rail Assistance (SRA) program. SRA directs a 0.5% portion of new diesel sales tax revenue for allocation: half to the five (including,

Altamont Corridor Express Authority (ACE), North County Transit Development Board (Coaster), Peninsula Corridor Joint Powers Board (Caltrain), Sonoma-Marin Area Rail Transit District (SMART), Southern California Regional Rail Authority (Metrolink) commuter rail providers and half to intercity rail corridors.

- Half of revenue is allocated in equal shares to commuter operators through 2019-20, and via guidelines thereafter
- Half of revenue is allocated to intercity rail corridors such that each of the existing three corridors (including, Capitol Corridor Joint Powers Authority, LOSSAN Rail Corridor Agency (Pacific Surfliner), San Joaquin Joint Powers Authority) receives at least 25% of the intercity rail share (about \$13.1M to each over 3 years)

SMART has utilized SRA funds to augment operations and opened with significantly more service than was planned during construction.

State Transit Assistance: SMART also receives State Transit Assistance (STA) funds. A portion of the revenues derived from the sales tax on diesel fuel purchases and registration fees is appropriated by the State Legislature to the State Transit Assistance Program (“STA”) for public transportation purposes. These STA revenues are allocated to public transit agencies throughout the State based on population and operating revenues through a formula that has changed in recent years but was clarified and solidified in 2017 following the passage of AB 1113 (Bloom), signed into law by Governor Brown in July, 2017. AB 1113 clarifies (1) who is eligible to receive STA revenue-based funds; (2) what revenue sources may be used to determine a public transit operator’s revenue-based share; (3) how an individual operator’s revenue-based share is to be calculated; and (4) how regional transportation authorities and metropolitan planning

organization which serve as the direct recipients of STA population- and revenue-based funds, would sub-allocate these dollars to public transit operators within their respective jurisdictions. STA revenues must be claimed by the District based on actual cash expenditures, normally on a quarterly basis, for any eligible STA operating or capital expenditure. SMART was not eligible to receive these funds until it began operations in Fiscal Year 2017-18.

SMART also benefits from allocations from the Low Carbon Transit Operation Program for operations (funded by Cap and Trade revenues) to support discounted service to certain populations. And finally, the State Local Partnership Program provides capital matching program funds to SMART as a jurisdiction with voter approved taxes dedicated solely to transportation improvements. SMART has utilized these funds for capital investments at its rail operations facility to secure service reliability.

SMART's Fiscal Year 2020-21 funding received from all State transportation funding programs is \$5.7 million.

Federal Revenues: As a transit operating entity and direct recipient of Federal Transit Administration (FTA) Funds, SMART became eligible for funds through the FTA 5307 program starting in Fiscal Year 2019-20, including supplemental 5307 funds via Federal COVID-19 related transit funding appropriations, and has budgeted \$2.9 million from this source starting in Fiscal Year 2020-21. SMART will also be eligible for FTA Section 5337 funds after 7 years of operation, or in Fiscal year 2024-25. At that time the projections assume an estimated \$1.5 million annually through the 5337 program.

The following table sets forth the Revenues, Expenditures and Changes in Net Position for the Fiscal Years ended June 30, 2017 through June 30, 2019.

**REVENUES, EXPENDITURES
AND CHANGES IN NET POSITION
Fiscal Years 2016-17 through 2019-20**

	<u>Fiscal Year 2016-17</u>	<u>Fiscal Year 2017-18</u>	<u>Fiscal Year 2018-19</u>	<u>Fiscal Year 2019-20*</u>
Operating Revenues:				
Fares and other revenues**	\$ 588,402	\$ 4,025,111	\$ 5,036,875	\$4,390,440
Total Operating Revenues	588,402	4,025,111	5,036,875	4,390,440
Operating Expenses				
Public transportation – rail/pathway development:				
Salaries and Employee benefits (non-capital)	12,610,874	16,950,114	18,453,125	18,590,499
Services and supplies	7,499,086	8,877,465	11,336,573	11,624,477
Depreciation	4,716,779	17,800,126	19,033,577	22,150,113
Loss on Impairment of assets	–	671,378	0	0
Other charges	113	954	203,883	100,000
Total Operating Expenses	(24,238,451)	44,300,037	49,027,158	52,465,089
Operating (Loss)		(40,274,926)	(43,990,283)	(48,074,648)
Non-Operating Revenues (Less Expenses)				
Sales/Use taxes	36,061,895	37,135,476	41,241,140	38,978,630
State operating assistance	–	3,701,366	5,000,756	7,464,073
Investment earnings	366,750	724,313	1,974,246	338,228
Miscellaneous revenue	438,640	2,236,508	4,174,454	1,012,757
Capital expenses passed through to other agencies	(62,636)	(3,778,891)	(770,156)	(918,506)
Interest expense	(1,164,558)	(5,819,778)	(5,591,608)	(5,273,801)
Total Non-Operating Revenues (Net):	35,640,092	34,198,994	46,028,832	41,601,381
Capital Grants	12,403,891	24,941,459	37,345,323	37,322,341
Change in Net Position	23,805,533	18,865,527	39,383,872	30,849,074
Net Position, beginning of year as previously reported	386,176,316	409,315,207	428,180,734	467,564,608
Net Position, end of year	\$409,981,849	\$428,180,734	\$467,564,606	\$498,413,682

* Unaudited.

** 2017 operating revenue only included charges for services.

Source: District Basic Financial Statements for the Year Ended June 30, 2017 through June 30, 2019.

RISK FACTORS

The ability of the District to pay principal of and interest on the Series 2020 Bonds depends primarily upon the receipt by the District of Pledged Revenues. Some of the events that could prevent the District from receiving a sufficient amount of Pledged Revenues to enable it to pay the principal of and interest on the Series 2020 Bonds are summarized below. The following description of risks is not intended to be an exclusive list of the risks associated with the purchase of the Series 2020 Bonds and the order of the risks set forth below does not necessarily reflect the relative importance of these risks.

U.S. Economic Recession; Economy of the County and the State

On June 8, 2020, the National Bureau of Economic Research (“NBER”) declared that a recession in the United States commenced in February 2020. Reportedly, this was the fastest that NBER has declared any recession since the group began formal announcements in 1979. In announcing the recession, NBER said “[T]he unprecedented magnitude of the decline in employment and production, and its broad reach across the entire economy, warrants the designation of this episode as a recession . . .”

The Series 2020 Bonds are secured by a pledge of Measure Q Sales Tax Revenues, which consist of the Measure Q Sales Tax less an administrative fee paid to the CDTFA. The level of Measure Q Sales Tax Revenues collected at any time is dependent upon the level of retail sales within the Counties, which is, in turn, dependent upon the level of economic activity in the Counties and in the State generally. The District cannot predict how long the current economic recession will last or the impacts on Measure Q Sales Tax Revenues, but such impacts may be material and adverse. A continued substantial deterioration in Measure Q Sales Tax Revenues could impact the ability of the District to pay principal of and interest on the Series 2020 Bonds.

For information relating to economic conditions within the Counties and the State, see APPENDIX B – “ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING THE COUNTY OF SONOMA AND THE COUNTY OF MARIN.”

Impacts of COVID-19 Pandemic

Background Regarding COVID-19 and Government Responses. The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic by the WHO and has led to emergency declarations by government authorities of the United States, the State, and local governments.

In response to the emergency, the State, the County and other local governments imposed significant restrictions on economic and other activity within the County and parts thereof beginning in March 2020. While some of those restrictions have been lifted, some have been re-imposed. It is unknown when and whether restrictions will to be eased or will be reinstated or intensified.

The COVID-19 pandemic and government responses to it have negatively affected travel, commerce, investment values, and financial markets globally, and is widely expected to continue to negatively affect economic output worldwide and within the County.

Regarding administration of sales and use taxes, the Governor of California (the “Governor”) has issued executive orders:

- requiring the California Department of Tax and Fee Administration (“CDTFA”), which administers sales and use taxes in the State of California, to use its administrative powers where appropriate to provide extensions for filing, payment, audits, billing, notices, assessments, claims for refund, and relief from subsequent penalties and interest to individuals and businesses impacted by complying

with a state or local public health official's imposition or recommendation of social distancing measures related to COVID-19;

- providing a three-month extension for tax returns and tax payments for all businesses filing a return for less than \$1,000,000 in taxes, such extension remaining effective through the reporting of taxes or fees due or the payment of taxes that are due on or before July 31, 2020, and extending the statute of limitations to file a claim for refund for taxes and fees administered by CDTFA and the timeframe to file for appeal with CDTFA; and
- allowing businesses with less than \$5 million in annual taxable sales to defer payment on up to \$50,000 in sales and use tax liability without incurring any penalties or interest.

Impact of COVID-19 on the District's Bonds. The impact of COVID-19 on the economy of the District has been negative, and future impacts are unpredictable and could change rapidly. Events surrounding COVID-19 have negatively affected collection of 2008 Measure Q Sales Tax Revenues. The District believes that events surrounding COVID-19 will negatively affect collection of 2008 Measure Q Sales Tax Revenues in the District into the future. These events may include the pandemic's impacts on the economy, as well as continuing, additional, or modified government actions to address the pandemic. Some of the negative impacts that the District has identified include:

The District experienced declines in Measure Q Sales Tax Revenues during the fiscal year ending June 30, 2020 and anticipates additional decline in the fiscal year ending June 30, 2021 **[TO BE UPDATED/CHECKED BEFORE POSTING]** because of the impact of COVID-19 on the economy and government responses to COVID-19. Final Sales Tax Revenues for the year ending June 30, 2020, were \$38,978,630, net of fees, which represents 5% less than actual receipts in the prior Fiscal Year. SMART's budget for fiscal year ending June 30, 2021 anticipates very conservatively an additional decline of 18%, however preliminary projections indicate the additional loss could be as low as 5%. The District cannot, however, predict with certainty the fiscal impact that COVID-19 will have on 2008 Measure Q Sales Tax Revenues due to uncertainty in the public health and related social and commercial impacts to come from the COVID-19 pandemic and the governmental responses to it.

The District currently believes that despite the negative effects of the COVID-19 pandemic on the amounts and timing of 2008 Measure Q Sales Tax Revenue receipts, there will be sufficient 2008 Measure Q Sales Tax Revenues to pay debt service on all of the District's Series 2020 Bonds.

Operational Impacts of COVID-19 on the District. SMART modified service in March 2020 due to the pandemic, with weekend service cancelled starting March 21 and weekday service reduced first by 4 trips (down to 34) on March 23rd, then by another 18 trips, (down to 16), on April 6. The first week of June saw a weekday average ridership of 336 compared to pre-pandemic average of 2,976 in February. Ridership has only increased marginally since then, increasing 10% to 372 average weekday riders during the first week in July. SMART's total Fiscal Year 2020 (July 1 – June 30) ridership, including during the COVID-19 pandemic, was down 21% overall. Fare payments through the Clipper and SMART App systems were down 29% in Fiscal Year 2020, due to the COVID-related ridership losses and a variety of Free Fare and programs offered in Fiscal Year 2020. Weekend/Holiday ridership, not including weekends after March 14-15 due to COVID-related service cancellations, was increasing 3% from Fiscal Year 2019. For the first month of Fiscal Year 2020-21- July of 2020- SMART's ridership continued to be down and was 85% lower than July 2019. July ridership was 9,427 compared to 62,851 for the same month in 2019. Anticipated declines in revenues to the District from all sales and use taxes are projected to result in a shortfall of \$_____ million below budgeted amounts for District transit operations.

As the impacts were still being estimated, SMART moved to reduce its payroll by eliminating 9% of its Full-time employees (a reduction of 13), and implementing budget reductions totaling \$7.2 million consisting of one-time and ongoing cost eliminations. In September SMART identified additional one-time savings following the close of Fiscal Year 2019-20 of \$10.3 million resulting from position vacancies and elimination of non-essential spending, and adopted further reductions to the ongoing operations by eliminating two more full-time positions. Additional reductions will be contemplated in future meetings should revenues drop below budgeted amounts.

While the District believes that the decline in such revenues will be temporary, it expects that it will be several more months before it has a better understanding of the impact of COVID-19 on fare and other revenue in Fiscal Year 2020-21.

The District anticipates that such expected decreases in revenue will result in its operating revenue falling below Fiscal Year 2019-20 amounts and has budgeted for such decreases. The District currently has an operating reserve balance of \$17 million, but also expects to fund any fiscal year 2020-21 deficit from funds projected under the federal CARES Act. The District will receive approximately \$14.95 million of CARES Act funding and began the drawdown process as part of its Fiscal Year 2019-20 closing process. Under the CARES Act, the Federal Transit Administration will reimburse any eligible expenses that occurred on or after January 20, 2020. All net operating expenses (after subtracting fare revenues from the eligible operating expenses) are eligible for reimbursement. The eligible expenses include driver and other operations worker salaries, fuel, supplies (including personal protective equipment and cleaning supplies) and administrative leave (defined as an administratively authorized absence from duty) for operations and maintenance employees. Lost revenue, defined as eligible expenses that would have otherwise been paid for by the “lost revenue,” is also an eligible expense under the CARES Act. The CARES Act does not cap amounts that may be used to fund operating, capital, or planning expenses.

The COVID-19 pandemic is ongoing, and its dynamic nature leads to uncertainties, including (i) the geographic spread of the virus; (ii) the severity of the disease; (iii) the duration of the outbreak; (iv) actions that may be taken by governmental authorities to contain or mitigate the outbreak; (v) the development of medical therapeutics or vaccinations; (vi) the impact of the outbreak on the local, national or global economy; and (vii) the impact of the outbreak and actions taken in response to the outbreak on the District’s revenues, expenses and financial condition.

The 2008 Measure Q Sales Tax

The 2008 Measure Q Sales Tax is imposed upon the same transactions and items subject to the sales tax levied state-wide by the State, with limited exceptions. The State Legislature or the voters within the State, through the initiative process, could change or limit the transactions and items upon which the state-wide sales tax and the 2008 Measure Q Sales Tax are imposed. Any such change or limitation could have an adverse impact on the Sales Tax Revenues collected. For a further description of the 2008 Measure Q Sales Tax, see “THE 2008 MEASURE Q SALES TAX.”

Impact of Bankruptcy of the District

As a municipal entity, the District may be qualified to file a petition under Chapter 9 of the United States Bankruptcy Code (“Chapter 9”) under certain circumstances. Under Chapter 9, the pledge of Sales Tax Revenues is fully enforceable only if a bankruptcy court determines that the Sales Tax Revenues are “Special Revenues” under Chapter 9 and that the pledge is valid and binding under Chapter 9. Sales Tax Revenues may not constitute “Special Revenues” under Chapter 9 because, among other reasons, the 2008 Measure Q Sales Tax was not levied for a particular project and is available for the general purposes of the District. If a bankruptcy court were to hold the pledge of Sales Tax Revenues to be unenforceable under

Chapter 9, then the owners of the Series 2020 Bonds would no longer be entitled to any special priority to the Sales Tax Revenues and may be treated as general unsecured creditors of the District as to the Sales Tax Revenues.

Furthermore, since the obligations of the District under the Indenture, including its obligation to pay principal of and interest on the Series 2020 Bonds, are special obligations that are payable solely from Sales Tax Revenues and certain other amounts held by the Trustee under the Indenture, if the District filed a petition for bankruptcy under Chapter 9, the owners of the Series 2020 Bonds would have no recourse to any assets or revenues of the District other than Sales Tax Revenues and such other amounts.

Proposition 218

On November 5, 1996, California voters approved an initiative known as the Right to Vote on Taxes Act (“Proposition 218”). Proposition 218 added Articles XIII c and XIII D to the California constitution. Article XIII c requires majority voter approval for the imposition, extension or increase of general taxes and two-thirds voter approval for the imposition, extension or increase of special taxes by a local government, which is defined to include local or regional governmental agencies such as the District. As required by Article XIII c, the 2008 Measure Q Sales Tax was approved by more than two-thirds of the voters voting on the measure. However, Article XIII c also removes limitations that may have applied to the voter initiative power with regard to reducing or repealing previously authorized local taxes, even previously voter-approved taxes like the 2008 Measure Q Sales Tax.

In the view of the District, any attempt by the voters to use the initiative provisions of Proposition 218 subsequent to the issuance of the Series 2020 Bonds to rescind or reduce the levy and collection of the 2008 Measure Q Sales Tax in a manner which would prevent the payment of debt service on the Series 2020 Bonds would violate the Impairment clauses of the United States Constitution and, accordingly, would be precluded. However, it is likely that the interpretation and application of Article XIII c ultimately will be determined by the courts.

Further Initiatives

Proposition 218 was adopted as a measure that qualified for the ballot pursuant to the State’s initiative process. From time to time other initiative measures could be adopted, which may affect the District’s ability to levy and collect the 2008 Measure Q Sales Tax.

Cybersecurity

The District relies on a complex technology environment to conduct its operations, sharing the District’s computer network, internet, and email services. As a recipient and provider of personal, private and sensitive information, the District faces multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computers and other sensitive digital networks and systems. To the District’s knowledge, there have been no cyberattacks on the network or services specifically directed against the District, and their operations and information.

No assurances can be given that the District’s security and operational control measures will be successful in guarding against any and each cyber threat and attack. The results of any attack on the District’s computer and information technology systems could impact its operations and damage the District’s digital networks and systems, and the costs of remedying any such damage could be substantial.

No Acceleration Provision

The Indenture does not contain a provision allowing for the acceleration of the Series 2020 Bonds in the event of a default in the payment of principal and interest on the Series 2020 Bonds when due. In the event of a default by the District, each Holder of a Series 2020 Bond will have the rights to exercise the remedies, subject to the limitations thereon, set forth in the Indenture. See APPENDIX C - "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Events of Default and Remedies."

Climate Change

Numerous scientific studies on global climate change show that, among other effects on the global ecosystem, sea levels will rise, extreme temperatures will become more common, and extreme weather events, including, but not limited to, wildfires, will become more frequent as a result of increasing global temperatures attributable to atmospheric pollution. For example, the Fourth National Climate Assessment, published by the U.S. Global Change Research Program, in November 2018 (NCA4) finds that more frequent and intense extreme weather and climate-related events, as well as changes in average climate conditions, are expected to continue to damage infrastructure, ecosystems and social systems over the next 25 to 100 years. Sea level rise may particularly impact coastal areas throughout the District. The District cannot predict what impact climate change will have on Sales Tax Revenues or the Project's system in the future.

FINANCIAL STATEMENTS

The financial statements of the District for the Fiscal Year ended June 30, 2019, included as APPENDIX A of this Official Statement, have been audited by the Sonoma County Auditor-Controller. The auditor was not requested to consent to the inclusion of their reports regarding the District in APPENDIX A, nor have they undertaken to update their reports or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by the Sonoma County Auditor-Controller with respect to any event subsequent to the date of their reports.

LITIGATION

There is not now pending or, to the knowledge of the District, threatened, any litigation restraining or enjoining the issuance or delivery of the Series 2020 Bonds or questioning or affecting the validity of the Series 2020 Bonds or the proceedings and authority under which they are to be issued or the levy, collection and pledge of the 2008 Measure Q Sales Tax. Neither the creation, organization or existence of the District, nor the title of the present members of the District to their respective offices is being contested.

TAX MATTERS

Federal Income Taxes

The following is a summary of certain anticipated United States federal income tax consequences of the purchase, ownership and disposition of the Series 2020 Bonds. The summary is based upon the provisions of the Code, the Treasury Regulations promulgated thereunder and the judicial and administrative rulings and decisions now in effect, all of which are subject to change. Such authorities may be repealed, revoked, or modified, possibly with retroactive effect, so as to result in United States federal income tax consequences different from those described below. The summary generally addresses Series 2020 Bonds held as capital assets within the meaning of Section 1221 of the Code and does not purport to address all aspects of federal income taxation that may affect particular investors in light of their individual

circumstances or certain types of investors subject to special treatment under the federal income tax laws, including but not limited to financial institutions, insurance companies, dealers in securities or currencies, persons holding such Series 2020 Bonds as a hedge against currency risks or as a position in a “straddle,” “hedge,” “constructive sale transaction” or “conversion transaction” for tax purposes, or persons whose functional currency is not the United States dollar. It also does not deal with holders other than original purchasers that acquire Series 2020 Bonds at their initial issue price except where otherwise specifically noted. Potential purchasers of the Series 2020 Bonds should consult their own tax advisors in determining the federal, state, local, foreign and other tax consequences to them of the purchase, holding and disposition of the Series 2020 Bonds.

The Issuer has not sought and will not seek any rulings from the Internal Revenue Service with respect to any matter discussed herein. No assurance can be given that the Internal Revenue Service would not assert, or that a court would not sustain, a position contrary to any of the tax characterizations and tax consequences set forth below.

U.S. Holders

As used herein, the term “U.S. Holder” means a beneficial owner of Series 2020 Bonds that is (a) an individual citizen or resident of the United States for federal income tax purposes, (b) a corporation, including an entity treated as a corporation for federal income tax purposes, created or organized in or under the laws of the United States or any State thereof (including the District of Columbia), (c) an estate whose income is subject to federal income taxation regardless of its source, or (d) a trust if a court within the United States can exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust. Notwithstanding clause (d) of the preceding sentence, to the extent provided in Treasury regulations, certain trusts in existence on August 20, 1996, and treated as United States persons prior to that date that elect to continue to be treated as United States persons also will be U.S. Holders. In addition, if a partnership (or other entity or arrangement treated as a partnership for federal income tax purposes) holds Series 2020 Bonds, the tax treatment of a partner in the partnership generally will depend upon the status of the partner and the activities of the partnership. If a U.S. Holder is a partner in a partnership (or other entity or arrangement treated as a partnership for federal income tax purposes) that holds Series 2020 Bonds, the U.S. Holder is urged to consult its own tax advisor regarding the specific tax consequences of the purchase, ownership and dispositions of the Series 2020 Bonds.

Taxation of Interest Generally

Interest on the Series 2020 Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code and so will be fully subject to federal income taxation. Purchasers will be subject to federal income tax accounting rules affecting the timing and/or characterization of payments received with respect to such Series 2020 Bonds. In general, interest paid on the Series 2020 Bonds and recovery of any accrued original issue discount and market discount will be treated as ordinary income to a bondholder, and after adjustment for the foregoing, principal payments will be treated as a return of capital to the extent of the U.S. Holder’s adjusted tax basis in the Series 2020 Bonds and capital gain to the extent of any excess received over such basis.

Recognition of Income Generally

Section 451(b) of the Code provides that purchasers using an accrual method of accounting for U.S. federal income tax purposes may be required to include certain amounts in income no later than the time such amounts are reflected on certain financial statements of such purchaser. In this regard, the IRS issued proposed regulations which provide that, with the exception of certain fees, the rule in section 451(b) will

generally not apply to the timing rules for original issue discount and market discount, or to the timing rules for de minimis original issue discount and market discount. Prospective purchasers of the Series 2020 Bonds should consult their own tax advisors regarding the potential applicability of these rules and their impact on the timing of the recognition of income related to the Series 2020 Bonds under the Code.

Original Issue Discount

The following summary is a general discussion of certain federal income tax consequences of the purchase, ownership and disposition of Series 2020 Bonds issued with original issue discount (“Discount Bonds”). A Series 2020 Bond will be treated as having been issued with an original issue discount if the excess of its “stated redemption price at maturity” (defined below) over its issue price (defined as the initial offering price to the public at which a substantial amount of the Series 2020 Bonds of the same maturity have first been sold to the public, excluding bond houses and brokers) equals or exceeds one quarter of one percent of such Series 2020 Bond’s stated redemption price at maturity multiplied by the number of complete years to its maturity (or, in the case of an installment obligation, its weighted average maturity).

A Series 2020 Bond’s “stated redemption price at maturity” is the total of all payments provided by the Series 2020 Bond that are not payments of “qualified stated interest.” Generally, the term “qualified stated interest” includes stated interest that is unconditionally payable in cash or property (other than debt instruments of the issuer) at least annually at a single fixed rate or certain floating rates.

In general, the amount of original issue discount includible in income by the initial holder of a Discount Bond is the sum of the “daily portions” of original issue discount with respect to such Discount Bond for each day during the taxable year in which such holder held such Series 2020 Bond. The daily portion of original issue discount on any Discount Bond is determined by allocating to each day in any “accrual period” a ratable portion of the original issue discount allocable to that accrual period.

An accrual period may be of any length, and may vary in length over the term of a Discount Bond, provided that each accrual period is not longer than one year and each scheduled payment of principal or interest occurs at the end of an accrual period. The amount of original issue discount allocable to each accrual period is equal to the difference between (i) the product of the Discount Bond’s adjusted issue price at the beginning of such accrual period and its yield to maturity (determined on the basis of compounding at the close of each accrual period and appropriately adjusted to take into account the length of the particular accrual period) and (ii) the amount of any qualified stated interest payments allocable to such accrual period. The “adjusted issue price” of a Discount Bond at the beginning of any accrual period is the sum of the issue price of the Discount Bond plus the amount of original issue discount allocable to all prior accrual periods minus the amount of any prior payments on the Discount Bond that were not qualified stated interest payments. Under these rules, holders generally will have to include in income increasingly greater amounts of original issue discount in successive accrual periods.

Holders utilizing the accrual method of accounting may generally, upon election, include in gross income all interest (including stated interest, acquisition discount, original issue discount, de minimis original issue discount, market discount, de minimis market discount, and unstated interest, as adjusted by any amortizable bond premium or acquisition premium) on a Series 2020 Bond by using the constant yield method applicable to original issue discount, subject to certain limitations and exceptions.

Holders that use an accrual method of accounting may be required to include certain amounts in income no later than the time such amounts are reflected on certain financial statements of such holder as discussed under “Recognition of Income Generally” above. Prospective purchasers of the Series 2020 Bonds should consult their own tax advisors regarding the potential applicability of this rule and its impact on the timing of the recognition of income related to the Series 2020 Bonds under the Code.

Market Discount

A holder who purchases a Series 2020 Bond at a price which includes market discount (i.e., at a purchase price that is less than its adjusted issue price in the hands of an original owner) in excess of a prescribed de minimis amount will be required to recharacterize all or a portion of the gain as ordinary income upon receipt of each scheduled or unscheduled principal payment or upon other disposition. In particular, such holder will generally be required either (a) to allocate each such principal payment to accrued market discount not previously included in income and to recognize ordinary income to that extent and to treat any gain upon sale or other disposition of such a Series 2020 Bond as ordinary income to the extent of any remaining accrued market discount or (b) to elect to include such market discount in income currently as it accrues on all market discount instruments acquired by such holder on or after the first day of the taxable year to which such election applies.

The Code authorizes the Treasury Department to issue regulations providing for the method for accruing market discount on debt instruments the principal of which is payable in more than one installment. Until such time as regulations are issued by the Treasury Department, certain rules described in the legislative history of the Tax Reform Act of 1986 will apply. Under those rules, market discount will be included in income either (a) on a constant interest basis or (b) in proportion to the accrual of stated interest.

A holder of a Series 2020 Bond who acquires such Series 2020 Bond at a market discount also may be required to defer, until the maturity date of such Series 2020 Bond or the earlier disposition in a taxable transaction, the deduction of a portion of the amount of interest that the holder paid or accrued during the taxable year on indebtedness incurred or maintained to purchase or carry a Series 2020 Bond in excess of the aggregate amount of interest (including original issue discount) includable in such holder's gross income for the taxable year with respect to such Series 2020 Bond. The amount of such net interest expense deferred in a taxable year may not exceed the amount of market discount accrued on the Series 2020 Bond for the days during the taxable year on which the holder held the Series 2020 Bond and, in general, would be deductible when such market discount is includable in income. The amount of any remaining deferred deduction is to be taken into account in the taxable year in which the Series 2020 Bond matures or is disposed of in a taxable transaction. In the case of a disposition in which gain or loss is not recognized in whole or in part, any remaining deferred deduction will be allowed to the extent gain is recognized on the disposition. This deferral rule does not apply if the bondholder elects to include such market discount in income currently as described above.

Holders that use an accrual method of accounting may be required to include certain amounts in income no later than the time such amounts are reflected on certain financial statements of such holder as discussed under "Recognition of Income Generally" above. Prospective purchasers of the Series 2020 Bonds should consult their own tax advisors regarding the potential applicability of this rule and its impact on the timing of the recognition of income related to the Series 2020 Bonds under the Code.

Bond Premium

A holder of a Series 2020 Bond who purchases such Series 2020 Bond at a cost greater than its remaining redemption amount will have amortizable bond premium. If the holder elects to amortize this premium under Section 171 of the Code (which election will apply to all Series 2020 Bonds held by the holder on the first day of the taxable year to which the election applies and to all Series 2020 Bonds thereafter acquired by the holder), such a holder must amortize the premium using constant yield principles based on the holder's yield to maturity. Amortizable bond premium is generally treated as an offset to interest income, and a reduction in basis is required for amortizable bond premium that is applied to reduce interest payments. Purchasers of Series 2020 Bonds who acquire such Series 2020 Bonds at a premium

should consult with their own tax advisors with respect to federal, state and local tax consequences of owning such Series 2020 Bonds.

Surtax on Unearned Income

Section 1411 of the Code generally imposes a tax of 3.8% on the “net investment income” of certain individuals, trusts and estates. Among other items, net investment income generally includes gross income from interest and net gain attributable to the disposition of certain property, less certain deductions. U.S. Holders should consult their own tax advisors regarding the possible implications of this provision in their particular circumstances.

Sale or Redemption of Bonds

A bondholder’s adjusted tax basis for a Series 2020 Bond is the price such holder pays for the Series 2020 Bond plus the amount of original issue discount and market discount previously included in income and reduced on account of any payments received on such Series 2020 Bond other than “qualified stated interest” and any amortized bond premium. Gain or loss recognized on a sale, exchange or redemption of a Series 2020 Bond, measured by the difference between the amount realized and the bondholder’s tax basis as so adjusted, will generally give rise to capital gain or loss if the Series 2020 Bond is held as a capital asset (except in the case of Series 2020 Bonds acquired at a market discount, in which case a portion of the gain will be characterized as interest and therefore ordinary income).

If the terms of a Series 2020 Bond are materially modified, in certain circumstances, a new debt obligation would be deemed “reissued”, or created and exchanged for the prior obligation in a taxable transaction. Among the modifications which may be treated as material are those related to the redemption provisions and, in the case of a nonrecourse obligation, those which involve the substitution of collateral. In addition, the defeasance of a Series 2020 Bond under the defeasance provisions of the Indenture could result in a deemed sale or exchange of such Series 2020 Bond.

EACH POTENTIAL HOLDER OF SERIES 2020 BONDS SHOULD CONSULT ITS OWN TAX ADVISOR CONCERNING (1) THE TREATMENT OF GAIN OR LOSS ON SALE, REDEMPTION OR DEFEASANCE OF THE SERIES 2020 BONDS, AND (2) THE CIRCUMSTANCES IN WHICH SERIES 2020 BONDS WOULD BE DEEMED REISSUED AND THE LIKELY EFFECTS, IF ANY, OF SUCH REISSUANCE.

Non-U.S. Holders

The following is a general discussion of certain United States federal income tax consequences resulting from the beneficial ownership of Series 2020 Bonds by a person other than a U.S. Holder, a former United States citizen or resident, or a partnership or entity treated as a partnership for United States federal income tax purposes (a “Non-U.S. Holder”).

Subject to the discussion of backup withholding and the Foreign Account Tax Compliance Act (“FATCA”), payments of principal by the Issuer or any of its agents (acting in its capacity as agent) to any Non-U.S. Holder will not be subject to federal withholding tax. In the case of payments of interest to any Non-U.S. Holder, however, federal withholding tax will apply unless the Non-U.S. Holder (1) does not own (actually or constructively) 10 percent or more of the voting equity interests of the Issuer, (2) is not a controlled foreign corporation for United States tax purposes that is related to the Issuer (directly or indirectly) through stock ownership, and (3) is not a bank receiving interest in the manner described in Section 881(c)(3)(A) of the Code. In addition, either (1) the Non-U.S. Holder must certify on the applicable IRS Form W-8 (series) (or successor form) to the Issuer, its agents or paying agents or a broker under

penalties of perjury that it is not a U.S. person and must provide its name and address, or (2) a securities clearing organization, bank or other financial institution, that holds customers' securities in the ordinary course of its trade or business and that also holds the Series 2020 Bonds must certify to the Issuer or its agent under penalties of perjury that such statement on the applicable IRS Form W-8 (series) (or successor form) has been received from the Non-U.S. Holder by it or by another financial institution and must furnish the interest payor with a copy.

Interest payments may also be exempt from federal withholding tax depending on the terms of an existing Federal Income Tax Treaty, if any, in force between the U.S. and the resident country of the Non-U.S. Holder. The U.S. has entered into an income tax treaty with a limited number of countries. In addition, the terms of each treaty differ in their treatment of interest and original issue discount payments. Non-U.S. Holders are urged to consult their own tax advisor regarding the specific tax consequences of the receipt of interest payments, including original issue discount. A Non-U.S. Holder that does not qualify for exemption from withholding as described above must provide the Issuer or its agent with documentation as to his, her, or its identity to avoid the U.S. backup withholding tax on the amount allocable to a Non-U.S. Holder. The documentation may require that the Non-U.S. Holder provide a U.S. tax identification number.

If a Non-U.S. Holder is engaged in a trade or business in the United States and interest on a Series 2020 Bond held by such holder is effectively connected with the conduct of such trade or business, the Non-U.S. Holder, although exempt from the withholding tax discussed above (provided that such holder timely furnishes the required certification to claim such exemption), may be subject to United States federal income tax on such interest in the same manner as if it were a U.S. Holder. In addition, if the Non-U.S. Holder is a foreign corporation, it may be subject to a branch profits tax equal to 30% (subject to a reduced rate under an applicable treaty) of its effectively connected earnings and profits for the taxable year, subject to certain adjustments. For purposes of the branch profits tax, interest on a Series 2020 Bond will be included in the earnings and profits of the holder if the interest is effectively connected with the conduct by the holder of a trade or business in the United States. Such a holder must provide the payor with a properly executed IRS Form W-8ECI (or successor form) to claim an exemption from United States federal withholding tax.

Generally, any capital gain realized on the sale, exchange, retirement or other disposition of a Series 2020 Bond by a Non-U.S. Holder will not be subject to United States federal income or withholding taxes if (1) the gain is not effectively connected with a United States trade or business of the Non-U.S. Holder, and (2) in the case of an individual, the Non-U.S. Holder is not present in the United States for 183 days or more in the taxable year of the sale, exchange, retirement or other disposition, and certain other conditions are met.

For newly issued or reissued obligations, such as the Series 2020 Bonds, FATCA imposes U.S. withholding tax on interest payments and, for dispositions after December 31, 2018, gross proceeds of the sale of the Series 2020 Bonds paid to certain foreign financial institutions (which is broadly defined for this purpose to generally include non-U.S. investment funds) and certain other non-U.S. entities if certain disclosure and due diligence requirements related to U.S. accounts or ownership are not satisfied, unless an exemption applies. An intergovernmental agreement between the United States and an applicable non-U.S. country may modify these requirements. In any event, bondholders or beneficial owners of the Series 2020 Bonds shall have no recourse against the Issuer, nor will the Issuer be obligated to pay any additional amounts to "gross up" payments to such persons, as a result of any withholding or deduction for, or on account of, any present or future taxes, duties, assessments or government charges with respect to payments in respect of the Series 2020 Bonds. However, it should be noted that on December 13, 2018, the IRS issued Proposed Treasury Regulation Section 1.1473-1(a)(1) which proposes to remove gross proceeds from the definition of "withholdable payment" for this purpose.

Non-U.S. Holders should consult their own tax advisors with respect to the possible applicability of federal withholding and other taxes upon income realized in respect of the Series 2020 Bonds.

Information Reporting and Backup Withholding

For each calendar year in which the Series 2020 Bonds are outstanding, the Issuer, its agents or paying agents or a broker is required to provide the IRS with certain information, including a holder's name, address and taxpayer identification number (either the holder's Social Security number or its employer identification number, as the case may be), the aggregate amount of principal and interest paid to that holder during the calendar year and the amount of tax withheld, if any. This obligation, however, does not apply with respect to certain U.S. Holders, including corporations, tax-exempt organizations, qualified pension and profit sharing trusts, and individual retirement accounts and annuities.

If a U.S. Holder subject to the reporting requirements described above fails to supply its correct taxpayer identification number in the manner required by applicable law or under-reports its tax liability, the Issuer, its agents or paying agents or a broker may be required to make "backup" withholding of tax on each payment of interest or principal on the Series 2020 Bonds. This backup withholding is not an additional tax and may be credited against the U.S. Holder's federal income tax liability, provided that the U.S. Holder furnishes the required information to the IRS.

Under current Treasury Regulations, backup withholding and information reporting will not apply to payments of interest made by the Issuer, its agents (in their capacity as such) or paying agents or a broker to a Non-U.S. Holder if such holder has provided the required certification that it is not a U.S. person (as set forth in the second paragraph under "Non-U.S. Holders" above), or has otherwise established an exemption (provided that neither the Issuer nor its agent has actual knowledge that the holder is a U.S. person or that the conditions of an exemption are not in fact satisfied).

Payments of the proceeds from the sale of a Series 2020 Bond to or through a foreign office of a broker generally will not be subject to information reporting or backup withholding. However, information reporting (but not backup withholding) may apply to those payments if the broker is one of the following: (i) a U.S. person; (ii) a controlled foreign corporation for U.S. tax purposes; (iii) a foreign person 50-percent or more of whose gross income from all sources for the three-year period ending with the close of its taxable year preceding the payment was effectively connected with a United States trade or business; or (iv) a foreign partnership with certain connections to the United States.

Payment of the proceeds from a sale of a Series 2020 Bond to or through the United States office of a broker is subject to information reporting and backup withholding unless the holder or beneficial owner certifies as to its taxpayer identification number or otherwise establishes an exemption from information reporting and backup withholding.

The preceding federal income tax discussion is included for general information only and may not be applicable depending upon a holder's particular situation. Holders should consult their tax advisors with respect to the tax consequences to them of the purchase, ownership and disposition of the Series 2020 Bonds, including the tax consequences under federal, state, local, foreign and other tax laws and the possible effects of changes in those tax laws.

State Taxes

Bond Counsel is of the opinion that interest on the Series 2020 Bonds is exempt from personal income taxes of the State of California under present State law. Bond Counsel expresses no opinion as to other State, City or local tax consequences arising with respect to the Series 2020 Bonds nor as to the

taxability of the Series 2020 Bonds or the income therefrom under the laws of any jurisdiction other than the State.

Changes in Law and Post Issuance Events

Legislative or administrative actions and court decisions, at either the federal or state level, could have an impact on the inclusion in gross income of interest on the Series 2020 Bonds for federal or state income tax purposes, and thus on the value or marketability of the Series 2020 Bonds. This could result from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or otherwise. It is not possible to predict whether any such legislative or administrative actions or court decisions will occur or have an adverse impact on the federal or state income tax treatment of holders of the Series 2020 Bonds. Prospective purchasers of the Series 2020 Bonds should consult their own tax advisors regarding the impact of any change in law or proposed change in law on the Series 2020 Bonds.

IN ALL EVENTS, ALL INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS IN DETERMINING THE FEDERAL, STATE, LOCAL, FOREIGN AND OTHER TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE SERIES 2020 BONDS.

CONSIDERATIONS FOR ERISA AND OTHER U.S. BENEFIT PLAN INVESTORS

The Employee Retirement Income Security Act of 1974, as amended (“ERISA”), imposes certain fiduciary obligations and prohibited transaction restrictions on employee pension and welfare benefit plans subject to Title I of ERISA (“ERISA Plans”). Section 4975 of the Code imposes essentially the same prohibited transaction restrictions on tax-qualified retirement plans described in Section 401(a) and 403(a) of the Code, which are exempt from tax under Section 501(a) of the Code, other than governmental and church plans as defined herein (“Qualified Retirement Plans”), and on Individual Retirement Accounts (“IRAs”) described in Section 408(b) of the Code (collectively, “Tax-Favored Plans”). Certain employee benefit plans such as governmental plans (as defined in Section 3(32) of ERISA) (“Governmental Plans”), and, if no election has been made under Section 410(d) of the Code, church plans (as defined in Section 3(33) of ERISA) (“Church Plans”), are not subject to ERISA requirements. Additionally, such Governmental and Church Plans are not subject to the requirements of Section 4975 of the Code but may be subject to applicable federal, state or local law (“Similar Laws”) which is, to a material extent, similar to the foregoing provisions of ERISA or the Code. Accordingly, assets of such plans may be invested in the Series 2020 Bonds without regard to the ERISA and Code considerations described below, subject to the provisions of Similar Laws.

In addition to the imposition of general fiduciary obligations, including those of investment prudence and diversification and the requirement that a plan’s investment be made in accordance with the documents governing the plan, Section 406 of ERISA and Section 4975 of the Code prohibit a broad range of transactions involving assets of ERISA Plans and Tax-Favored Plans and entities whose underlying assets include plan assets by reason of ERISA Plans or Tax-Favored Plans investing in such entities (collectively, “Benefit Plans”) and persons who have certain specified relationships to the Benefit Plans (“Parties In Interest” or “Disqualified Persons”), unless a statutory or administrative exemption is available. The definitions of “Party in Interest” and “Disqualified Person” are expansive. While other entities may be encompassed by these definitions, they include, most notably: (1) fiduciary with respect to a plan; (2) a person providing services to a plan; (3) an employer or employee organization any of whose employees or members are covered by the plan; and (4) the owner of an IRA. Certain Parties in Interest (or Disqualified Persons) that participate in a prohibited transaction may be subject to a penalty (or an excise tax) imposed pursuant to Section 502(i) of ERISA (or Section 4975 of the Code) unless a statutory or administrative exemption is available. Without an exemption an IRA owner may disqualify his or her IRA.

Certain transactions involving the purchase, holding or transfer of the Series 2020 Bonds might be deemed to constitute prohibited transactions under ERISA and Section 4975 of the Code if assets of the Issuer were deemed to be assets of a Benefit Plan. Under final regulations issued by the United States Department of Labor (the “Plan Assets Regulation”), the assets of the Issuer would be treated as plan assets of a Benefit Plan for the purposes of ERISA and Section 4975 only of the Code if the Benefit Plan acquires an “equity interest” in the Issuer and none of the exceptions contained in the Plan Assets Regulation is applicable. An equity interest is defined under the Plan Assets Regulation as an interest in an entity other than an instrument which is treated as indebtedness under applicable local law and which has no substantial equity features. Although there is little guidance on this matter, it appears that the Series 2020 Bonds should be treated as debt without substantial equity features for purposes of the Plan Assets Regulation. This determination is based upon the traditional debt features of the Series 2020 Bonds, including the reasonable expectation of purchasers of Series 2020 Bonds that the Series 2020 Bonds will be repaid when due, traditional default remedies, as well as the absence of conversion rights, warrants and other typical equity features.

However, without regard to whether the Series 2020 Bonds are treated as an equity interest for such purposes, though, the acquisition or holding of Series 2020 Bonds by or on behalf of a Benefit Plan could be considered to give rise to a prohibited transaction if the Issuer or the Issuing and Paying Agent, or any of their respective affiliates, is or becomes a Party in Interest or a Disqualified Person with respect to such Benefit Plan.

Most notably, ERISA and the Code generally prohibit the lending of money or other extension of credit between an ERISA Plan or Tax-Favored Plan and a Party in Interest or a Disqualified Person, and the acquisition of any of the Series 2020 Bonds by a Benefit Plan would involve the lending of money or extension of credit by the Benefit Plan. In such a case, however, certain exemptions from the prohibited transaction rules could be applicable depending on the type and circumstances of the plan fiduciary making the decision to acquire a Series 2020 Bond. Included among these exemptions are: Prohibited Transaction Class Exemption (“PTCE”) 96-23, regarding transactions effected by certain “in-house asset managers”; PTCE 90-1, regarding investments by insurance company pooled separate accounts; PTCE 95-60, regarding transactions effected by “insurance company general accounts”; PTCE 91-38, regarding investments by bank collective investment funds; and PTCE 84-14, regarding transactions effected by “qualified professional asset managers.” Further, the statutory exemption in Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code provides for an exemption for transactions involving “adequate consideration” with persons who are Parties in Interest or Disqualified Persons solely by reason of their (or their affiliate’s) status as a service provider to the Benefit Plan involved and none of whom is a fiduciary with respect to the Benefit Plan assets involved (or an affiliate of such a fiduciary). There can be no assurance that any class or other exemption will be available with respect to any particular transaction involving the Series 2020 Bonds, or that, if available, the exemption would cover all possible prohibited transactions.

By acquiring a Series 2020 Bond (or interest therein), each purchaser and transferee (and if the purchaser or transferee is a plan, its fiduciary) is deemed to represent and warrant that either (i) it is not acquiring the Series 2020 Bond (or interest therein) with the assets of a Benefit Plan, Governmental plan or Church plan; or (ii) the acquisition and holding of the Series 2020 Bond (or interest therein) will not give rise to a nonexempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or Similar Laws. A purchaser or transferee who acquires Series 2020 Bonds with assets of a Benefit Plan represents that such purchaser or transferee has considered the fiduciary requirements of ERISA, the Code or Similar Laws and has consulted with counsel with regard to the purchase or transfer.

Because the Issuer, the Trustee, Underwriters or any of their respective affiliates may receive certain benefits in connection with the sale of the Series 2020 Bonds, the purchase of the Series 2020 Bonds using plan assets of a Benefit Plan over which any of such parties has investment authority or provides

investment advice for a direct or indirect fee may be deemed to be a violation of the prohibited transaction rules of ERISA or Section 4975 of the Code or Similar Laws for which no exemption may be available. Accordingly, any investor considering a purchase of Series 2020 Bonds using plan assets of a Benefit Plan should consult with its counsel if the Issuer, the Trustee or the Underwriters or any of their respective affiliates has investment authority or provides investment advice for a direct or indirect fee with respect to such assets or is an employer maintaining or contributing to the Benefit Plan.

Any ERISA Plan fiduciary considering whether to purchase the Series 2020 Bonds on behalf of an ERISA Plan should consult with its counsel regarding the applicability of the fiduciary responsibility and prohibited transaction provisions of ERISA and Section 4975 of the Code to such an investment and the availability of any of the exemptions referred to above. Persons responsible for investing the assets of Tax-Favored Plans that are not ERISA Plans should seek similar counsel with respect to the prohibited transaction provisions of the Code and the applicability of Similar Laws.

LEGAL MATTERS

The validity of the Series 2020 Bonds and certain other legal matters are subject to the approving opinion of Nixon Peabody LLP, Bond and Disclosure Counsel to the District. A complete copy of the proposed form of opinion of Bond Counsel is attached hereto as APPENDIX F. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain legal matters will be passed upon for the District by the District's General Counsel, and by Nixon Peabody LLP, Los Angeles, California, Bond and Disclosure Counsel to the District. Compensation paid to Bond Counsel and Disclosure Counsel is contingent on the successful issuance of the Series 2020 Bonds.

RATING

S&P Global Ratings, a Standard & Poor's Financial Services LLC business ("Standard & Poor's"), has issued its preliminary short-term rating of "____" with respect to the Series 2020 Bonds. This rating reflects only the views of Standard & Poor's and does not constitute a recommendation to buy, sell or hold securities. The District has furnished to Standard & Poor's certain information regarding the Series 2020 Bonds. Generally, rating agencies base their ratings on such information and materials and their own investigations, studies and assumptions. The rating with respect to the Series 2020 Bonds is subject to revision or withdrawal at any time by Standard & Poor's, and there is no assurance that the rating will continue for any period of time or that it will not be lowered or withdrawn. Any reduction or withdrawal of the rating may have an adverse effect on the market price of the Series 2020 Bonds.

UNDERWRITING

Barclays Capital, Inc. ("Barclays"), as representative of itself and the underwriters listed on the cover page of this Official Statement (the "Underwriters"), have purchased the Series 2020 Bonds from the District for a purchase price of \$_____ (representing \$_____ aggregate principal amount of Series 2020 Bonds, [plus/less] a [net] [premium/discount] of \$_____, less an Underwriters' discount of \$_____). The Underwriters may offer and sell the Series 2020 Bonds to certain dealers and others at prices lower than the offering prices stated on the inside cover page hereof. The offering prices on the Series 2020 Bonds may be changed from time to time by the Underwriters.

BofA Securities, Inc., an underwriter of the Bonds, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S"). As part of this arrangement, BofA Securities, Inc. may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement, BofA Securities, Inc. may compensate MLPF&S as a dealer for their selling efforts with respect to the Series 2020 Bonds.

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

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

FINANCIAL ADVISOR

The District has retained Public Financial Management, Inc. as financial advisor (the “Financial Advisor”) in connection with the sale of the Series 2020 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. The Financial Advisor is an independent advisory firm with its principal office in Philadelphia, Pennsylvania and is not engaged in the business of underwriting, trading or distributing municipal or other public securities. Compensation paid to the Financial Advisor is contingent on the successful issuance of the Series 2020 Bonds.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

_____ (the “Verification Agent”), will deliver a report stating that the firm has verified the accuracy of mathematical computations concerning the adequacy of the U.S. Treasury Securities initially deposited in the Escrow Fund to pay the interest due with respect to the Refunded Bonds.

The report of the Verification Agent will include the statement that the scope of its engagement was limited to verifying the mathematical accuracy of the computations contained in such schedules provided to it and that the Verification Agent has no obligation to update its report because of events occurring, or data or information coming to its attention, after the date of its report.

CONTINUING DISCLOSURE

The District has covenanted in a continuing Disclosure Certificate, dated the delivery date of the Series 2020 Bonds (the “continuing Disclosure Certificate”), for the benefit of the holders and beneficial owners of the Series 2020 Bonds, to provide certain financial information and operating data relating to the District (the “Annual Report”) by no later than [240] days following the end of the District’s Fiscal Year (which Fiscal Year currently ends on June 30), commencing with the Annual Report for the 2018-19 Fiscal Year and to provide notices of the occurrence of certain enumerated events. The Annual Report and the notices of material events will be filed by the District with the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System for municipal securities disclosures, maintained on the Internet at <http://emma.msrb.org>. The specific nature of the information to be contained in the Annual Report and the notice of material events is summarized in APPENDIX D - “FORM OF CONTINUING Disclosure Certificate.” These covenants have been made in order to assist the Underwriters in complying with Rule 15c2-12, promulgated by the Securities and Exchange commission (“SEC”) under the Securities Exchange Act of 1934, as amended (the “Rule”).

[TO BE UPDATED]

MISCELLANEOUS

The references herein to the Act, the Law and the Indenture are brief summaries of certain provisions thereof. Such summaries do not purport to be complete or definitive. For full and complete statements of such provisions reference is made to the Act, the Law or said documents, as the case may be. Copies of the Master Indenture and the First Supplemental Indenture are available for inspection at the District and following delivery of the Series 2020 Bonds will be on file at the offices of the Trustee.

Any statement in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the District and the purchasers or Holders of any of the Series 2020 Bonds.

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

SONOMA-MARIN AREA RAIL TRANSIT DISTRICT

By: _____
General Manager

APPENDIX A
FINANCIAL STATEMENTS OF THE DISTRICT

APPENDIX B

ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING THE COUNTY OF SONOMA AND THE COUNTY OF MARIN

COUNTY OF SONOMA

References to the County under this caption refer to the County of Sonoma. The County is not obligated to pay debt service on the Series 2020 Bonds.

General Information

One of California's original 27 counties (incorporated in 1850), Sonoma is the northernmost of the nine greater San Francisco Bay Area counties. Bordered on the north and east by Mendocino, Lake, and Napa counties and to the west and south by the Pacific Ocean, Marin County, and San Pablo Bay, its area encompasses 1,598 square miles.

Geographically, Sonoma County is divided almost equally into mountainous regions, rolling hills and valley land. Three narrow valleys, separated by mountains, run northwest to southeast. Elevations range from sea level to 4,262 feet at Mt. Saint Helena, where Sonoma, Napa and Lake counties converge.

As required by State and federal mandate, the County is responsible at the local level for activities involving public welfare, health and justice (courts and jails) and for the maintenance of public records. The County also maintains roads and other public facilities and operates recreational and cultural facilities serving the unincorporated areas of the County.

County Government

The County of Sonoma is governed by a five-member Board of Supervisors elected by district for overlapping terms. The County Administrative Officer manages the activities of the County's departments and the County Counsel provides legal counsel to the Board of Supervisors. Both officers are hired by and are directly responsible to the Board of Supervisors. Other elected officials include the Sheriff-Coroner, District Attorney, Clerk-Recorder-Assessor-Public Administrator, and Auditor-Controller-Treasurer-Tax Collector (the "Treasurer-Tax Collector").

Community Services

The County provides a wide range of services to its residents, including police protection, medical and health services, library services, judicial institutions including support programs, road maintenance, airport service, parks and a variety of public assistance programs. Other services provided by special districts, which are governed by the Board of Supervisors, include fire protection, lighting, sanitation and flood control. The Board of Supervisors and County departments also provide a wide variety of municipal services for residents in unincorporated areas of the County.

Recreation, Tourism and Convention Business

Sonoma County is famous for its scenic and recreational resources. Today, Sonoma County has State parks and County parks, as well as a premium wine industry to attract and entertain tourists and residents alike. A County regional park system was established in 1967 and now includes 15 parks providing coastlines, mountains, redwood forests, lakes and historical locations. These resources have generated a significant tourism and convention business.

Transportation

All modes of commercial transportation are available in Sonoma County. There are bus routes throughout the County, and the Petaluma River is capable of handling water barge freight from the San Francisco Bay Area to Petaluma. Northwestern Pacific Railroad provides rail transportation within the County with connections to major rail interchanges. The Sonoma County Airport, located just outside the City of Santa Rosa, handles commercial and private air traffic. Seven private airfields serve the County as well. In addition, several highways dissect the County. The major freeway is U.S. Highway 101 which runs from Marin and San Francisco counties in the south to Mendocino County in the north. State Highway 12 is the major east-west thoroughfare from Bodega Bay on the western coastline to Sonoma on the east.

Population characteristics

As of January 1, 2020, the County's population is estimated at 492,980. The following table shows the County's population between 2016 and 2020.

POPULATION OF SONOMA COUNTY AND INCORPORATED CITIES (As of January 1)

<u>Area</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Sonoma County	502,475	504,613	502,866	496,947	492,980
Cloverdale	8,927	8,988	9,141	9,279	9,213
Cotati	7,376	7,453	7,739	7,628	7,533
Healdsburg	11,734	11,757	12,232	12,166	12,089
Petaluma	61,488	61,657	62,251	62,195	61,873
Rohnert Park	42,586	42,490	43,178	43,134	43,069
Santa Rosa	176,937	178,064	177,017	175,183	173,628
Sebastopol	7,609	7,624	7,808	7,826	7,745
Sonoma	10,929	11,072	11,423	11,164	11,050
Windsor	27,445	27,492	28,356	28,596	28,248
Balance of County	147,444	148,016	143,721	139,776	138,532

Source: State of California, Department of Finance, Demographic Research Unit.

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Employment

The following chart compares labor force, employment, civilian employment and the unemployment rate in the County, the State of California and the United States during the period from 2015 through 2019.

**COUNTY OF SONOMA
LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT⁽¹⁾
Yearly Average for Years 2015 through 2019**

<u>Year and Area</u>	<u>Labor Force</u>	<u>Civilian Employment</u>	<u>Civilian Unemployment</u>	<u>Unemployment Rate (%)</u>
<u>2015</u>				
Sonoma County	257,600	246,100	11,600	4.5
California	18,828,800	17,660,700	1,168,100	6.2
United States	157,129,900	148,833,400	8,296,500	5.3
<u>2016</u>				
Sonoma County	259,200	248,900	10,300	4.0
California	19,021,200	17,980,100	1,041,100	5.5
United States	159,187,200	151,435,800	7,751,400	4.9
<u>2017</u>				
Sonoma County	260,100	251,300	8,800	3.4
California	19,176,400	18,257,100	919,300	4.8
United States	160,319,800	153,337,400	6,982,400	4.4
<u>2018</u>				
Sonoma County	260,900	253,600	7,300	2.8
California	19,280,800	18,460,700	820,100	4.3
United States	162,075,000	155,761,000	6,314,000	3.9
<u>2019</u>				
Sonoma County	259,400	252,400	7,000	2.7
California	19,411,600	18,627,400	784,200	4.0
United States	163,538,700	157,538,100	6,000,600	3.7

⁽¹⁾ Data not seasonally adjusted.

Source: State of California Employment Development Department; U.S. Department of Labor, Bureau of Labor Statistics.

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Employment by Industry

The following table shows employment by industry group in the County from 2015 through 2019.

COUNTY OF SONOMA ANNUAL AVERAGE EMPLOYMENT BY INDUSTRY GROUP For Years 2015 through 2019

Industry Group ⁽¹⁾	2015	2016	2017	2018	2019
Total Agricultural ⁽²⁾⁽³⁾	6,000	6,100	6,100	6,700	6,500
Non-Agricultural Goods:					
Natural Resources, Mining & Construction ⁽⁴⁾	11,800	12,600	13,300	15,400	16,700
Manufacturing	22,000	22,700	23,000	23,400	23,400
Non-Agricultural Services:					
Transportation, Warehousing and Utilities	4,300	4,200	4,000	4,100	4,200
Wholesale Trade	7,200	7,300	7,400	7,500	7,600
Retail Trade	24,700	25,000	25,100	24,900	24,300
Finance and Insurance	5,000	5,200	5,200	4,900	4,700
Professional and Business Services	20,800	21,200	22,100	23,200	23,500
Administrative and Support Services	9,200	9,600	10,100	10,900	10,900
Educational and Health Services	32,100	33,000	34,100	34,800	35,800
Government ⁽⁵⁾	31,800	32,300	32,300	31,100	29,600
Other ⁽⁶⁾	7,000	7,200	7,200	7,100	7,200
Total Non-Agricultural	197,000	201,900	205,600	208,700	209,400
TOTAL ALL INDUSTRIES:	203,000	208,000	211,700	215,400	215,900

⁽¹⁾ Does not include proprietors, the self-employed, unpaid volunteers or family workers, domestic workers in households, and persons involved in labor management trade disputes. Detail may not add to totals due to independent rounding. Employment by place of work.

⁽²⁾ Excludes farmers and unpaid family workers.

⁽³⁾ Excludes veterinary, other animal, landscape and horticultural services.

⁽⁴⁾ Includes employees of construction contractors and operative builders; does not include force account or government construction workers.

⁽⁵⁾ Includes all civilian employees of federal, State and local governments regardless of the activity in which the employee is engaged.

⁽⁶⁾ Includes various industries including Social Assistance, Leisure and Hospitality, Arts Entertainment and Recreation.

Source: State of California Employment Development Department.

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Taxable Sales

The following table shows taxable transactions within the County from 2015 through the 2019.

**COUNTY OF SONOMA
TAXABLE SALES
For Years 2015 through 2019
(Dollars in Thousands)**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Motor Vehicles and Parts Dealers	\$1,187,393	\$1,285,358	\$1,400,337	\$1,378,061	\$ 1,350,629
Home Furnishings and Appliance Stores	305,799	325,320	326,553	370,562	306,959
Building Material and Garden Equipment and Supplies Dealers	716,323	775,031	811,046	909,760	946,227
Food and Beverage Stores	564,781	578,636	600,264	609,942	625,835
Gasoline Stations	642,126	589,590	644,178	740,279	715,415
Clothing and Clothing Accessories Stores	380,415	393,731	397,097	416,012	406,229
General Merchandise Stores	741,098	746,010	783,148	795,518	776,603
Food Services and Drinking Places	877,903	922,721	970,123	1,009,481	1,030,422
Other Retail Group	770,937	817,026	845,885	887,352	937,792
Total Retail and Food Services	<u>6,186,774</u>	<u>6,433,421</u>	<u>6,778,629</u>	<u>7,116,968</u>	<u>7,096,111</u>
All Other Outlets	2,600,574	2,654,060	2,714,181	2,868,495	2,963,371
TOTAL ALL OUTLETS	<u>\$8,787,348</u>	<u>\$9,087,481</u>	<u>\$9,492,811</u>	<u>\$9,985,463</u>	<u>\$10,059,482</u>

Source: California Department of Tax and Fee Administration.

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Construction Activity

The following table provides a building permit valuation summary for the County for the years 2015 through 2019.

**COUNTY OF SONOMA
BUILDING PERMIT VALUATION
For Years 2015 through 2019
(Dollars in Thousands)**

<u>Type of Permit</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Residential:					
New Single-Family	\$ 65,968.4	\$112,941.1	\$202,169.1	\$1,071,852.3	
New Multi-Family	27,797.3	26,149.2	46,674.0	127,743.3	
Additions/Alterations	78,005.1	71,079.1	97,326.9	96,590.5	
Total Residential	<u>\$171,770.8</u>	<u>\$210,169.4</u>	<u>\$346,170.0</u>	<u>\$1,296,186.1</u>	
Non-Residential:					
New Commercial	\$53,975.7	\$93,462.5	\$79,737.8	\$141,873.8	
New Industrial	2,484.9	156.4	759.6	1,277.3	
New Other	16,513.4	19,255.1	25,572.7	66,129.7	
Additions/Alterations	84,641.9	\$79,943.6	99,102.9	124,238.1	
Total Non-Residential	<u>\$157,615.9</u>	<u>\$192,817.6</u>	<u>\$205,173.0</u>	<u>\$333,518.9</u>	
TOTAL VALUATION	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>

Source: Construction Industry Research Board.

Agricultural Production

The County Department of Agriculture estimates that agricultural production totaled \$1,106,662,100 in 2018. The following table provides an agricultural production summary from 2014 through 2018.

**COUNTY OF SONOMA
TOTAL AGRICULTURAL PRODUCTION
For Years 2014 through 2018**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Apiary Products	\$ 128,400	\$ 97,400	\$ 263,200	\$ 231,000	\$ 422,000
Field Crops	11,188,900	12,514,000	13,765,900	12,310,300	11,259,800
Vegetable Crops	12,613,200	12,390,100	9,961,300	8,448,200	8,383,100
Nursery Products	24,959,600	32,585,000	32,699,100	35,410,800	50,508,200
Livestock and Poultry	89,127,900	74,876,700	70,136,300	77,647,700	73,362,700
Livestock and Poultry Products	164,025,30 0	172,903,10 0	178,014,40 0	177,169,30 0	180,294,600
Fruit and Nut Crops	596,972,10 0	451,142,20 0	593,285,00 0	582,965,60 0	782,431,700
TOTAL	<u>\$899,015,4 00</u>	<u>\$756,508,5 00</u>	<u>\$898,125,2 00</u>	<u>\$894,182,9 00</u>	<u>\$1,106,662,1 00</u>

Source: Sonoma County Department of Agriculture.

COUNTY OF MARIN

References to the County under this caption refer to the County of Marin. The County is not obligated to pay debt service on the Series 2020 Bonds.

Population characteristics

As of January 1, 2020, the County’s population is estimated at 260,831. The following table shows the County’s population between 2016 and 2020.

**POPULATION OF MARIN COUNTY
AND INCORPORATED CITIES
(As of January 1)**

Area	2016	2017	2018	2019	2020
Marin County	263,210	263,262	262,803	262,240	260,831
Belvedere	2,129	2,131	2,148	2,139	2,124
Corte Madera	9,631	9,625	10,043	10,138	10,114
Fairfax	7,528	7,533	7,714	7,443	7,399
Larkspur	12,312	12,325	12,588	12,331	12,253
Mill Valley	15,024	14,956	14,669	14,743	14,674
Novato	54,593	54,516	54,151	54,062	53,702
Ross	2,538	2,536	2,528	2,548	2,550
San Anselmo	13,017	12,982	12,908	12,845	12,757
San Rafael	60,551	60,661	60,020	60,207	59,807
Sausalito	7,227	7,234	7,421	7,301	7,252
Tiburon	9,644	9,647	9,366	9,581	9,540
Balance of County	69,016	69,116	69,237	68,902	68,659

Source: State of California, Department of Finance, Demographic Research Unit.

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Employment

The following chart compares labor force, employment, civilian employment and the unemployment rate in the County, the State of California and the United States during the period from 2015 through 2019.

**COUNTY OF MARIN
LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT⁽¹⁾
Yearly Average for Years 2015 through 2019**

<u>Year and Area</u>	<u>Labor Force</u>	<u>Civilian Employment</u>	<u>Civilian Unemployment</u>	<u>Rate (%)</u>
<u>2015</u>				
Marin County	138,700	133,800	4,900	3.6
California	18,828,800	17,660,700	1,168,100	6.2
United States	157,129,900	148,833,400	8,296,500	5.3
<u>2016</u>				
Marin County	139,600	135,000	4,600	3.3
California	19,021,200	17,980,100	1,041,100	5.5
United States	159,187,200	151,435,800	7,751,400	4.9
<u>2017</u>				
Marin County	139,800	135,800	4,000	2.9
California	19,176,400	18,257,100	919,300	4.8
United States	160,319,800	153,337,400	6,982,400	4.4
<u>2018</u>				
Marin County	139,900	136,400	3,400	2.4
California	19,280,800	18,460,700	820,100	4.3
United States	162,075,000	155,761,000	6,314,000	3.9
<u>2019</u>				
Marin County	140,000	136,800	3,200	2.3
California	19,411,600	18,627,400	784,200	4.0
United States	163,538,700	157,538,100	6,000,600	3.7

⁽¹⁾ Data not seasonally adjusted.

Source: State of California Employment Development Department; U.S. Department of Labor, Bureau of Labor Statistics.

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Employment by Industry

The following table shows employment by industry group in the County from 2015 through 2019.

COUNTY OF MARIN ANNUAL AVERAGE EMPLOYMENT BY INDUSTRY GROUP For Years 2015 through 2019

<u>Industry Group</u> ⁽¹⁾	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Total Agricultural ⁽²⁾⁽³⁾	300	300	300	300	400
Non-Agricultural Goods:					
Natural Resources, Mining & Construction ⁽⁴⁾	6,500	6,800	7,200	7,700	7,700
Manufacturing	4,000	4,500	4,900	5,100	5,300
Non-Agricultural Services:					
Transportation, Warehousing and Utilities	1,300	1,300	1,300	1,300	1,300
Wholesale Trade	2,500	2,500	2,500	2,400	2,500
Retail Trade	14,200	14,400	14,600	14,800	14,700
Financial Activities	6,400	6,200	5,800	5,600	5,600
Professional and Business Services	18,000	18,000	17,600	17,700	18,300
Educational and Health Services	20,100	20,600	21,000	21,000	21,300
Government ⁽⁵⁾	15,500	15,500	15,700	16,000	15,800
Other ⁽⁶⁾	5,200	5,500	5,700	5,700	5,700
Total Non-Agricultural	112,000	114,200	115,500	116,300	116,900
TOTAL ALL INDUSTRIES:	112,300	114,500	115,800	116,600	117,300

⁽¹⁾ Does not include proprietors, the self-employed, unpaid volunteers or family workers, domestic workers in households, and persons involved in labor management trade disputes. Detail may not add to totals due to independent rounding. Employment by place of work.

⁽²⁾ Excludes farmers and unpaid family workers.

⁽³⁾ Excludes veterinary, other animal, landscape and horticultural services.

⁽⁴⁾ Includes employees of construction contractors and operative builders; does not include force account or government construction workers.

⁽⁵⁾ Includes all civilian employees of federal, State and local governments regardless of the activity in which the employee is engaged.

⁽⁶⁾ Includes various industries including Social Assistance, Leisure and Hospitality, Arts Entertainment and Recreation.

Source: State of California Employment Development Department.

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Taxable Sales

The following table shows taxable transactions within the County from 2015 through 2019.

**COUNTY OF MARIN
TAXABLE SALES
For Years 2015 through 2019
(Dollars in Thousands)**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Motor Vehicles and Parts Dealers	\$ 798,160	\$ 797,811	\$ 784,401	\$ 862,089	\$ 802,376
Home Furnishings and Appliance Stores	235,961	237,546	242,627	242,732	260,941
Building Material and Garden Equipment and Supplies Dealers	359,379	366,565	392,758	420,185	434,229
Food and Beverage Stores	309,365	316,274	325,955	329,463	335,549
Gasoline Stations	325,560	297,093	328,138	380,097	383,226
Clothing and Clothing Accessories Stores	344,228	335,432	337,905	345,342	338,190
General Merchandise Stores	289,610	292,321	302,492	292,069	289,638
Food Services and Drinking Places	601,279	618,118	632,944	644,257	655,896
Other Retail Group	606,555	628,424	592,200	628,065	673,410
Total Retail and Food Services	<u>3,870,097</u>	<u>3,889,584</u>	<u>3,939,420</u>	<u>4,144,299</u>	<u>4,174,455</u>
All Other Outlets	1,210,163	1,190,123	1,244,681	1,249,266	1,317,634
TOTAL ALL OUTLETS	<u><u>\$5,080,260</u></u>	<u><u>\$5,079,707</u></u>	<u><u>\$5,184,100</u></u>	<u><u>\$5,393,565</u></u>	<u><u>\$5,492,089</u></u>

Source: California Department of Tax and Fee Administration.

Construction Activity

The following table provides a building permit valuation summary for the County for the years 2015 through 2019.

**COUNTY OF MARIN
BUILDING PERMIT VALUATION
For Years 2015 through 2019
(Dollars in Thousands)**

<u>Type of Permit</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Residential:					
New Single-Family	\$ 75,834	\$ 62,804	\$ 86,748	\$ 94,556	
New Multi-Family	2,426	7,869	-	23,600	
Additions/Alterations	203,754	194,742	194,772	180,662	
Total Residential	<u>\$282,015</u>	<u>\$265,416</u>	<u>\$281,520</u>	<u>\$298,818</u>	
Total Non-Residential	<u>550,397</u>	<u>125,041</u>	<u>126,066</u>	<u>156,050</u>	
Total All Building	<u>\$832,412</u>	<u>\$390,458</u>	<u>\$407,586</u>	<u>\$454,868</u>	
TOTAL VALUATION	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>

Source: Construction Industry Research Board.

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following is a summary of certain provisions of the Indenture (as defined in the forepart of this Official Statement). Such summary is not intended to be complete or definitive, is supplemental to the summary of other provisions of the Indenture contained elsewhere in this Official Statement, and is qualified in its entirety by reference to the full terms of the Indenture. All capitalized terms used and not otherwise defined in this Official Statement shall have the meanings assigned to such terms in the Indenture.

Definitions

“Accreted Value” means, with respect to any Capital Appreciation Bond, the principal amount thereof plus the interest accrued thereon, compounded at the approximate interest rate thereon on each date specified therein. The Accreted Value at any date shall be the amounts set forth in the Accreted Value Table as of such date, if such date is a compounding date, and if not, as of the immediately preceding compounding date. For purposes of the Indenture, the term “principal of” shall also include Accreted Value, if appropriate.

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

“Act” means the Sonoma-Marín Area Rail Transit District Act, being Part 16 of Division 10 (Sections 105000 et seq.) of the Public Utilities Code of the State of California, as amended or supplemented.

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

“Alternate Liquidity Facility” means, with respect to a Series of Bonds, a line of credit, letter of credit, standby purchase agreement or similar liquidity facility, issued by a commercial bank, insurance company, pension fund or other institution, and delivered or made available to the Trustee, as a replacement or substitute for any Liquidity Facility then in effect.

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

“Assumed Debt Service” means for any Fiscal Year the aggregate amount of principal and interest which would be payable on all Bonds if each Excluded Principal Payment were amortized on a substantially level debt service basis or other amortization schedule provided by the Issuer for a period commencing on the date of calculation of such Assumed Debt Service and ending on the earlier of (i) the date specified by the Issuer not exceeding twenty (20) years from the date of calculation, or (ii) the Tax Expiration Date, such Assumed Debt Service to be calculated on a level debt service basis or other amortization basis provided by the Issuer based on a fixed interest rate equal to the rate at which the Issuer could borrow for such period, as set forth in a certificate of a financial advisor or investment banker, delivered to the Trustee, who may

rely conclusively on such certificate, such certificate to be delivered within thirty (30) days of the date of calculation.

“Authorized Denomination,” with respect to each Series of Bonds, shall have the meaning specified in the Supplemental Indenture establishing the terms and provisions of such Series of Bonds.

“Authorized Representative” means the Chairperson of the Board, the General Manager of the Issuer, the Chief Financial Officer of the Issuer or such other person as may be designated to act on behalf of the Issuer by a written certificate delivered to the Trustee containing the specimen signature of such person and signed on behalf of the Issuer by an Authorized Representative.

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

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

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

“Bond Reserve Requirement,” with respect to a Series of Bonds for which the Issuer shall have established a Bond Reserve Fund shall have the meaning specified in the Supplemental Indenture establishing the terms and provisions of such Series of Bonds.

“Bondholder” or “Holder,” whenever used with respect to a Bond, means the person in whose name such Bond is registered.

“Bonds” means the Sonoma-Marín Area Rail Transit District Measure Q Sales Tax Revenue Bonds and/or Sonoma-Marín Area Rail Transit District Measure Q Sales Tax Revenue Notes authorized by, and at any time Outstanding pursuant to, the Indenture.

“Business Day” means, except as is otherwise provided in the Supplemental Indenture pursuant to which a Series of Bonds are issued, any day other than (1) a Saturday, Sunday, or a day on which banking institutions in the State or the State of New York or the jurisdiction in which the Corporate Trust Office of the Trustee is located are authorized or obligated by law or executive order to be closed; (2) for purposes of payments and other actions relating to Bonds secured by a Credit Enhancement or supported by a Liquidity Facility, a day upon which commercial banks in the city in which is located the office of the issuing bank at which demands for payment under the Credit Enhancement or Liquidity Facility, as applicable, are to be presented are authorized or obligated by law or executive order to be closed; (3) a day on which the New York Stock Exchange is closed; or (4) a day on which the payment system of the Federal Reserve System is not operational.

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

“CDTFA” means the California Department of Tax and Fee Administration.

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

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

“Continuing Disclosure Certificate” means, with respect to each Series of Bonds requiring an undertaking regarding disclosure under Rule 15c2-12, the Continuing Disclosure Certificate or Agreement, as applicable, dated the date of issuance of such Series of Bonds, executed by the Issuer, as the same may be supplemented, modified or amended in accordance with its terms.

“Corporate Trust Office” or corporate trust office means the corporate trust office of the Trustee at The Bank of New York Mellon Trust Company, N.A., 700 South Flower Street, Suite 500, Los Angeles, California 90017, Attention: Corporate Trust, or for purposes of the presentation or surrender of Bonds for payment, transfer, or exchange, the corporate trust agency office designated by the Trustee, or such other or additional offices as may be designated by the Trustee from time to time.

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

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

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

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

“Debt Service,” when used with respect to any Bonds or Parity Obligations (for purposes of this definition of Debt Service, herein collectively referred to as “Obligations”), means, as of any date of calculation and with respect to any Fiscal Year, the sum of (1) the interest falling due on such Obligations during such Fiscal Year and (2) the principal or Mandatory Sinking Account Payments required with respect to such Obligations during such Fiscal Year; computed on the assumption that no portion of such

Obligations shall cease to be Outstanding during such Fiscal Year except by reason of the application of such scheduled payments; provided, however, that for purposes of such computation:

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

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

(C) if any Obligations bear, or if any Obligations proposed to be issued will bear, interest at a variable interest rate and the interest on which is excluded or expected to be excluded from gross income for federal income tax purposes, the interest rate on such Obligations for periods when the actual interest rate cannot yet be determined shall be assumed to be equal to the average of the SIFMA Swap Index for the five (5) years preceding such date of calculation (provided, however, that if such index is no longer published, the interest rate on such Obligations shall be calculated based upon such similar index as the Issuer shall designate in writing to the Trustee);

(D) if any Obligations bear, or if any Obligations proposed to be issued will bear, interest at a variable interest rate and the interest on which is included or expected to be included in gross income for federal income tax purposes, the interest rate on such Obligations shall be calculated at an interest rate equal to 100% of the average One Month USD LIBOR Rate during the five (5) years preceding such date of calculation or such higher rate as shall be specified in a Certificate of the Issuer delivered to the Trustee (provided, however, that if such index is no longer published, the interest rate on such Obligations shall be calculated based upon such similar index as the Issuer shall designate in writing to the Trustee);

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

(F) principal and interest payments on Obligations shall be excluded to the extent such payments are to be paid from amounts on deposit with the Trustee or other fiduciary in escrow specifically therefor and interest payments shall be excluded to the extent that such interest payments are (i) to be paid from the proceeds of Obligations held by the Trustee or other fiduciary as capitalized interest specifically to pay such interest or (ii) paid or expected to be paid from Subsidy Payments.

“Electronic Means” means facsimile transmission, email transmission or other similar electronic means of communication providing evidence of transmission, including a telephone communication confirmed by any other method set forth in this definition.

“Eligible Account” means an account that is either (a) maintained with a federal or state-chartered depository institution or trust company that has a Standard & Poor’s short-term debt rating of at least ‘A-2’ (or, if no short-term debt rating, a long-term debt rating of ‘BBB+’); or (b) maintained with the corporate trust department of a federal depository institution or state-chartered depository institution subject to regulations regarding fiduciary funds on deposit similar to Title 12 of the U.S. Code of Federal Regulation Section 9.10(b), which, in either case, has corporate trust powers and is acting in its fiduciary capacity.

“Event of Default” means any of the events of default specified in the Indenture and described under the caption “Events of Default and Remedies - Events of Default” below.

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

“Expenditure Plan” means the Sonoma-Marín Area Rail Transit District 2008 Expenditure Plan (attached to the Ordinance and incorporated in the Ordinance by reference), as in effect on the date of execution and delivery of the Indenture, and as such expenditure plan may be amended from time to time pursuant to its terms.

“Fee and Expense Obligations” means any obligations of the Issuer which constitute fees, expenses and similar charges in connection with any Bonds, Parity Obligations or Subordinate Obligations, which obligations are secured by the pledge made pursuant to the Indenture and payable from the Revenues on a basis subordinate to the Bonds, the Parity Obligations and the Subordinate Obligations.

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

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

“Holder” or “Bondholder,” whenever used herein with respect to a Bond, means the person in whose name such Bond is registered.

“Indenture” means the Indenture, dated as of December 1, 2011, between the Trustee and the Issuer, as originally executed or as it may from time to time be supplemented or amended by any Supplemental Indenture delivered pursuant to the provisions thereof, including, without limitation, by the Third Supplemental Indenture.

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

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

“Interest Payment Date,” with respect to each Series of Bonds, shall have the meaning specified in the Supplemental Indenture establishing the terms and provisions of such Series of Bonds.

“Interest Subsidy Bonds” means Bonds entitled to receive Subsidy Payments.

“Investment Securities” means any of the following:

(A) The following obligations may be used as Investment Securities for all purposes, including escrow fund investments in any escrow fund established pursuant to any Supplemental Indenture:

(1) Cash; and

(2) Direct obligations of (including obligations issued or held in book entry form on the books of) the Department of the Treasury of the United States of America;

(B) The following obligations may be used as Investment Securities for all purposes other than escrow fund investments in any escrow fund established pursuant to any Supplemental Indenture, including defeasance investments in refunding escrow accounts:

(1) Cash;

(2) Direct obligations of (including obligations issued or held in book entry form on the books of) the Department of the Treasury of the United States of America;

(3) Obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America, including

- Export-Import Bank
- Farm Credit System Financial Assistance corporation
- Rural Economic Community Development Administration (formerly the Farmers Home Administration)
- General Services Administration
- U.S. Maritime Administration
- Small Business Administration
- Government National Mortgage Association (GNMA)
- U.S. Department of Housing & Urban Development (PHA’s)
- Federal Housing Administration
- Federal Financing Bank; and

(4) Direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America:

- Senior debt obligations rated “Aaa” by Moody’s and “AAA” by Standard & Poor’s issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage corporation (FHLMC)
- Obligations of the Resolution Funding Corporation (REFCORP)
- Senior debt obligations of the Federal Home Loan Bank System

- Senior debt obligations of other Government Sponsored Agencies approved by each Credit Enhancement Provider then providing credit Enhancement for a Series of Bonds.

(c) The following obligations may be used as Investment Securities for all purposes other than defeasance investments in refunding escrow accounts:

(1) U.S. dollar denominated deposit accounts, time deposits, certificates of deposit (including those placed by a third party pursuant to an agreement between the Issuer and the Trustee), trust funds, trust accounts, overnight bank deposits, interest-bearing deposits, interest bearing money market accounts, federal funds and bankers' acceptances with domestic commercial banks (including the Trustee and its affiliates) which have a rating (ratings on holding companies are not considered as the rating of the banks) on their short-term certificates of deposit on the date of purchase of "A-1" or "A-1+" by Standard & Poor's and "P-1" by Moody's and maturing no more than three hundred sixty (360) days after the date of purchase or are fully insured by the FDIC;

(2) Commercial paper which is rated at the time of purchase in the single highest classification, "A-1" by Standard & Poor's or "P-1" by Moody's and which matures not more than two hundred seventy (270) days after the date of purchase;

(3) Investments in a money market mutual fund rated "AAAm or "AAAm-G" or better by Standard & Poor's or in the highest rating category of Moody's including funds for which the Trustee or an affiliate provides investment advice or other services including serving as investment manager, administrator, shareholder, servicing agent, and/or custodian or subcustodian, notwithstanding that (i) the Trustee or an affiliate of the Trustee receives fees from funds for services rendered, (ii) the Trustee collects fees for services rendered pursuant to the Indenture, which fees are separate from the fees received from such funds, and (iii) services performed for such funds and pursuant to the Indenture may at times duplicate those provided to such funds by the Trustee or an affiliate of the Trustee;

(4) Repurchase and reverse repurchase agreements collateralized with Investment Securities described in clause (A)(2) of this definition, including those of the Trustee or any of its affiliates;

(5) Pre-refunded Municipal Obligations defined as follows: Any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and

(A) which are rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest rating category of Standard & Poor's and Moody's or any successors thereto; or

(B) (i) which are fully secured as to principal and interest and prepayment premium, if any, by an escrow consisting only of cash or obligations described in paragraph A(2) above, which escrow may be applied only to the payment of such principal of and interest and prepayment premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified prepayment date or dates pursuant to such irrevocable instructions, as appropriate, and (ii) which escrow is sufficient, as verified by

an independent certified public accountant, to pay principal of and interest and prepayment premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate;

(6) General obligations of states with a rating of at least “A2/A” or higher by both Moody’s and Standard & Poor’s;

(7) Any investment agreement with a financial institution or insurance company which has at the date of execution thereof an outstanding issue of unsecured, uninsured and unguaranteed debt obligations or a claims paying ability rated (or the parent company or guarantor of which is rated) in either of the two highest long-term Rating Categories by Moody’s and Standard & Poor’s;

(8) The Local Agency Investment Fund managed by the Treasurer of the State of California, as referred to in Section 16429.1 of the Government Code of the State;

(9) Shares in a common law trust established pursuant to Title 1, Division 7, Chapter 5 of the Government Code of the State which invests exclusively in investments permitted by Section 53601 of Title 5 Division 2, Chapter 4 of the Government Code of the State, as it may be amended;

(10) The commingled investment fund of the County of Sonoma, California or the County of Marin, California, which is administered in accordance with the investment policy of the applicable County as established by the Treasurer thereof, as permitted by Section 53601 of the Government Code of the State, copies of which policy are available upon written request to said Treasurer; and

(11) Any other forms of investments, including repurchase agreements, approved in writing by each Credit Enhancement Provider then providing Credit Enhancement for a Series of Bonds.

“Issuer” means the Sonoma-Marin Area Rail Transit District, a public entity duly established and existing under the laws of the State, and any successor thereto.

“Issue Date,” with respect to each Series of Bonds, shall have the meaning specified in the Supplemental Indenture establishing the terms and provisions of such Series of Bonds.

“Law” means the Act, Chapter 6 of Part 1 of Division 2 of Title 5 (Section 54300 et seq.) of the Government Code of the State as referenced in the Act and Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 (Section 53570 et seq.) of the Government Code of the State, in each case as now in effect and as it may from time to time hereafter be amended or supplemented.

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

“Liquidity Facility” means, with respect to a Series of Bonds, a line of credit, letter of credit, standby purchase agreement or similar liquidity facility, which secures or guarantees the payment of purchase price of such Series of Bonds under certain conditions specified therein, issued by a commercial bank, insurance company, pension fund or other institution, and delivered or made available to the Trustee,

as from time to time supplemented or amended pursuant to its terms, or, in the event of the delivery or availability of an Alternate Liquidity Facility, such Alternate Liquidity Facility.

“Liquidity Facility Bonds” means any Bonds purchased with moneys drawn under (or otherwise obtained pursuant to the terms of) a Liquidity Facility, but excluding any Bonds no longer considered to be Liquidity Facility Bonds in accordance with the terms of the applicable Liquidity Facility. If designated as such in a Supplemental Indenture, Bonds purchased with moneys drawn under Credit Enhancement in the form of a letter of credit or other similar instrument shall be treated as Liquidity Facility Bonds.

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

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

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

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

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

“Maximum Rate” means, with respect to any Bonds, the lesser of (i) the rate designated as the Maximum Rate for such Bonds in the Supplemental Indenture with respect to such Bonds and (ii) the maximum rate of interest that may legally be paid on the Bonds from time to time.

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

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

“Obligations” has the meaning given to such term in the definition of “Debt Service.”

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

“Opinion of Counsel” means a written opinion of counsel that is selected by, or acceptable to, the Issuer.

“Ordinance” means Ordinance No. 2008-01 adopted by the Board on July 16, 2008, pursuant to the provisions of Article 5 of Chapter 4 of the Act, as now in effect and as it may from time to time hereafter be amended or supplemented.

“Outstanding,” when used as of any particular time with reference to Bonds, means all Bonds theretofore, or thereupon being, authenticated and delivered by the Trustee under the Indenture except: (1) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation; (2) Bonds with respect to which all liability of the Issuer shall have been discharged in accordance with the provisions of the Indenture described below under the caption “Defeasance - Discharge of Liability on Bonds;” and (3) Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Trustee pursuant to the Indenture; provided, however, that in the event the principal of or interest due on any Bonds shall be paid by the Credit Enhancement Provider pursuant to the Credit Enhancement issued in connection with such Bonds, such Bonds shall remain Outstanding for all purposes and shall not be considered defeased or otherwise satisfied or paid by the Issuer and the pledge of Revenues and all covenants, agreements and other obligations of the Issuer to the Holders shall continue to exist and shall run to the benefit of such Credit Enhancement Provider and such Credit Enhancement Provider shall be subrogated to the rights of such Holders.

“Parity Obligations” means (i) any indebtedness, installment sale obligation, lease obligation or other obligation of the Issuer for borrowed money, in each case incurred in accordance with the Indenture, or (ii) any obligation to pay the Rebate Requirement which obligations are secured by the pledge made pursuant to the Indenture and payable from the Revenues equally and ratably with the Bonds (whether or not any Bonds are Outstanding).

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

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

“Project” means the design, construction, implementation, operation, financing, maintenance and management of a passenger rail system and a bicycle/pedestrian pathway as permitted by the Ordinance and the Expenditure Plan.

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

“Proportionate Basis,” when used with respect to the redemption of Bonds, means that the amount of Bonds of each maturity to be redeemed shall be determined as nearly as practicable by multiplying the total amount of funds available for redemption by the ratio which the amount of Bond Obligation of Bonds of such maturity bears to the amount of all Bond Obligation of Bonds to be redeemed, provided, however that, any Bond may only be redeemed in an Authorized Denomination. For purposes of the foregoing,

Term Bonds shall be deemed to mature in the years and in the amounts of the Mandatory Sinking Account Payments, and Capital Appreciation Bonds and Current Interest Bonds maturing or subject to Mandatory Sinking Account Payments in the same year shall be treated as separate maturities. When used with respect to the payment or purchase of a portion of Bonds, “Proportionate Basis” shall have the same meaning set forth above except that “pay” or purchase” shall be substituted for “redeem” or “redemption” and “paid” or “purchased” shall be substituted for “redeemed.”

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

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

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

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

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

“Refunding Bonds” means a Series of Bonds or a portion of a Series of Bonds issued pursuant to the provisions of the Indenture.

“Repository” means the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission or any successor agency thereto to receive reports and notices pursuant to Rule 15c2-12.

“Reserve Facility” means any insurance policy, letter of credit or surety bond issued by a Reserve Facility Provider, meeting the requirements set forth in the Indenture, and delivered to the Trustee in satisfaction of all or a portion of the Bond Reserve Requirement applicable to one or more Series of Bonds.

“Reserve Facility Provider” means any issuer of a Reserve Facility.

“Revenues” means: (i) all Sales Tax Revenues; (ii) all investment earnings on amounts held by the Trustee in the funds and accounts established under the Indenture, excluding amounts deposited to the Rebate Fund, any Letter of Credit Fund and any Purchase Fund; and (iii) all Subsidy Payments. In accordance with the provisions set forth in the Indenture, the Issuer by Supplemental Indenture may provide for additional revenues or assets of the Issuer to be included in the definition of Revenues under the Indenture.

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

“Sales Tax Revenues” means all amounts available for distribution to the Issuer after April 1, 2009 on account of the 2008 Measure Q Sales Tax after deducting amounts payable by the Issuer to the State CDTFA for costs and expenses for its services in connection with the 2008 Measure Q Sales Tax collected pursuant to the Act and levied pursuant to the Ordinance.

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

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

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

“Series 2020 Bonds” means the Sonoma-Marin Area Rail Transit District Measure Q Sales Tax Revenue Bonds, Series 2020 (Taxable) authorized by, and at any time Outstanding pursuant to, the Indenture.

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

“State” means the State of California.

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

“Subordinate Obligations” means any obligations of the Issuer issued or incurred in accordance with the Indenture, which obligations are secured by the pledge made pursuant to the Indenture and payable from the Revenues on a basis subordinate to the Bonds and the Parity Obligations.

“Subsidy Payments” means payments with respect to the interest due on a Series of Bonds made by the United States Treasury to the Trustee pursuant to Section 54AA of the Code, Section 6431 of the Code or Section 1400U-2 of the Code or any successor to or extension or replacement of any of such provisions of the Code, or any provisions of the Code that create substantially similar direct-pay subsidy programs to such programs created pursuant to Sections 54AA, Section 6431 or Section 1400U-2 of the Code.

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

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

“Tax Expiration Date” means March 31, 2029 or such later date to which the levy of the 2008 Measure Q Sales Tax is extended in accordance with the Act.

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

“Third Supplemental Indenture” means the Third Supplemental Indenture, dated as of October 1, 2020, between the Trustee and the Issuer.

“Trustee” means 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, or its successor, as Trustee as provided in the Indenture.

“2008 Measure Q” means the ballot measure which authorized the 2008 Measure Q Sales Tax.

“2008 Measure Q Sales Tax” means the retail transactions and use tax authorized by 2008 Measure Q.

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

Pledge of Revenues; Revenue Fund

The Issuer shall cause the Sales Tax Revenues to be transmitted by the CDTFA directly to the Trustee, such direct transmittal to commence as promptly as possible subsequent to the execution and delivery of the Indenture. The Trustee shall forthwith deposit in a trust fund, designated as the “Revenue Fund,” which fund the Trustee shall establish and maintain, all Sales Tax Revenues, when and as received by the Trustee.

As security for the payment of all amounts owing on the Bonds, the Parity Obligations, the Subordinate Obligations and the Fee and Expense Obligations, in the amounts and with the priorities set forth in the Indenture and in the Bonds, the Issuer irrevocably pledges to the Trustee: (i) all Revenues, (ii) all funds and accounts established under the Indenture (other than the Rebate Fund, all Letter of Credit Funds and all Purchase Funds) and all investments, money, instruments, and other property credited thereto or on deposit therein, and (iii) all proceeds thereof, whether now existing or hereafter arising, subject to the provision of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture. Such collateral shall immediately be subject to such pledge, and such pledge shall constitute a lien and security interest which shall immediately attach to the collateral and be effective, binding and enforceable against the Issuer and all others asserting the rights therein, to the extent set forth, and in accordance with, the Indenture irrespective of whether those parties have notice of such pledge and without the need for any physical delivery, recordation, filing or further act.

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

All Revenues (other than Sales Tax Revenues) shall also be deposited in the Revenue Fund. The Trustee shall hold all funds and accounts established under the Indenture (other than the Rebate Fund, all Letter of Credit Funds and all Purchase Funds), and all investments, money, instruments and other property credited thereto or on deposit therein, in trust for the benefit of the holders of the Bonds, the Parity Obligations, the Subordinate Obligations and the Fee and Expense Obligations as their interests may appear under the Indenture. Such property shall be applied solely as provided in the Indenture. The Bonds are special obligations of the Issuer and are payable as to both principal and interest, and any premium upon redemption thereof, exclusively from the Sales Tax Revenues and other Revenues pledged under the Indenture.

Allocation of Revenues

So long as any Bonds are Outstanding and Parity Obligations, Subordinate Obligations, Fee and Expense Obligations and all other amounts payable under the Indenture remain unpaid, the Trustee shall set aside in each month following receipt of the Sales Tax Revenues the moneys in the Revenue Fund in the following respective funds (each of which the Trustee shall establish, maintain and hold in trust for the benefit of the Holders of the Bonds and, as and to the extent applicable, the holders of Parity Obligations, Subordinate Obligations and Fee and Expense Obligations) in the following amounts, in the following order of priority, the requirements of each such fund (including the making up of any deficiencies in any such fund resulting from lack of Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any deposit is made to any fund subsequent in priority; provided that (i) on a parity with such deposits the Trustee may set aside or transfer amounts with respect to any outstanding Parity Obligations as provided in the proceedings for such Parity Obligations delivered to the Trustee pursuant to the Indenture (which shall be proportionate in the event such amounts are insufficient to provide for all deposits required as of any date to be made with respect to the Bonds and such Parity Obligations), and (ii) in the event any of the deposits or transfers requires more than one such deposit or payment and there is not then on deposit in the Revenue Fund sufficient moneys to make all such deposits and payments, then such deposits and payments shall be made pro rata (based on the total amount of such deposits and payments then due) to the extent of available moneys.

Interest Fund. Following receipt of the Sales Tax Revenues in each month, the Trustee shall set aside in the Interest Fund as soon as practicable in such month an amount equal to (a) one-sixth of the aggregate half-yearly amount of interest becoming due and payable on the Outstanding Current Interest Bonds (except for Bonds constituting Variable Rate Indebtedness which shall be governed by clause (b) below) during the next ensuing 6 months (excluding any interest for which there are moneys deposited in the Interest Fund from the proceeds of any Series of Bonds or other source and reserved as capitalized interest or funded interest to pay such interest during said next ensuing 6 months), until the requisite half-yearly amount of interest on all such Outstanding Current Interest Bonds (except for Bonds constituting Variable Rate Indebtedness which shall be governed by clause (b) below) is on deposit in such fund; provided that from the date of delivery of a Series of Current Interest Bonds until the first Interest Payment Date with respect to such Series of Bonds the amounts set aside in such fund with respect to such Series of Bonds shall be sufficient on a monthly pro rata basis to pay the aggregate amount of interest becoming due and payable on said Interest Payment Date with respect to such Series of Bonds, plus (b) the aggregate amount of interest to accrue during that month on Outstanding Variable Rate Indebtedness, calculated, if the actual rate of interest is not known, at the interest rate specified in writing by the Issuer, or if the Issuer shall not have specified an interest rate in writing, calculated at the maximum interest rate borne by such Variable Rate Indebtedness during the month prior to the month of deposit plus one hundred (100) basis points (provided, however, that the amount of such deposit into the Interest Fund for any month may be reduced by the amount by which the deposit in the prior month exceeded the actual amount of interest accrued and paid during that month on said Outstanding Variable Rate Indebtedness and provided further that the amount of such deposit into the Interest Fund for any month shall be increased by the amount by

which the deposit in the prior month was less than the actual amount of interest accruing during that month on said Outstanding Variable Rate Indebtedness). No deposit need be made into the Interest Fund with respect to any Bonds if the amount contained therein is at least equal to the interest to become due and payable on the Interest Payment Dates falling within the next 6 months upon all of the Bonds issued under the Indenture and then Outstanding and on March 1 and September 1 of each year any excess amounts in the Interest Fund not needed to pay interest on such date (and not held to pay interest on Bonds having interest payment dates other than March 1 and September 1) shall be transferred to the Issuer (but excluding, in each case, any moneys on deposit in the Interest Fund from the proceeds of any Series of Bonds or other source and reserved as capitalized interest or funded interest to pay interest on any future Interest Payment Dates following such Interest Payment Dates).

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

Principal Fund; Sinking Accounts. Following receipt of the Sales Tax Revenues in each month, the Trustee shall deposit in the Principal Fund as soon as practicable in such month an amount equal to at least (a) one-sixth of the aggregate semiannual amount of Bond Obligation becoming due and payable on the Outstanding Serial Bonds of all Series having semiannual maturity dates within the next 6 months, plus (b) one-twelfth of the aggregate yearly amount of Bond Obligation becoming due and payable on the Outstanding Serial Bonds of all Series having annual maturity dates within the next 12 months, plus (c) one-sixth of the aggregate of the Mandatory Sinking Account Payments to be paid during the next six-month period into the respective Sinking Accounts for the Term Bonds of all Series for which Sinking Accounts have been created and for which semiannual mandatory redemption is required from said Sinking Accounts, plus (d) one-twelfth of the aggregate of the Mandatory Sinking Account Payments to be paid during the next 12-month period into the respective Sinking Accounts for the Term Bonds of all Series for which Sinking Accounts shall have been created and for which annual mandatory redemption is required from such Sinking Accounts; provided that if the Issuer certifies to the Trustee that any principal payments are expected to be refunded on or prior to their respective due dates or paid from amounts on deposit in the Bond Reserve Fund that would be in excess of the Bond Reserve Requirement applicable to such Bond Reserve Fund upon such payment, no amounts need be set aside towards such principal to be so refunded or paid. All of the aforesaid deposits made in connection with future Mandatory Sinking Account Payments shall be made without priority of any payment over any other such payment.

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

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

If there are any Liquidity Facility Bonds outstanding at the time of any required deposits to the Principal Fund, such deposits shall take into account and include any amortizations or redemptions of any Liquidity Facility Bonds required by the Liquidity Facility then in effect with respect to such Bonds. For purposes of the provisions above relating to the Principal Fund, Liquidity Facility Bonds shall be treated as Serial Bonds with maturity dates on the payment dates of any amortization or redemptions.

Bond Reserve Fund. Upon the occurrence of any deficiency in any Bond Reserve Fund, the Trustee shall make such deposit to the Bond Reserve Fund, as is required pursuant to the provisions of the Indenture, each such deposit to be made as soon as possible in each month, until the balance therein is at least equal to the applicable Bond Reserve Requirement. The Series 2020 Bonds are not currently secured by any Bond Reserve Fund.

Subordinate Obligations Fund. After the transfers to the Interest Fund, the Principal Fund and the Bond Reserve Funds described above have been made, the Trustee shall deposit in the Subordinate Obligations Fund in each month such amount as the Issuer shall specify in writing is necessary to make payments due and payable during the following month with respect to Subordinate Obligations then outstanding.

Fees and Expenses Fund. After the transfers to the Interest Fund, the Principal Fund, the Bond Reserve Funds and the Subordinate Obligation Fund described above have been made, the Trustee shall deposit in the Fees and Expenses Fund in each month the amounts necessary for payment of Fee and Expense Obligations owing in such month or the following month by the Issuer.

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

If 5 days prior to any principal payment date, Interest Payment Date or mandatory redemption date the amounts on deposit in the Revenue Fund, the Interest Fund, the Principal Fund, including the Sinking Accounts therein, and, as and to the extent applicable, the Bond Reserve Fund established in connection with a Series of Bonds with respect to the payments to be made on such upcoming date are insufficient to

make such payments, the Trustee shall immediately notify the Issuer, in writing, of such deficiency and direct that the Issuer transfer the amount of such deficiency to the Trustee on or prior to such payment date. The Issuer covenants and agrees to transfer to the Trustee from any Revenues in its possession the amount of such deficiency on or prior to the principal, interest or mandatory redemption date referenced in such notice.

In the event that the Issuer reasonably determines that the practice of the CDTFA has changed such that Sales Tax Revenues are distributed to the Trustee less frequently than monthly, the Issuer shall deliver to the Trustee an Order of the Issuer specifying such additional transfers, set asides or deposits to be made from the Revenue Fund at the time of each receipt by the Trustee of Sales Tax Revenues from the CDTFA as may be necessary to provide for timely transfers, set asides and deposits required by the Indenture. If the Issuer so determines, the Indenture may also be amended in the manner provided therein.

Application of Funds and Accounts

Application of Interest Fund. All amounts in the Interest Fund shall be used and withdrawn by the Trustee solely for the purposes of paying interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity pursuant to the Indenture), or for reimbursing the Credit Enhancement Provider for a drawing for such purposes made on Credit Enhancement provided in the form of an irrevocable, direct-pay letter of credit. If amounts on deposit in the Interest Fund shall not be sufficient to pay in full all amounts payable from the Interest Fund, such amounts shall be applied pro rata (based on the total amount on deposit in the Interest Fund and payments then due).

Application of Principal Fund. All amounts in the Principal Fund shall be used and withdrawn by the Trustee solely for the purposes of paying the Bond Obligation of the Bonds when due and payable, except that all amounts in the Sinking Accounts shall be used and withdrawn by the Trustee solely to purchase or redeem or pay at maturity Term Bonds, as provided in the Indenture, or for reimbursing the Credit Provider for a drawing for such purposes made on Credit Enhancement provided in the form of an irrevocable, direct-pay letter of credit. If amounts on deposit in the Principal Fund shall not be sufficient to pay in full all amounts payable from the Principal Fund, such amounts shall be applied pro rata (based on the total amount on deposit in the Principal Fund and payments then due).

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

Mandatory Sinking Account Payment date, the Trustee has purchased Term Bonds of such Series and maturity with moneys in such Sinking Account, or, during said period and prior to giving said notice of redemption, the Issuer has deposited Term Bonds of such Series and maturity with the Trustee, or Term Bonds of such Series and maturity were at any time purchased or redeemed by the Trustee from the Redemption Fund and allocable to said Mandatory Sinking Account Payment, such Term Bonds so purchased or deposited or redeemed shall be applied, to the extent of the full principal amount thereof, to reduce said Mandatory Sinking Account Payment. All Term Bonds purchased or deposited pursuant to this subsection shall be cancelled by the Trustee and destroyed by the Trustee and a certificate of destruction shall be delivered to the Issuer by the Trustee. Any amounts remaining in a Sinking Account on March 1 of each year following the redemption as of such date of the Term Bonds for which such account was established shall be withdrawn by the Trustee and transferred as soon as practicable to the Issuer to be used for any lawful purpose. All Term Bonds purchased from a Sinking Account or deposited by the Issuer with the Trustee in a twelve month period ending February 28 or February 29, as applicable (or in a six-month period ending August 31 or February 28 or February 29, as applicable, with respect to Bonds having semi-annual Mandatory Sinking Account Payments) and prior to the giving of notice by the Trustee for redemption from Mandatory Sinking Account Payments for such period shall be allocated first to the next succeeding Mandatory Sinking Account Payment for such Series and maturity of Term Bonds, if any, occurring on the next March 1 or September 1, then as a credit against such future Mandatory Sinking Account Payments for such Series and maturity of Term Bonds as may be specified in a Request of the Issuer. All Term Bonds redeemed by the Trustee from the Redemption Fund shall be credited to such future Mandatory Sinking Account Payments for such Series and maturity of Term Bonds as may be specified in a Request of the Issuer.

Bond Reserve Fund. The Series 2020 Bonds are not currently secured by any Bond Reserve Fund. The Issuer may at its sole discretion at the time of issuance of any Series of Bonds or at any time thereafter by Supplemental Indenture provide for the establishment of a Bond Reserve Fund as additional security for one or more Series of Bonds. Any Bond Reserve Fund so established by the Issuer shall be available to secure one or more Series of Bonds as the Issuer shall determine and shall specify in the Supplemental Indenture establishing such Bond Reserve Fund. Any Bond Reserve Fund established by the Issuer shall be held by the Trustee. Unless otherwise specified in a Supplemental Indenture establishing the terms and provisions of a Series of Bonds, the terms and provision set forth in the Indenture shall apply to each Bond Reserve Fund established thereunder.

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

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

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

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

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

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

Unless the Issuer shall otherwise direct in writing, any amounts in any Bond Reserve Fund in excess of the applicable Bond Reserve Requirement shall be transferred by the Trustee to the Issuer on the Business Day following March 1 of each year; provided that such amounts shall be transferred only from the portion of such Bond Reserve Fund held in the form of cash or Investment Securities. In addition, amounts on deposit in any Bond Reserve Fund shall be transferred by the Trustee to or at the direction of the Issuer (i) upon the defeasance, retirement or refunding of Bonds of the Series to which such Bond Reserve Fund relates provided that such transfer shall not be made unless (a) immediately thereafter all of the Bonds to which the Bond Reserve Fund relates shall be deemed to have been paid pursuant to the defeasance provisions of the Indenture, or (b) the amount remaining in the Bond Reserve Fund after such transfer shall not be less than the applicable Bond Reserve Requirement, (ii) upon the replacement of cash on deposit in the Bond Reserve Fund with one or more Reserve Facilities in accordance with the Indenture, or (iii) upon the occurrence of any event specified in a Supplemental Indenture providing for the issuance of any Series of Bonds that permits the termination and closure of the Bond Reserve Fund securing such Series of Bonds, subject in each case to the requirements of the applicable Tax Certificate.

Application of Subordinate Obligations Fund. All moneys in the Subordinate Obligations Fund shall be used and withdrawn by the Trustee to pay Subordinate Obligations as such amounts become due and payable. If amounts on deposit in the Subordinate Obligations Fund shall not be sufficient to pay in full all amounts payable from the Subordinate Obligations Fund, such amounts shall be applied pro rata (based on the total amount on deposit in the Subordinate Obligations Fund and payments then due).

Application of Fees and Expenses Fund. All amounts in the Fees and Expenses Fund shall be used and withdrawn by the Trustee solely for the purpose of paying fees, expenses and similar charges owed by the Issuer in connection with the Bonds or any Parity Obligations or Subordinate Obligations as such amounts shall become due and payable. If amounts on deposit in the Fees and Expenses Fund shall not be sufficient to pay in full all amounts payable from the Fees and Expenses Fund, such amounts shall be applied pro rata (based on the total amount on deposit in the Fees and Expenses Fund and payments then due).

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

Rebate Fund. Within the Rebate Fund, the Trustee shall maintain such accounts as shall be necessary in order to comply with the terms and requirements of each Tax Certificate as directed in writing by the Issuer. All money at any time deposited in the Rebate Fund shall be held by the Trustee in trust, to the extent required to satisfy the Rebate Requirement, for payment to the federal government of the United States of America, and neither the Trustee nor any Holder nor any other Person shall have any rights in or claim to such money. All amounts deposited into or on deposit in the Rebate Fund shall be governed by the Indenture and by the applicable Tax Certificate.

Investment in Funds and Accounts

All moneys in any of the funds and accounts held by the Trustee or established pursuant to the Indenture, without limitation, any Project Fund, shall be invested, as directed by the Issuer, solely in Investment Securities. All Investment Securities shall, as directed by the Issuer in writing, be acquired subject to the limitations set forth in the Indenture, the limitations as to maturities as set forth in the Indenture and such additional limitations or requirements consistent with the foregoing as may be established by Request of the Issuer. If and to the extent the Trustee does not receive investment instructions from the Issuer with respect to the moneys in the funds and accounts held by the Trustee pursuant to the Indenture, such moneys shall be held uninvested and the Trustee shall thereupon request investment instructions from the Issuer for such moneys.

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

Unless otherwise provided in a Supplemental Indenture establishing the terms and provisions of a Series of Bonds or a Request of the Issuer delivered to the Trustee: (i) all interest, profits and other income received from the investment of moneys in the Interest Fund representing accrued interest or capitalized interest or funded interest shall be retained in the Interest Fund; (ii) all interest, profits and other income received from the investment of moneys in the Bond Reserve Fund shall be retained in such Bond Reserve Fund to the extent of any deficiency therein, and otherwise shall be transferred to the Project Fund established in connection with the Series of Bonds to which the Bond Reserve Fund relates, if any, until such time as such Project Fund shall be closed, and then shall be transferred to the Revenue Fund; (iii) all interest, profits and other income received from the investment of moneys in a Costs of Issuance Fund shall be retained in such Costs of Issuance Fund until such time as such Costs of Issuance Fund is closed, and

any earnings received on a Costs of Issuance Fund subsequent to the closure of such Costs of Issuance Fund shall be transferred to the Revenue Fund; (iv) all interest, profits and other income received from the investment of moneys in a Project Fund shall be retained in such Project Fund, unless the Issuer shall direct that such earnings be transferred to the Rebate Fund; (v) all interest, profits and other income received from the investment of moneys in the Rebate Fund shall be retained in the Rebate Fund, except as otherwise provided in the Indenture, (vi) all interest, profits and other income received from the investment of moneys in any Letter of Credit Fund or Purchase Fund shall be retained in such Letter of Credit Fund or Purchase Fund, as applicable; and (vii) all interest, profits and other income received from the investment of moneys in any other fund or account shall be transferred to the Revenue Fund. Notwithstanding anything to the contrary contained in this paragraph, an amount of interest received with respect to any Investment Security equal to the amount of accrued interest, if any, paid as part of the purchase price of such Investment Security shall be credited to the fund or account from which such accrued interest was paid.

Issuance of Additional Bonds and Other Obligations

Issuance of Additional Bonds. Subsequent to the issuance of the Series 2020 Bonds, the Issuer may by Supplemental Indenture establish one or more additional Series of Bonds, payable from Revenues and secured by the pledge made under the Indenture equally and ratably with the Series 2020 Bonds, and the Issuer may issue, and the Trustee may authenticate and deliver to the purchasers thereof, Bonds of any Series so established, in such principal amount as shall be determined by the Issuer, but only, with respect to each additional Series of Bonds issued subsequent to the Series 2020 Bonds issued under the Indenture, upon compliance by the Issuer with the provisions of the Indenture and any additional requirements set forth in said Supplemental Indenture and subject to the specific conditions set forth below, each of which is made a condition precedent to the issuance of any such additional Series of Bonds.

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

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

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

(D) The Issuer shall deliver to the Trustee a Certificate of the Issuer certifying that (i) the amounts of Sales Tax Revenues for a period of 12 consecutive months (selected by the Issuer) during the 24 months immediately preceding the date on which such additional Series of Bonds will become Outstanding, or (ii) the estimated Sales Tax Revenues for the Fiscal Year in which such Series of Bonds are to be issued, shall have been, or will be, as applicable, at least equal to 1.5 times Maximum Annual Debt Service, on all Series of Bonds and Parity Obligations then Outstanding and the additional Series of

Bonds then proposed to be issued, which Certificate shall also set forth the computations upon which such Certificate is based.

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

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

In the event additional assets or revenues are included within the definition of “Revenues” by a Supplemental Indenture, such additional assets or revenues shall be included in the calculations to be provided pursuant to the provisions of the Indenture described in paragraph (D) above as if such additional assets or revenues had always been included in “Revenues.”

Issuance of Refunding Bonds. Refunding Bonds may be authorized and issued by the Issuer without compliance with the provisions of the Indenture; provided that the Trustee shall have been provided with a Certificate of the Issuer to the effect that the Issuer has determined one of the following: (i) that Maximum Annual Debt Service on all Bonds Outstanding and all Parity Obligations outstanding following the issuance of such Refunding Bonds is less than or equal to Maximum Annual Debt Service on all Bonds Outstanding and all Parity Obligations outstanding prior to the issuance of such Refunding Bonds, or (ii) that the Issuer expects a reduction in Debt Service on all Bonds Outstanding and all Parity Obligations outstanding to result from the refunding to be effected with the proceeds of such Refunding Bonds. Such Refunding Bonds may be issued in an aggregate principal amount sufficient (together with any additional funds available or to become available) to provide funds for the payment of all or a portion of the following:

- (1) the principal or Redemption Price of the Outstanding Bonds or outstanding Parity Obligations to be refunded;
- (2) all expenses incident to the calling, retiring or paying of such Outstanding Bonds or outstanding Parity Obligations and the Costs of Issuance of such Refunding Bonds;
- (3) interest on all Outstanding Bonds or outstanding Parity Obligations to be refunded to the date such Bonds or Parity Obligations will be called for redemption or paid at maturity;
- (4) interest on the Refunding Bonds from the date thereof to the date of payment or redemption of the Bonds or Parity Obligations to be refunded; and
- (5) funding the Bond Reserve Fund for the Refunding Bonds, if required.

Before such Series of Refunding Bonds shall be issued and delivered pursuant to the Indenture, the Issuer shall deliver each of the documents identified below to the Trustee (upon which documents the Trustee may conclusively rely in determining whether the conditions precedent to the issuance of such Series of Refunding Bonds have been satisfied).

(1) A Supplemental Indenture authorizing such Series of Refunding Bonds executed by the Issuer.

(2) A Certificate of the Issuer certifying: (i) that Maximum Annual Debt Service on all Bonds and Parity Obligations which will be outstanding following the issuance of such Series of Refunding Bonds is less than or equal to Maximum Annual Debt Service on all Bonds Outstanding and Parity Obligations outstanding prior to the issuance of such Refunding Bonds, or that the Issuer expects a reduction in Debt Service on all Bonds Outstanding and all Parity Obligations outstanding to result from the refunding to be effected with the proceeds of such Refunding Bonds; and (ii) that the requirements of the Indenture described in paragraphs (A), (B), and (C) under the caption “Issuance of Additional Bonds” are satisfied.

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

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

Limitations on the Issuance of Obligations Payable from Revenues; Parity Obligations; Subordinate Obligations; Fee and Expense Obligations. The Issuer will not, so long as any of the Bonds are Outstanding, issue any obligations or securities, howsoever denominated, payable in whole or in part from Revenues except as set forth below.

(A) Bonds authorized pursuant to the Indenture, as described above under the caption “Issuance of Additional Bonds.”

(B) Refunding Bonds authorized pursuant to the Indenture, as described above under the caption “Issuance of Refunding Bonds.”

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

(1) Such Parity Obligations have been duly and legally authorized by the Issuer for any lawful purpose, as evidenced by the delivery to the Trustee of a Certificate of the Issuer to that effect;

(2) No Event of Default shall have occurred and then be continuing (or the issuance of such Parity Obligations will cure any such Event of Default), as evidenced by the delivery to the Trustee of a Certificate of the Issuer to that effect;

(3) Such Parity Obligations are being issued or incurred either (i) for purposes of refunding in compliance with the requirements for the issuance of Refunding Bonds or (ii) the Issuer shall have delivered to the Trustee a Certificate of the Issuer, upon which the Trustee may

conclusively rely certifying that the requirements set forth in the Indenture relating to the issuance of an additional Series of Bonds have been satisfied with respect to such Parity Obligations, which Certificate shall also set forth the computations upon which such Certificate is based; and

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

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

(1) Such Subordinate Obligations have been duly and legally authorized by the Issuer for any lawful purpose, as evidenced by the delivery to the Trustee of a Certificate of the Issuer to that effect;

(2) No Event of Default shall have occurred and then be continuing (or the issuance of such Subordinate Obligations will cure any such Event of Default), as evidenced by the delivery to the Trustee of a Certificate of the Issuer to that effect; and

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

(E) Fee and Expense Obligations.

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

Designation of Parity Obligations, Subordinate Obligations and Fee and Expense Obligations

The Issuer shall designate additional Parity Obligations, Subordinate Obligations or Fee and Expense Obligations in a Supplemental Master Indenture or a Certificate of the Issuer delivered to the Trustee concurrently with the issuance or incurrence of such Parity Obligations, Subordinate Obligations or Fee and Expense Obligations.

Certain Covenants of the Issuer

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

will punctually pay or cause to be paid all Parity Obligations, Subordinate Obligations and Fee and Expense Obligations.

Extension of Payment of Bonds. The Issuer will not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any Bonds or claims for interest by the purchase or funding of such Bonds or claims for interest or by any other arrangement and in case the maturity of any of the Bonds or the time of payment of any such claims for interest shall be extended, such Bonds or claims for interest shall not be entitled, in case of any default under the Indenture, to the benefits of the Indenture, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest thereon which shall not have been so extended. Nothing described in this Section shall be deemed to limit the right of the Issuer to issue bonds for the purpose of refunding any Outstanding Bonds, and such issuance shall not be deemed to constitute an extension of maturity of Bonds.

Against Encumbrances. The Issuer will not create any pledge, lien or charge upon any of the Revenues having priority over or having parity with the lien of the Bonds, the Parity Obligations, the Subordinate Obligations and the Fee and Expense Obligations.

Collection of Sales Tax Revenues. The Issuer covenants and agrees that it has duly levied the 2008 Measure Q Sales Tax in accordance with the Act, pursuant to and in accordance with the Ordinance, duly passed and adopted by the Issuer and the electorate of the Counties of Sonoma and Marin. Said Ordinance has not and will not be amended, modified or altered so long as any of the Bonds are Outstanding or any Parity Obligations, Subordinate Obligations or Fee and Expense Obligations remain unpaid in any manner which would reduce the amount of or timing of receipt of Sales Tax Revenues, and the Issuer will continue to levy and collect the 2008 Measure Q Sales Tax to the full amount permitted by law. The Issuer has entered into an agreement with the State Board of Equalization, which has been assumed by the CDTFA, under and pursuant to which the CDTFA has agreed to process and supervise collection of the 2008 Measure Q Sales Tax and covenants and agrees to cause the Sales Tax Revenues to be transmitted by the State Board of Equalization directly to the Trustee, such direct transmittal to commence as promptly as possible subsequent to the execution and delivery of the Indenture. Said agreement with the State CDTFA will be continued in effect so long as any of any Bonds are Outstanding or any Parity Obligations, Subordinate Obligations or Fee and Expense Obligations remain unpaid and the Issuer covenants and agrees that said agreement shall not be further amended, modified or altered in any manner which would adversely affect the direct transmittal of the Sales Tax Revenues to the Trustee so long as any of the Bonds are Outstanding or any Parity Obligation, Subordinate Obligation or Fee and Expense Obligations remain unpaid.. The Issuer will receive and hold in trust for (and remit immediately to) the Trustee any Sales Tax Revenues paid to the Issuer by the CDTFA. Sales Tax Revenues received by the Trustee shall be transmitted to the Issuer pursuant to the Indenture; provided that, during the continuance of an Event of Default, any Sales Tax Revenues received by the Trustee shall be applied in accordance with the provisions of the Indenture described below under the caption "Events of Default and Remedies - Application of Revenues and Other Funds After Default; No Acceleration." The Issuer covenants and agrees to separately account for all Revenues and to provide to the Trustee access to such accounting records at reasonable hours and under reasonable circumstances. The Issuer covenants that so long as the Bonds are Outstanding, it will not, to the best of its ability, suffer or permit any change, modification or alteration to be made to the Act which would materially and adversely affect the rights of Bondholders.

Continuing Disclosure. Upon the issuance of any Series of Bonds requiring an undertaking regarding continuing disclosure under Rule 15c2-12, the Issuer covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate executed and delivered in connection with such Series of Bonds. Notwithstanding any other provision of the Indenture, failure of the Issuer to comply with the provisions of any Continuing Disclosure Certificate shall not be considered an

Event of Default; however, the Trustee shall, at the written request of any Participating Underwriter or of the Holders of at least twenty-five (25%) aggregate principal amount of any Series of Bonds then Outstanding (but only to the extent funds in an amount satisfactory to the Trustee have been provided to it or it has been otherwise indemnified to its satisfaction from any cost, liability, expense or additional charges and fees of the Trustee whatsoever, including, without limitation, reasonable fees and expenses of its attorneys), or any Holder or beneficial owner may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under the Indenture.

Events of Default and Remedies

Events of Default. The following events shall be Events of Default:

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

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

(C) if the Issuer shall fail to observe or perform any covenant, condition, agreement or provision in the Indenture on its part to be observed or performed, other than as referred to in subsection (A) or (B) of this section, for a period of 60 days after written notice, specifying such failure and requesting that it be remedied, has been given to the Issuer by the Trustee or by any Credit Enhancement Provider; except that, if such failure can be remedied but not within such 60 day period and if the Issuer has taken all action reasonably possible to remedy such failure within such 60 day period, such failure shall not become an Event of Default for so long as the Issuer shall diligently proceed to remedy the same within 180 days of such default notice;

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

(E) if the Issuer files a voluntary bankruptcy or commences any similar proceeding under any state or federal bankruptcy or insolvency law, or makes an assignment for the benefit of creditors, or admits in writing to its insolvency or inability to pay debts as they mature, or consents in writing to the appointment of a trustee or receiver for itself;

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

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

(H) if the Legislature of the State shall repeal or amend all or any portion of the provisions of the Act relating to the retail transactions and use tax, being Section 105115 of the Public Utilities Code of

the State or Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code of the State, unless the Issuer has determined that said repeal or amendment does not materially and adversely affect the rights of Bondholders; or

- (I) any Event of Default designated as such in a Supplemental Indenture.

Application of Revenues and Other Funds After Default; No Acceleration. If an Event of Default shall occur and be continuing, the Issuer shall immediately transfer to the Trustee all Revenues held by it and the Trustee shall apply all Revenues and any other funds then held or thereafter received by the Trustee under any of the provisions of the Indenture (excluding the Rebate Fund, any Letter of Credit Fund and any Purchase Fund and except as otherwise provided in the Indenture) as follows and in the following order:

- (1) to the payment of any expenses necessary in the opinion of the Trustee to protect the interests of the Holders of the Bonds and Parity Obligations, including the costs and expenses of the Trustee and the Bondholders in declaring such Event of Default, and payment of reasonable fees and expenses of the Trustee (including reasonable fees and disbursements of its counsel and other agents) incurred in and about the performance of its powers and duties under the Indenture;

- (2) to the payment of the whole amount of Bond Obligation then due on the Bonds and amounts then due on Parity Obligations (upon presentation of the Bonds and Parity Obligations to be paid, and stamping thereon of the payment if only partially paid, or surrender thereof if fully paid) subject to the provisions of the Indenture, with interest on such Bond Obligation, at the rate or rates of interest borne by the respective Bonds and on Parity Obligations, to the payment to the persons entitled thereto of all installments of interest then due and the unpaid principal or Redemption Price of any Bonds and Parity Obligations which shall have become due, whether at maturity, by call for redemption or otherwise, in the order of their due dates, with interest on the overdue Bond Obligation and Parity Obligations at the rate borne by the respective Bonds and Parity Obligations, and, if the amount available shall not be sufficient to pay in full all the Bonds and Parity Obligations due on any date, together with such interest, then to the payment thereof ratably, according to the amounts of principal or Accreted Value (plus accrued interest) or other amounts due on such date to the persons entitled thereto, without any discrimination or preference;

- (3) to the payment of Subordinate Obligations, provided that if the amount available shall not be sufficient to pay in full all Subordinate Obligations due on any date, then to the payment thereof ratably, according to the amounts due on such date to the persons entitled thereto, without any discrimination or preference;

- (4) to the payment of Fee and Expense Obligations, provided that, if the amount available shall not be sufficient to pay in full all Fee and Expense Obligations due on any date, then to the payment thereof ratably, according to the amounts due on such date to the persons entitled thereto, without any discrimination or preference; and

- (5) to the payment of all other obligations payable under the Indenture.

Notwithstanding anything to the contrary in the Indenture, in no event are the Bonds subject to acceleration if an Event of Default occurs and is continuing except that Liquidity Facility Bonds are subject to acceleration as set forth in the Liquidity Facility.

Trustee to Represent Bondholders. The Trustee is irrevocably appointed (and the successive respective Holders of the Bonds, by taking and holding the same, shall be conclusively deemed to have so appointed the Trustee) as trustee and true and lawful attorney-in-fact of the Holders of the Bonds for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to such

Holders under the provisions of the Bonds, the Indenture, the Law and applicable provisions of any other law. Upon the occurrence and continuance of an Event of Default or other occasion giving rise to a right in the Trustee to represent the Bondholders, the Trustee in its discretion may, and, with respect to any Series of Bonds for which a Credit Enhancement has been provided, upon the written request of the Credit Enhancement Provider providing such Credit Enhancement, or if such Credit Enhancement Provider is then failing to make a payment required pursuant to such Credit Enhancement, upon the written request of the Holders of not less than a majority in aggregate amount of Bond Obligation of the Bonds then Outstanding, and upon being indemnified to its satisfaction therefor, shall proceed to protect or enforce its rights or the rights of such Holders by such appropriate action, suit, mandamus or other proceedings as it shall deem most effectual to protect and enforce any such right, at law or in equity, either for the specific performance of any covenant or agreement contained in the Indenture, or in aid of the execution of any power granted in the Indenture, or for the enforcement of any other appropriate legal or equitable right or remedy vested in the Trustee or in such Holders under the Indenture, the Law or any other law; and upon instituting such proceeding, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver of the Sales Tax Revenues and other assets pledged under the Indenture, pending such proceedings; provided, however, that, with respect to any Series of Bonds for which a Credit Enhancement has been provided, the Trustee may only act with the consent of the Credit Enhancement Provider providing such Credit Enhancement. All rights of action under the Indenture or the Bonds or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in the name of the Trustee for the benefit and protection of all the Holders of such Bonds, subject to the provisions of the Indenture. Nothing in the Indenture shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment, or composition affecting the Bonds or the rights of any Holder thereof, or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding without the approval of the Holders so affected.

Bondholders' Direction of Proceedings. Anything in the Indenture to the contrary (except provisions relating to the rights of a Credit Enhancement Provider to direct proceedings as set forth in the Indenture as described below) notwithstanding, the Holders of a majority in aggregate amount of Bond Obligation of the Bonds then Outstanding shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee and upon furnishing the Trustee with indemnification satisfactory to it, to direct the method of conducting all remedial proceedings taken by the Trustee under the Indenture, provided that such direction shall not be otherwise than in accordance with law and the provisions of the Indenture, that the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bondholders or holders of Parity Obligations not parties to such direction.

Limitation on Bondholders' Right to Sue. No Holder of any Bond shall have the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under the Indenture, the Law or any other applicable law with respect to such Bond, unless: (1) such Holder shall have given to the Trustee written notice of the occurrence of an Event of Default; (2) the Holders of not less than a majority in aggregate amount of Bond Obligation of the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers granted by the Indenture or to institute such suit, action or proceeding in its own name; (3) such Holder or said Holders shall have tendered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; and (4) the Trustee shall have refused or omitted to comply with such request for a period of 60 days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee; provided, however, that the written consent of a Credit Enhancement Provider providing a Credit Enhancement with respect to a Series of Bonds shall be required if the Credit Enhancement with respect to such Series of Bonds is in full force and effect and if the credit Enhancement

Provider providing such Credit Enhancement is not then failing to make a payment as required in connection therewith.

Such notification, request, tender of indemnity and refusal or omission are declared, in every case, to be conditions precedent to the exercise by any Holder of Bonds of any remedy under the Indenture or under law; it being understood and intended that no one or more Holders of Bonds shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of the Indenture or the rights of any other Holders of Bonds, or to enforce any right under the Indenture, the Law or other applicable law with respect to the Bonds, except in the manner provided in the Indenture, and that all proceedings at law or in equity to enforce any such right shall be instituted, had and maintained in the manner provided in the Indenture and for the benefit and protection of all Holders of the Outstanding Bonds, subject to the provisions of the Indenture.

Credit Enhancement Provider Directs Remedies Upon Event of Default. Anything in the Indenture to the contrary notwithstanding, upon the occurrence and continuance of an Event of Default as defined in the Indenture, the Credit Enhancement Provider then providing Credit Enhancement for any Series of Bonds shall be entitled to control and direct the enforcement of all rights and remedies granted to the Holders of the Bonds secured by such Credit Enhancement or granted to the Trustee for the benefit of the Holders of the Bonds secured by such Credit Enhancement, provided that the Credit Enhancement Provider's consent shall not be required as otherwise provided in the Indenture if such Credit Enhancement Provider is in default of any of its payment obligations as set forth in the Credit Enhancement provided by such Credit Enhancement Provider.

Modification or Amendment to the Indenture

Amendments Permitted With Consent of Holders. The Indenture and the rights and obligations of the Issuer, the Holders of the Bonds and the Trustee may be modified or amended by a Supplemental Indenture, which the Issuer and the Trustee may enter into when the written consent of the Holders of a majority in aggregate amount of Bond Obligation of the Bonds (or, if such Supplemental Indenture is only applicable to a Series of Bonds, such Series of Bonds) then Outstanding shall have been filed with the Trustee; provided that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any particular maturity remain Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Bonds Outstanding. The Credit Enhancement Provider for a Series of Bonds shall be deemed to be the Holder of such Series for all purposes of the Indenture except the payment of principal of and interest on such Series of Bonds.

No such modification or amendment shall (a) extend the maturity of any Bond, or reduce the amount of principal thereof, or extend the time of payment or reduce the amount of any Mandatory Sinking Account Payment provided for the payment of any Bond, or reduce the rate of interest thereon, or extend the time of payment of interest thereon, or reduce any premium payable upon the redemption thereof, without the consent of the Holder of each Bond so affected, or (b) reduce the aforesaid percentage of Bond Obligation the consent of the Holders of which is required to effect any such modification or amendment, or permit the creation of any lien on the Revenues and other assets pledged under the Indenture prior to or on a parity with the lien created by the Indenture, or deprive the Holders of the Bonds of the lien created by the Indenture on such Revenues and other assets (in each case, except as expressly provided in the Indenture), without the consent of the Holders of all of the Bonds then Outstanding. It shall not be necessary for the consent of the Bondholders to approve the particular form of any Supplemental Indenture, but it shall be sufficient if such consent shall approve the substance thereof. Promptly after the execution and delivery by the Issuer and the Trustee of any Supplemental Indenture, the Trustee shall mail a notice, setting forth in general terms the substance of such Supplemental Indenture to the Holders of the Bonds at the

addresses shown on the registration books of the Trustee. Any failure to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplemental Indenture.

Amendments Permitted Without Consent of Holders. The Indenture and the rights and obligations of the Issuer, of the Trustee and of the Holders of the Bonds may also be modified or amended by a Supplemental Indenture, which the Issuer and the Trustee may enter without the consent of any Bondholders, but only to the extent permitted by law and only for any one or more of the following purposes:

(1) to add to the covenants and agreements of the Issuer in the Indenture contained other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Bonds (or any portion thereof), or to surrender any right or power reserved in the Indenture to or conferred upon the Issuer;

(2) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in the Indenture, or in regard to matters or questions arising under the Indenture, as the Issuer may deem necessary or desirable, and which shall not materially and adversely affect the interests of the Holders of the Bonds;

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

(4) to provide for the issuance of an additional Series of Bonds pursuant to the provisions of Article III of the Indenture;

(5) to make modifications or adjustments necessary, appropriate or desirable to provide for the issuance or incurrence, as applicable, of Interest Subsidy Bonds, Capital Appreciation Bonds, Parity Obligations, Subordinate Obligations, Fee and Expense Obligations or Variable Rate Indebtedness, with such interest rate, payment, maturity and other terms as the Issuer may deem desirable; subject to the provisions of the Indenture relating to the Issuance of Additional Bonds or Issuance of Refunding Bonds;

(6) to make modifications or adjustments necessary, appropriate or desirable to provide for change from one interest rate period to another in connection with any Series of Bonds, including, without limitation, conversion to a commercial paper interest rate period or an index rate interest rate period;

(7) to make modifications or adjustments necessary, appropriate or desirable to accommodate Credit Enhancements, Liquidity Facilities and Reserve Facilities;

(8) to make modifications or adjustments necessary, appropriate or desirable to provide for the appointment of an auction agent, a broker-dealer, a remarketing agent, a tender agent and/or a paying agent in connection with any Series of Bonds;

(9) to provide for any additional covenants or agreements necessary to maintain the tax-exempt status of interest on any Series of Bonds;

(10) if the Issuer agrees in a Supplemental Indenture to maintain the exclusion of interest on a Series of Bonds from gross income for purposes of federal income taxation, to make such provisions as are necessary or appropriate to ensure such exclusion;

(11) to provide for the issuance of Bonds in book-entry form or bearer form and/or to modify or eliminate the book-entry registration system for any Series of Bonds;

(12) to modify, alter, amend or supplement the Indenture in any other respect, including amendments that would otherwise be described in the Indenture as described above under the caption “Amendments Permitted With Consent of Holders,” if the effective date of such amendments is a date on which all Bonds affected thereby are subject to mandatory tender for purchase pursuant to the provisions of the Indenture or if notice of the proposed amendments is given to Holders of the affected Bonds at least 30 days before the proposed effective date of such amendments and, on or before such effective date, such Holders have the right to demand purchase of their Bonds pursuant to the provisions of the Indenture or if all Bonds affected thereby are in an auction mode and a successful auction is held following notice of such amendment;

(13) in the event of a determination by the Issuer pursuant to the Indenture, to modify, amend or supplement the Indenture in any manner necessary, appropriate or desirable to conform the Indenture to the current practice of the CDTFA; and

(14) for any other purpose that does not materially and adversely affect the interests of the Holders of the Bonds.

Any Supplemental Indenture entered into pursuant to the Indenture as described in this Section shall be deemed not to materially adversely affect the interest of the Holders so long as (i) all Bonds are secured by a Credit Enhancement and (ii) each credit Enhancement Provider shall have given its written consent to such Supplemental Indenture.

Defeasance

Discharge of Indenture. Bonds of any Series or a portion thereof may be paid by the Issuer in any of the following ways:

(A) by paying or causing to be paid the Bond Obligations of and interest on such Outstanding Bonds, as and when they become due and payable;

(B) by depositing with the Trustee, an escrow agent or other fiduciary, in trust, at or before maturity, money or securities in the necessary amount (as provided in the Indenture and described below under the caption “Deposit of Money or Securities”) to pay or redeem such Outstanding Bonds; or

(C) by delivering to the Trustee, for cancellation by it, such Outstanding Bonds.

If the Issuer shall pay all Series for which any Bonds are Outstanding and also pay or cause to be paid all other sums payable and to be payable under the Indenture and under any Parity Obligations, Subordinate Obligations and Fee and Expense Obligations by the Issuer, then and in that case, at the election of the Issuer (evidenced by a Certificate of the Issuer, filed with the Trustee, signifying the intention of the Issuer to discharge all such indebtedness and the Indenture), and notwithstanding that any Bonds shall not have been surrendered for payment, the Indenture and the pledge of Sales Tax Revenues and other assets made under the Indenture and all covenants, agreements and other obligations of the Issuer under the Indenture shall cease, terminate, become void and be completely discharged and satisfied (except for the obligations of the Issuer relating to the compensation and indemnification of the Trustee which shall survive the discharge of the Bonds and the Indenture). In such event, upon Request of the Issuer, the Trustee shall cause an accounting for such period or periods as may be requested by the Issuer to be prepared and filed with the Issuer and shall execute and deliver to the Issuer all such instruments as may be necessary or

desirable to evidence such discharge and satisfaction, and the Trustee shall pay over, transfer, assign or deliver to the Issuer all moneys or securities or other property held by it pursuant to the Indenture which, as evidenced by a verification report, upon which the Trustee may conclusively rely, from an independent certified public accountant, a firm of independent certified public accountants or other independent consulting firm, are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption.

Discharge of Liability on Bonds. Upon the deposit with the Trustee, escrow agent or other fiduciary, in trust, at or before maturity, of money or securities in the necessary amount (as provided in the Indenture and described below under the caption “Deposit of Money or Securities”) to pay or redeem any Outstanding Bond (whether upon or prior to its maturity or the redemption date of such Bond), provided that, if such Bond is to be redeemed prior to maturity, notice of such redemption shall have been given as provided in the Indenture or provision satisfactory to the Trustee shall have been made for the giving of such notice, then all liability of the Issuer in respect of such Bond shall cease, terminate and be completely discharged, provided that the Holder thereof shall thereafter be entitled to the payment of the principal of and premium, if any, and interest on the Bonds, and the Issuer shall remain liable for such payment, but only out of such money or securities deposited with the Trustee as aforesaid for their payment.

If the Bonds being discharged are Variable Rate Indebtedness, (i) the Bonds shall be redeemed at the first possible redemption date or purchase date applicable to such Bonds after any required notice is provided and to the extent the rate of interest payable on such Bonds prior to such redemption or purchase date is not known, such rate of interest shall be assumed to be the maximum rate payable thereon or (ii) the Trustee shall receive a confirmation from the Rating Agency then rating the Bonds that the defeasance will not result in the reduction or withdrawal of the then-current ratings on the Bonds.

The Issuer may at any time surrender to the Trustee for cancellation by it any Bonds previously issued and delivered, which the Issuer may have acquired in any manner whatsoever, and such Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired.

Notwithstanding anything to the contrary, if the principal of or interest on a Series of Bonds shall be paid by a Credit Enhancement Provider pursuant to the Credit Enhancement issued in connection with such Series of Bonds, the obligations of the Issuer shall not be deemed to be satisfied or considered paid by the Issuer by virtue of such payments, and the right, Title and interest of the Issuer in the Indenture and the obligations of the Issuer under the Indenture shall not be discharged and shall continue to exist and to run to the benefit of such Credit Enhancement Provider, and such Credit Enhancement Provider shall be subrogated to the rights of the Holders of the Bonds of such Series.

Deposit of Money or Securities. Whenever in the Indenture it is provided or permitted that there be deposited with or held in trust money or securities in the necessary amount to pay or redeem any Bonds, the money or securities so to be deposited or held may include money or securities held by the Trustee in the funds and accounts established pursuant to the Indenture and shall be:

(A) lawful money of the United States of America in an amount equal to the principal amount of such Bonds and all unpaid interest thereon to maturity, except that, in the case of Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption shall have been given as provided in the Indenture or provision satisfactory to the Trustee shall have been made for the giving of such notice, the amount to be deposited or held shall be the principal amount or Redemption Price of such Bonds and all unpaid interest thereon to the redemption date; or

(B) Investment Securities described in clause (A) of the definition thereof the principal of and interest on which when due will, in the opinion of an independent certified public accountant, a firm of

independent certified public accountants or independent consulting firm delivered to the Trustee (as confirmed by a verification report upon which verification report the Trustee may conclusively rely), provide money sufficient to pay the principal or Redemption Price of and all unpaid interest to maturity, or to the redemption date, as the case may be, on the Bonds to be paid or redeemed, as such principal or Redemption Price and interest become due, provided that, in the case of Bonds which are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as provided in the Indenture or provision satisfactory to the Trustee shall have been made for the giving of such notice; provided, in each case, that the Trustee shall have been irrevocably instructed (by the terms of the Indenture or by Request of the Issuer) to apply such money to the payment of such principal or Redemption Price and interest with respect to such Bonds.

Payment of Bonds After Discharge of Indenture. Any moneys held by the Trustee in trust for the payment of the principal, Redemption Price, or interest on any Bond and remaining unclaimed for one year after such principal, Redemption Price, or interest has become due and payable (whether at maturity or upon call for redemption as provided in the Indenture), if such moneys were so held at such date, or one year after the date of deposit of such principal, Redemption Price or interest on any Bond if such moneys were deposited after the date when such Bond became due and payable, shall be repaid to the Issuer (without liability for interest) free from the trusts created by the Indenture, and all liability of the Trustee with respect to such moneys shall thereupon cease; provided, however, that before the repayment of such moneys to the Issuer as aforesaid, the Trustee may (at the cost of the Issuer) first mail to the Holders of any Bonds remaining unpaid at the addresses shown on the registration books maintained by the Trustee a notice, in such form as may be deemed appropriate by the Trustee, with respect to the Bonds so payable and not presented and with respect to the provisions relating to the repayment to the Issuer of the moneys held for the payment thereof. All moneys held by or on behalf of the Trustee for the payment of principal or Accreted Value of or interest or premium on Bonds, whether at redemption or maturity, shall be held in trust for the account of the Holders thereof and the Trustee shall not be required to pay Holders any interest on, or be liable to the Holders or any other person (other than the Issuer) for interest earned on, moneys so held. Any interest earned thereon shall belong to the Issuer and shall be deposited upon receipt by the Trustee into the Revenue Fund.

Disqualified Bonds

In determining whether the Holders of the requisite aggregate Bond Obligation of Bonds have concurred in any demand, request, direction, consent or waiver under the Indenture, Bonds that are owned or held by or for the account of the Issuer, or by any other obligor on the Bonds, or by any person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Issuer or any other obligor on the Bonds, shall be disregarded and deemed not to be Outstanding for the purpose of any such determination unless all such Bonds are so owned; except that in determining whether the Trustee shall be protected in relying upon any such approval or consent of a Holder, only Bonds which the Trustee actually knows to be owned or held by or for the account of the Issuer, any other obligor on the Bonds or by any person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Issuer or any other obligor on the Bonds shall be disregarded.. Bonds so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such Bonds and that the pledgee is not a person directly or indirectly controlled by, or under direct or indirect common control with, the Issuer. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee. Upon request of the Trustee, the Issuer shall specify in a Certificate to the Trustee those Bonds disqualified pursuant to the Indenture and the Trustee may conclusively rely on such certificate.

Waiver of Personal Liability

No Board member, officer, agent or employee of the Issuer or the Trustee shall be individually or personally liable for the payment of the principal or Redemption Price of or interest on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof; but nothing contained in the Indenture shall relieve any such Board member, officer, agent or employee of the Issuer or the Trustee from the performance of any of any official duty provided by law or by the Indenture.

APPENDIX D

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Certificate (this “Disclosure Certificate”) is executed and delivered by the SONOMA-MARIN AREA RAIL TRANSIT DISTRICT (the “District”) in connection with the issuance of the \$_____ Sonoma-Marín Area Rail Transit District Measure Q Sales Tax Revenue Refunding Bonds, Series 2020 (Taxable) (the “Bonds”). The Bonds are being issued pursuant to an Indenture, dated as of December 1, 2011, as supplemented and amended (the “Master Indenture”), between the District and The Bank of New York Mellon Trust Company, N.A. (the “Trustee”), and a Third Supplemental Indenture, dated as of October 1, 2020, between the District and the Trustee (the “Third Supplemental Indenture” and, together with the Master Indenture and all other supplements thereto, the “Indenture”). The Bonds are special limited obligations of the District payable solely from and secured solely by the Revenues (as defined in the Indenture), consisting primarily of revenues from a sales tax imposed pursuant to the California Transactions and Use Tax Law, being Sections 7251 *et seq.* of the California Revenue and Taxation Code. The District covenants and agrees as follows:

SECTION 1. Purpose of this Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with the Rule.

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

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

“Beneficial Owner” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“Dissemination Agent” shall mean the District and thereafter an entity selected by the District.

“EMMA” shall mean the Electronic Municipal Market Access system, maintained on the internet at <http://emma.msrb.org> by the MSRB.

“Fiscal Year” shall mean the period beginning on July 1 of each year and ending on the next succeeding June 30, or any twelve-month or fifty-two week period hereafter selected by the District, with notice of such selection or change in fiscal year to be provided as set forth herein.

“Listed Events” shall mean any of the events listed in Section 5 of this Disclosure Certificate and any other event legally required to be reported pursuant to the Rule.

“MSRB” shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934 or any other entity designated or authorized by the SEC to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the SEC, filings with the MSRB are to be made through EMMA

“Official Statement” shall mean the Official Statement, dated October ____, 2020, relating to the Bonds.

“Participating Underwriters” shall mean any of the original underwriter or underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

“Repository” shall mean, until otherwise designated by the SEC, EMMA.

“Rule” shall mean Rule 15c2-12 adopted by the SEC pursuant to the Securities Exchange Act of 1934, as amended.

“SEC” shall mean the United States Securities and Exchange Commission.

SECTION 3. Provision of Annual Reports.

(a) The District shall provide, or shall cause the Dissemination Agent to provide, to MSRB, through EMMA, not later than [240] days after the end of the District's fiscal year, commencing with the fiscal year ending June 30, 2020, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Official Statement shall serve as the first Annual Report. The Annual Report must be submitted in electronic format, accompanied by such identifying information as provided by the MSRB. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate. Not later than 15 Business Days prior to such date, the District shall provide the Annual Report to the Dissemination Agent. If the Fiscal Year changes for the District, the District shall give notice of such change in the manner provided under Section 5(e) hereof.

(b) If by 15 Business Days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, through EMMA, the Dissemination Agent 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 subsection (a). 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 it hereunder. The Dissemination Agent may conclusively rely upon such certification of the District and shall have no duty or obligation to review such Annual Report.

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the MSRB by the date required in subsection (a), the Dissemination Agent shall send a notice to the MSRB in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall:

(i) determine the electronic filing address of, and then-current procedures for submitting Annual Reports to, the MSRB each year prior to the date for providing the Annual Report; and

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

SECTION 4. Content of Annual Reports. The District's Annual Report shall contain or include by reference the following:

(a) The audited financial statements of the District for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement relating to the Bonds (the "Official Statement"), and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) The amount of 2008 Measure Q Sales Tax (as such term is defined in the Official Statement) received as of the most recently ended fiscal year of the District).

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues with respect to which the District is an "obligated person" (as defined by the Rule), which are available to the public on EMMA or filed with the SEC. The District shall clearly identify each such document to be included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, in a timely manner not more than ten (10) Business Days after the event:

- (1) Principal and interest payment delinquencies;
- (2) Nonpayment related defaults, if material;
- (3) Unscheduled draws on any debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers or their failure to perform;
- (6) 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 Series 2020 Bonds, or other material events affecting the tax status of the Series 2020 Bonds;
- (7) Modifications to the rights of Bondholders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;

- (10) Release, substitution, or sale of property securing repayment of the Series 2020 Bonds, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the obligated person;
- (13) 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, if material;
- (14) Appointment of a successor or additional trustee or the change of name of a trustee;
- (15) Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material;
- (16) Default, event of acceleration, termination event, modification of terms or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

For these purposes, any event described in the immediately preceding paragraph (9) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

(b) The term “financial obligation” as used in Listed Events (15) and (16) means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with S.E.C. Rule 15c2-12

(c) Whenever the District obtains knowledge of the occurrence of a Listed Event, the District will, in a timely manner not in excess of ten business days after the occurrence of the Listed Event, file a notice of such occurrence with the MSRB in electronic format, accompanied by such identifying information as is prescribed by the MSRB. Notwithstanding the foregoing, notice of a Listed Event described in Section 5(a)(8) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders and Beneficial Owners of affected Bonds pursuant to the Indenture.

(d) Any information received by the Dissemination Agent before 6:00 p.m. Eastern time on any business day that it is required to file with the MSRB pursuant to the terms of this Disclosure Certificate and that is accompanied by a Certification and all other information required by the terms of this Disclosure

Agreement will be filed by the Dissemination Agent with the MSRB no later than 11:59 p.m. Eastern time on the same business day; provided, however, the Dissemination Agent shall have no liability for any delay in filing with the MSRB if such delay is caused by a *force majeure* event provided that the Dissemination Agent uses reasonable efforts to make any such filing as soon as possible.

SECTION 6. Filings with the MSRB. All information, operating data, financial statements, notices and other documents provided to the MSRB in accordance with this Disclosure Certificate shall be provided in an electronic format prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

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

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 such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign at any time by providing at least 30 days' notice in writing to the District. The District hereby appoints Digital Assurance Certification LLC as initial Dissemination Agent hereunder. Notwithstanding any other provision to this Disclosure Certificate to the contrary, the District may provide any Annual Report to Beneficial Owners by means of posting such Annual Report on an internet site that provides open access to Beneficial Owners.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, provided no amendment increasing or affecting the obligations or duties of the Dissemination Agent shall be made without the consent of such party, and any provision of this Disclosure Certificate may be waived if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to the District and the Dissemination Agent to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

SECTION 10. Additional Information. Nothing in this Disclosure 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 Listed 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 Listed 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 Listed Event.

SECTION 11. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate, any Holder or Beneficial Owner of the Bonds 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. 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 their respective powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The 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 all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent shall have no duty or obligation to review any information provided to it hereunder and shall not be deemed to be acting in any fiduciary capacity for the District, the Bondholders, 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 Bonds.

[Signature page follows]

SECTION 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated: _____, 2020

SONOMA-MARIN AREA RAIL TRANSIT
DISTRICT

By: _____
Chief Financial Officer

[_____,
as Dissemination Agent

By: _____
Authorized Representative]

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Sonoma-Marín Area Rail Transit District

Name of Bond Issue: \$_____ Sonoma-Marín Area Rail Transit District Measure Q Sales Tax Revenue Refunding Bonds (Green Bonds), Series 2020 A (Taxable)

Date of Issuance: _____, 2020

NOTICE IS HEREBY GIVEN that the Sonoma-Marín Rail Transit District (the “District”) has not provided an Annual Report with respect to the above-named Bonds as required by that certain Indenture, dated as of December 1, 2011, as supplemented and amended, between the District and The Bank of New York Mellon Trust Company, N.A. (the “Trustee”), and a Third Supplemental Indenture, dated as of October 1, 2020, between the District and the Trustee. The District anticipates that the Annual Report will be filed by _____.

Dated: _____, 20__

SONOMA-MARIN AREA RAIL TRANSIT
DISTRICT

By: _____

Its: _____

APPENDIX E

BOOK-ENTRY SYSTEM

The Depository Trust Company (“DTC”) acts as securities depository for the Series 2020 Bonds. The Series 2020 Bonds were issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee). One fully-registered Series 2020 Bond certificate will be issued for each maturity of the Series 2020 Bonds, each in the aggregate principal amount of such maturity and will be deposited with DTC.

DTC, the world’s largest securities 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 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a S&P Global Ratings rating of AA+. The DTC Rules applicable to DTC’s participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. The information on these websites is not incorporated herein by reference.

Except in cases of purchases of Series 2020 Bonds by a Liquidity Facility, purchases of Series 2020 Bonds under the DTC book-entry system must be made by or through Direct Participants, which will receive a credit for the Series 2020 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2020 Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2020 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2020 Bonds except as specifically provided in the Indenture in the event participation in the DTC book-entry system is discontinued.

So long as Cede & Co. is the registered owner of the Series 2020 Bonds, as a nominee of DTC, references herein to the Series 2020 Bondholders, bondholders, holders, bondowners or owners of Series 2020 Bonds shall mean Cede & Co. (which shall be the registered owner of the Series 2020 Bonds as shown on the registry books of the District kept for that purpose at the Corporate Trust Offices of the Trustee, acting as Bond Registrar) and shall not mean the Beneficial Owners of the Series 2020 Bonds.

To facilitate subsequent transfers, all Series 2020 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2020 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2020 Bonds. DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2020 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Series 2020 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2020 Bonds, such as redemptions (if applicable), defaults and proposed amendments to the Indenture. For example, Beneficial Owners of Series 2020 Bonds may wish to ascertain that the nominee holding the Series 2020 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 Bond Registrar and request that copies of notices be provided directly to them.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to Series 2020 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2020 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, redemption price (if applicable) and interest payments on the Series 2020 Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Trustee, on each payment date in accordance with their respective holdings shown on DTC's records. Payments by Direct and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such participant and not of DTC, the Trustee or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, redemption price (if applicable) and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to Beneficial Owners is the responsibility of Direct and Indirect Participants.

The book-entry system with DTC shall be discontinued with respect to the Series 2020 Bonds if (a) DTC determines not to continue to act as securities depository for the Series 2020 Bonds, or (b) the District has advised DTC that it does not wish DTC to continue as securities depository. If the District replaces DTC, or the existing successor securities depository, with another qualified securities depository, a fully registered Series 2020 Bond for each maturity, registered in the name of the successor or its nominee, shall be prepared, consistent with the Indenture. If the District fails to locate another qualified securities depository to replace DTC, or the existing successor securities depository, the Trustee will act as the payment agent and the District shall execute and the Trustee shall authenticate and deliver Series 2020 Bond certificates (the "replacement Series 2020 Bonds") to the Beneficial Owners of the Series 2020 Bonds. Interest on the Series 2020 Bonds represented by replacement Series 2020 Bonds shall be payable

by check or draft of the Trustee mailed by first-class mail, postage prepaid, to each owner of such replacement Series 2020 Bond at the address of such owner as it appears at the close of business on the relevant record date in the registry books maintained by the Trustee, as Bond Registrar. The principal of and Redemption Price, if applicable, on the Series 2020 Bonds represented by replacement Series 2020 Bonds shall be payable upon presentation of such Series 2020 Bonds at the Corporate Trust Office of the Trustee. Series 2020 Bonds represented by replacement Series 2020 Bonds will be transferable only by presentation and surrender to the Trustee, together with an assignment duly executed by the owner of such replacement Series 2020 Bonds or by his or her representative in the form satisfactory to the Trustee and containing information required by the Trustee in order to effect such transfer.

The foregoing description concerning DTC and DTC's book-entry system is based solely on information furnished by DTC. No representation is made herein by the District as to the accuracy or completeness of such information, and the District takes no responsibility for the accuracy or completeness thereof.

APPENDIX F

PROPOSED FORM OF OPINION OF BOND COUNSEL

_____, 2020

Sonoma-Marín Area Rail Transit District
Petaluma, California

Re: \$_____ Sonoma-Marín Area Rail Transit District Measure Q Sales Tax Revenue
Refunding Bonds (Green Bonds), Series 2020A (Taxable)

Ladies and Gentlemen:

We have acted as Bond Counsel to the Sonoma-Marín Area Rail Transit District (the “District”) in connection with the authorization, issuance, sale and delivery of the District’s \$_____ Sonoma-Marín Area Rail Transit District Measure Q Sales Tax Revenue Refunding Bonds (Green Bonds), Series 2020A (Taxable) (the “Bonds”) being issued and delivered by the District on the date hereof. The Bonds are issued pursuant to, and payable from and secured under, an Indenture, dated as of December 1, 2011, as amended and supplemented (the “Master Indenture”), by and between the District and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”), including by the Third Supplemental Indenture, dated as of October 1, 2020, by and between the District and the Trustee. The Master Indenture as so amended is referred to herein as the “Agreement.” Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Agreement.

As Bond Counsel, we have examined the Agreement, opinions of counsel to the District and the Trustee, certificates of the District, the Trustee and others, copies, certified to us as being true and complete, of the proceedings of the District for the issuance of the Bonds, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein, although in doing so, we have not undertaken to verify independently the accuracy of the factual matters represented, warranted or certified therein, and we have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and the validity against, any parties thereto other than the District.

The opinions expressed herein are based upon an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have neither undertaken to determine, nor to inform any person, whether any such actions are taken or omitted or events do occur or whether any other matters come to our attention after the date hereof. We call attention to the fact that the rights and obligations under the Bonds and the Agreement may be subject to (i) any applicable bankruptcy, reorganization, insolvency, reorganization, arrangement, moratorium or similar laws affecting creditors’ rights generally (including, without limitation, fraudulent conveyance laws), (ii) general principles of equity,

including without limitation, concepts of materiality, reasonableness, good faith and fair dealing and the possible unavailability of specific performance or injunctive relief, regardless of whether considered in a proceeding in equity or at law, (iii) the exercise of judicial discretion in appropriate cases, (iv) the limitations on legal remedies imposed on actions against public entities in the State of California and (v) the application of California laws relating to conflicts of interest to which public entities are subject. We express no opinion as to any provision in the Agreement or the Bonds with respect to the priority of any pledge or security interest, or any opinion as to the enforceability of any provision in the Agreement or the Bonds providing for indemnification or a governing law. We undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no opinion with respect thereto in this letter.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Agreement has been duly authorized, executed and delivered by the District and constitutes the legally valid and binding obligation of the District, enforceable in accordance with its terms.
2. The Bonds are valid and legally binding special sales tax obligations of the District, payable from and secured by a pledge of Pledged Revenues as defined in the Agreement, subject to the provisions of the Agreement permitting the application thereof for the purposes and on the terms and conditions set forth therein. The Bonds do not constitute general obligations of the District.
3. Interest on the Bonds is exempt from personal income taxes of the State of California under present state law.

Except as stated in paragraph 3 above, we express no opinion as to any other federal, state or local tax consequences of the ownership or disposition of the Bonds. Furthermore, we express no opinion as to any federal, state or local tax law consequences with respect to the Bonds, or the interest thereon, if any action is taken with respect to the Bonds or the proceeds thereof upon the advice or approval of other counsel.

The opinion set forth in opinion 2 above assumes that the Trustee has duly authenticated the Bonds.

We have acted in this transaction solely as Bond Counsel to the District. This opinion is addressed to you solely for your benefit in connection with the initial issuance and delivery of the Bonds on the date hereof. This opinion speaks only as of its date and is limited to the opinions expressly stated herein. We assume no obligation to review, supplement or update this opinion subsequent to its date, whether by reason of a change in law, legislative or regulatory action, judicial decision or for any other reason.

Respectfully submitted,

ESCROW AGREEMENT

between

SONOMA-MARIN AREA RAIL TRANSIT DISTRICT

and

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

Dated as of October 1, 2020

Relating to

SONOMA-MARIN AREA RAIL TRANSIT DISTRICT
MEASURE Q SALES TAX REVENUE BONDS,
SERIES 2011A

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ESCROW AGREEMENT

This Escrow Agreement, dated as of October 1, 2020 (this “Escrow Agreement”), is entered into by the SONOMA-MARIN AREA RAIL TRANSIT DISTRICT, a public entity duly established and existing under the laws of the State of California (the “Issuer”) 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, as trustee, as trustee (the “Trustee”) and as escrow agent (the “Escrow Agent”).

WITNESSETH:

WHEREAS, the Issuer has heretofore issued \$190,145,000 aggregate principal amount of Sonoma-Marine Area Rail Transit District Measure Q Sales Tax Revenue Bonds, Series 2011A, of which \$190,145,000 in aggregate principal amount is currently outstanding (the “Refunded Bonds”) (the “Refunded Bonds”), of which \$121,155,000 in aggregate principal amount remains outstanding, pursuant to an Indenture, dated as of December 1, 2011, as previously supplemented and amended, (the “Original Indenture”), between the Issuer and the Trustee;

WHEREAS, the Issuer has determined to defease and refund all of the outstanding Refunded Bonds and is issuing \$_____ aggregate principal amount of Sonoma-Marine Area Rail Transit District Measure Q Sales Tax Revenue Refunding Bonds (Green Bonds), 2020 Series A (Taxable) (the “Series 2020A Bonds”) (the “Refunding Bonds”) pursuant to the Original Indenture, as further supplemented and amended by a Third Supplemental Indenture thereto, dated as of October 1, 2020 (the “Third Supplemental Indenture” and, together with the Original Indenture, as heretofore supplemented and amended, the “Indenture”), between the Issuer and the Trustee, for the purpose of providing funds to defease and refund the Refunded Bonds;

WHEREAS, the Third Supplemental Indenture provides for the transfer and deposit of certain proceeds of the Refunding Bonds to the Escrow Fund created hereunder, such proceeds to be applied to refund and defease the Refunded Bonds; and

WHEREAS, such proceeds, [together with \$_____ on deposit in the Interest Fund and \$_____ from the Reserve Fund relating to the Refunded Bonds, which shall be transferred to the Escrow Fund created hereunder], shall be in such amount as is necessary, together with interest earnings thereon, to insure the full and timely payment of the Refunding Requirements (as hereinafter defined);

NOW, THEREFORE, in consideration of the mutual agreements herein contained, in order to secure the payment of the Refunding Requirements as heretofore provided, the parties hereto mutually undertake, promise and agree for themselves, their respective representatives, successors and assigns, as follows:

Section 1. Definitions. As used in this Escrow Agreement the following terms have the following meanings:

Chief Financial Officer means the officer who is then performing the functions of Chief Financial Officer of the Issuer.

Escrow Agent means The Bank of New York Mellon Trust Company, N.A., or any successor thereto appointed under this Escrow Agreement.

Escrow Fund means the fund by that name created pursuant to Section 2 hereof.

Escrow Securities means securities of the type meeting the requirements for defeasance specified in Section 10.03 of the Indenture.

Escrowed Securities means those certain Escrow Securities described in Exhibit A to this Escrow Agreement.

Indenture means the Indenture, dated as of December 1, 2011, as supplemented and amended in accordance with its terms, between the Issuer and the Trustee.

Refunded Bonds means the Sonoma-Marín Area Rail Transit District Measure Q Sales Tax Revenue Bonds, Series 2011A.

Refunding Bonds means \$_____ in aggregate principal amount of the Sonoma-Marín Area Rail Transit District Measure Q Sales Tax Revenue Refunding Bonds (Green Bonds), 2020 Series A (Taxable), issued pursuant to the Indenture.

Refunding Requirements means all installments of principal of and interest on the Refunding Bonds, commencing on the date hereof and concluding when all the Refunded Bonds will be redeemed, as such payments become due, as set forth in Exhibit B to this Escrow Agreement.

Trustee means The Bank of New York Mellon Trust Company, N.A., as trustee under the Indenture, or any successor thereto.

Verification Report means the verification report, dated the date hereof, prepared by the Verification Agent.

Verification Agent means _____, Certified Public Accountants.

All other capitalized terms used but not defined herein shall have the respective meanings given to such terms in the Indenture.

Section 2. Creation and Purpose of Escrow Fund.

(a) There is hereby created and established with the Escrow Agent a special and irrevocable trust fund designated the Escrow Fund (the “Escrow Fund”). The Escrow Agent shall keep the Escrow Fund separate and apart from all other funds and moneys held by it and shall hold the Escrow Fund in trust for the purposes described herein. All Escrowed Securities and moneys in the Escrow Fund are hereby irrevocably pledged, subject to the provisions of Section 3 and Section 7 hereof, to secure the payment of the Refunded Bonds.

(b) On the date of issuance of the Refunding Bonds, the Trustee and Escrow Agent shall deposit \$_____ into the Escrow Fund consisting of: (i) \$_____ received from the

proceeds of the Refunding Bonds; (ii) \$_____ transferred from moneys currently on deposit in the Interest Fund established under the Indenture relating to the Refunded Bonds, [and (iii) \$_____ transferred from moneys currently on deposit in the Reserve Fund established under the Indenture relating to the Refunded Bonds]; such amount to be held in the Escrow Fund and paid out as provided in this Escrow Agreement and in the Indenture. Such moneys shall be sufficient to provide for the purchase of the Escrowed Securities identified in Exhibit A to this Escrow Agreement and to make the cash deposit to the Escrow Fund identified in Exhibit A and shall be used by the Escrow Agent to purchase the Escrowed Securities identified in Exhibit A to this Escrow Agreement and to make such cash deposit on the date of issuance of the Refunding Bonds. The principal of and interest on the Escrowed Securities and any uninvested cash held hereunder shall be applied by the Escrow Agent to the payment of the Refunding Requirements applicable to the Refunded Bonds.

(c) As verified by the Verification Report, the Escrowed Securities are such that, if interest thereon and principal thereof are paid when due, the proceeds from the collection of such interest and principal, together with any uninvested cash held hereunder, will be sufficient to meet the Refunding Requirements applicable to the Refunded Bonds. The Escrow Agent may rely upon the conclusion of the Verification Agent that the Escrowed Securities listed in Exhibit A will mature and bear interest payable in such amounts and at such times as, together with cash on deposit in the Escrow Fund, will be necessary and sufficient to pay when due the principal of, and interest on, the Refunded Bonds to their dates of redemption.

(d) The Escrow Agent shall hold all Escrowed Securities in the Escrow Fund 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 applicable to the Refunded Bonds and shall collect the principal of and interest on such Escrowed Securities held by it hereunder promptly as such principal and interest become due.

Section 3. Payment of Refunded Bonds. From the uninvested money and proceeds of maturing Escrowed Securities held in the Escrow Fund, the Escrow Agent shall apply such amounts to the payment of interest on the Refunded Bonds to and including March 1, 2022 (the “Redemption Date”) and to the payment of the Refunded Bonds at a price of 100% of the principal amount thereof, without premium, on the Redemption Date, all as set forth in Exhibit B hereto.

Section 4. Irrevocable Instructions to Mail Notices. The Issuer hereby irrevocably instructs the Trustee to give notice within five business days of delivery of the Refunding Bonds of defeasance of the Refunded Bonds to the Owners thereof, substantially in the form set forth in Exhibit C hereto. The Issuer hereby designates the Refunded Bonds for redemption on the Redemption Date and hereby irrevocably instructs the Trustee, to give, in accordance with the provisions of Sections 4.02 and [10.03] of the Indenture, notice of redemption of such Refunded Bonds to the Owners thereof, substantially in the form set forth in Exhibit D hereto.

Section 5. Investment of Escrow Fund; Substitution; Reinvestment.

(a) The Issuer and the Escrow Agent each shall take all remaining necessary action to have issued and registered in the name of the Escrow Agent, for the account of the Escrow Fund, the Escrowed Securities.

(b) There shall be no exchange or substitution of the Escrowed Securities, except upon: (i) the written direction of the Issuer; (ii) receipt by the Issuer and the Trustee of a new verification report, prepared by an independent certified public accountant, verifying the sufficiency of the amount of Escrowed Securities and cash on deposit in the Escrow Fund; 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 Refunded Bonds or the Refunding Bonds. The Escrow Agent shall not be liable or responsible for any loss resulting from any substitution of securities made pursuant to this Escrow Agreement and in full compliance with the provisions hereof.

(c) Except as otherwise provided herein, the Escrow Agent shall not reinvest any cash portion of the Escrow Fund and shall hold such cash portion uninvested in such Escrow Fund; provided, however, that after receiving (i) an opinion of nationally recognized bond counsel to the effect that such reinvestment will not adversely affect the exemption from federal income taxation of interest on the Refunded Bonds or the Refunding Bonds and (ii) a new verification report, prepared by an independent certified public accountant, to the effect that such reinvestment will not adversely affect the sufficiency of the amount of Escrowed Securities and cash on deposit in the Escrow Fund, the Escrow Agent may, at the written direction of the Issuer, reinvest any cash portion of such Escrow Fund in Escrow Securities. The Escrow Agent shall not be liable or responsible for any loss resulting from any reinvestment made pursuant to this Escrow Agreement and in full compliance with the provisions hereof.

(d) The Issuer acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Issuer the right to receive brokerage confirmations of security transactions as they occur, the Issuer specifically waives receipt of such confirmations to the extent permitted by law. The Escrow Agent will furnish the Issuer periodic cash transaction statements which will include detail for all investment transactions made by the Escrow Agent hereunder.

Section 6. Sufficiency of Escrow. Moneys deposited in the Escrow Fund, including the investment earnings thereon and any uninvested cash, shall be in an amount, as determined by the Issuer and as verified by the Verification Report, which at all times shall be sufficient to meet the Refunding Requirements not theretofore met. If at any time it shall appear to the Escrow Agent that the moneys in the Escrow Fund, including the investment earnings thereon and any uninvested cash, will not be sufficient to meet the Refunding Requirements, the Escrow Agent shall notify the Chief Financial Officer of the Issuer of such deficiency in writing as soon as reasonably practicable. Upon receipt of such notice, the Issuer shall promptly use its best efforts to pay to the Escrow Agent, from any legally available moneys, and the Escrow Agent shall deposit in the Escrow Fund, the amount necessary to make up the deficiency. The Escrow Agent shall not be liable or responsible for any loss resulting from its failure to give such notice nor from the Issuer's failure to make any such payment.

Section 7. Termination of Escrow Agreement; Written Request of Issuer. When the Escrow Agent shall have transferred, pursuant to Section 3 hereof, such moneys as are required to pay in full and discharge all of the Refunded Bonds, the Escrow Agent, after payment of all fees and expenses of the Escrow Agent, shall immediately pay over to the Issuer the moneys, if any, then remaining in the Escrow Fund and this Escrow Agreement shall terminate. The Trustee shall promptly pay to the Issuer any and all unclaimed moneys on deposit in the Escrow Fund as provided in Section 10.04 of the Indenture and this request shall constitute the Request of the Issuer for such purpose.

Section 8. Fees and Costs.

(a) The Escrow Agent's fees, expenses and reimbursement for costs incurred for and in carrying out the provisions of this Escrow Agreement have been fixed by separate agreement. The Escrow Agent shall also be entitled to additional fees, expenses and reimbursement for costs incurred, including but not limited to, legal and accounting services in connection with any litigation or other proceedings which may at any time be instituted involving this Escrow Agreement not due to the negligence or willful misconduct of the Escrow Agent.

(b) Payments to the Escrow Agent pursuant to this Section 8 shall not be for deposit in the Escrow Fund, and the fees of and the costs incurred by the Escrow Agent shall not be a charge on and in no event shall be deducted from the Escrow Fund.

Section 9. Merger or Consolidation. Any company into which the Trustee and Escrow Agent may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee and Escrow Agent may sell or transfer all or substantially all of its corporate trust business, provided such company shall be eligible under Section 8.01(E) of the Indenture, shall be the successor to such Trustee and Escrow Agent without the execution or filing of any paper or any further act, notwithstanding anything herein to the contrary.

Section 10. Resignation of Escrow Agent. The Escrow Agent may resign and be discharged of its duties hereunder, in accordance with the procedures set forth in Article VIII of the Indenture, if and at such time as the Escrow Agent shall be discharged as Trustee under the Indenture. Any successor trustee under the Indenture shall succeed as the Escrow Agent under this Escrow Agreement.

Section 11. Indemnification. To the extent permitted by law, the Issuer hereby assumes liability for, and hereby agrees to indemnify, protect, save and hold harmless the Escrow Agent and its respective successors, assigns, agents and servants from and against any loss, damages, liability or expenses (including legal fees and disbursements) incurred without negligence or willful misconduct on the part of the Escrow Agent and in any way relating to or arising out of the execution and delivery of this Escrow Agreement, the establishment of the Escrow Fund, the retention of the moneys therein and any payment, transfer or other application of moneys, securities or investments by the Escrow Agent in accordance with the provisions of this Escrow Agreement; provided, however, that the Issuer shall not be required to indemnify the Escrow Agent against its own negligence or willful misconduct. The indemnities contained in this Section shall survive the termination of this Escrow Agreement.

Section 12. Capacity Immunities and Liabilities of Escrow Agent. The Escrow Agent is entering into this Escrow Agreement in its capacity as Trustee under the Indenture and shall be entitled to the protections, limitations from liability and indemnification afforded in Article VIII of the Indenture. The Escrow Agent shall perform such duties and only such duties as are specifically set forth in this Escrow Agreement and no implied duties or obligations shall be read into this Escrow Agreement against the Escrow Agent. The liability of the Escrow Agent to make payments required pursuant to this Escrow Agreement shall be limited to the cash and Escrowed Securities held on deposit in the Escrow Fund. The Escrow Agent shall not be liable or responsible for any loss resulting from any investment or reinvestment made pursuant to this Escrow Agreement and in full compliance with the provisions hereof. Subject to the provisions of Section 7 hereof, moneys held by the Escrow Agent hereunder are to be held and applied for the payment of the Refunded Bonds in accordance with the Indenture.

Section 13. Amendment. This Escrow Agreement is made for the benefit of the Issuer and the registered owners from time to time of the Refunded Bonds. This Escrow Agreement shall not be repealed, revoked, altered or amended without the written consent of all such registered owners; provided, however, that the Issuer and the Escrow Agent may, but without the consent of, or notice to, such registered owners, enter into such agreements supplemental to this Escrow Agreement for any one or more of the following purposes: (i) to cure any ambiguity or inconsistency or formal defect or omission in this Escrow Agreement; (ii) to grant to, or confer upon, the Escrow Agent for benefit of such registered owners any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such registered owners or the Escrow Agent; (iii) to subject to this Escrow Agreement additional funds, securities or properties; and (iv) to make any other amendment that does not materially adversely affect the rights of any registered owners of the Refunded Bonds; provided, however that no such agreement supplemental to this Escrow Agreement shall modify or amend the irrevocable pledge of the Escrow Fund, the provisions requiring delivery of an opinion of nationally recognized bond counsel and a verification report to the Escrow Agent prior to any substitution of securities and the provisions requiring delivery of an opinion of nationally recognized bond counsel and a verification report to the Escrow Agent prior to any reinvestment, without the consent of all registered owners of the Refunded Bonds.

Section 14. Notices. All notices and communications hereunder shall be in writing and shall be deemed to be duly given if received or if sent by first class mail, as follows:

If to the Issuer: Sonoma-Marine Area Rail Transit District

If to the Trustee and Escrow Agent:

The Bank of New York Mellon Trust Company, N.A.

Section 15. Severability. If any section, paragraph, clause or provision of this Escrow Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Escrow Agreement.

Section 16. Law Governing. This Escrow Agreement is made in the State of California and is to be construed under the Constitution and laws of such State.

Section 17. Counterparts. This Escrow Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the Issuer has caused this Escrow Agreement to be signed in its name by its duly authorized officer, and U.S. Bank National Association has caused this Escrow Agreement to be signed in its name by its duly authorized officer, all as of the day and year first above written.

SONOMA-MARIN AREA RAIL TRANSIT
DISTRICT

By: _____
Chief Financial Officer

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

By: _____
Authorized Officer

EXHIBIT A

INITIAL CASH DEPOSIT AND ESCROWED SECURITIES

Initial Cash Deposit: \$_____.

The following securities will be deposited into the Escrow Fund on _____, 2020:

<u>Type of Security</u>	<u>Maturity Date</u>	<u>Par Amount</u>	<u>Interest Rate</u>
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EXHIBIT B
REFUNDING REQUIREMENTS

<u>Date</u>	<u>Escrow Requirement</u>
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EXHIBIT C

NOTICE OF DEFEASANCE

**Sonoma-Marín Area Rail Transit District
Measure Q Sales Tax Revenue Bonds, Series 2011A**

Notice is hereby given to the applicable owners of the outstanding above-referenced bonds (the “Defeased Bonds”), there has been deposited with The Bank of New York Mellon Trust Company, N.A. (the “Trustee”), moneys from the Sonoma-Marín Area Rail Transit District (the “Issuer”) to the Trustee, which will be sufficient to pay the redemption price of and interest on the Defeased Bonds through and including the redemption date of March 1, 2022. The redemption price of, and interest on, such Defeased Bonds shall be paid only from moneys deposited with the Trustee as aforesaid. As a result of such deposit, such Defeased Bonds are deemed to have been paid in accordance with the applicable provisions of the Indenture pursuant to which the Bonds were issued.

<u>Maturity Date (March 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>CUSIP (Base No. 835588)*</u>
2021	\$120,000	3.00%	AG9
2021	10,445,000	5.00	AS3
2022	11,745,000	5.00	AH7
2023	12,990,000	5.00	AJ3
2024	14,290,000	5.00	AK0
2025	15,660,000	5.00	AL8
2026	17,100,000	5.00	AT1
2027	18,610,000	5.00	AN4
2028	20,195,000	5.00	AP9
2029	15,710,000	5.00	AQ7

* Neither the Issuer nor the Trustee shall be held responsible for the selection or use of CUSIP numbers, nor is any representation made as to their accuracy. They are included solely for the convenience of the owners.

Dated: _____, 2020

EXHIBIT D

**NOTICE OF REDEMPTION ON MARCH 1, 2022
Sonoma-Marín Area Rail Transit District
Measure Q Sales Tax Revenue Bonds, Series 2011A**

<u>Maturity Date (March 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>CUSIP (Base No. 835588)*</u>
2022	\$11,745,000	5.00%	AH7
2023	12,990,000	5.00	AJ3
2024	14,290,000	5.00	AK0
2025	15,660,000	5.00	AL8
2026	17,100,000	5.00	AT1
2027	18,610,000	5.00	AN4
2028	20,195,000	5.00	AP9
2029	15,710,000	5.00	AQ7

* Neither the Issuer nor the Trustee shall be held responsible for the selection or use of CUSIP numbers, nor is any representation made as to their accuracy. They are included solely for the convenience of the owners.

NOTICE IS HEREBY GIVEN to the owners of the above-referenced bonds issued by the Sonoma-Marín Area Rail Transit District (the “Issuer”) on December 14, 2011 and remarketed on May 1, 2012, that such bonds have been called for redemption, prior to maturity, on March 1, 2022 (the “Redemption Date”). On the Redemption Date there will be due and payable on each of such bonds the redemption price of one hundred percent (100%) of the principal amount thereof (the “Redemption Price”), together with interest accrued thereon to the Redemption Date. From and after the Redemption Date, interest on such bonds shall cease to accrue.

Payment of the Redemption Price on the bonds called for redemption will be paid only upon presentation and surrender thereof in the following manner:

Bondholders presenting their bonds in person for same day payment must surrender their bond(s) by 1:00 P.M. on the Redemption Date, and a check will be available for pick up after 2:00 P.M. Checks not picked up by 4:30 P.M. will be mailed out to the bondholder via first class mail. If payment of the Redemption Price is to be made to the registered owner of the bond, you are not required to endorse the bond to collect the Redemption Price.

Important Notice

Under the Jobs and Growth Tax Relief Reconciliation Act of 2003 (the “Act”), 28% will be withheld if tax identification number is not properly certified.

DATED this ____ day of _____, 2022.