



Tulare County Transportation Authority

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Visalia, California 93291  
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[www.tularecog.org](http://www.tularecog.org)

Tulare County Transportation Authority	Date: <b>Monday, March 16, 2020</b> Time: <b>1:00 p.m.</b> Place: Tulare County Board of Supervisors 2800 W. Burrel Avenue Visalia, CA 93291
Technical Advisory Committee	Date: <b>Thursday, March 12, 2020</b> Time: <b>1:30 p.m.</b> Place: Tulare County Association of Governments 210 N. Church Street, Suite B (Sequoia Conference Room) Visalia, CA 93291

In compliance with the Americans with Disabilities Act and the California Ralph M. Brown Act, if you need special assistance to participate in this meeting, including auxiliary aids, translation requests, or other accommodations, or to be able to access this agenda and documents in the agenda packet, please contact the TCAG office at 559-623-0450 at least 3 days prior to the meeting.

Any staff reports and supporting materials provided to the Board after the distribution of the agenda packet are available for public inspection at the TCAG office.

## I. CALL TO ORDER & WELCOME

## II. PUBLIC COMMENTS-TIMED ITEM

### NOTICE TO THE PUBLIC PUBLIC COMMENT PERIOD

At this time, members of the public may comment on any item of interest to the public and within the subject matter jurisdiction of TCAG but not appearing on this agenda. Under state law, matters presented under this item cannot be discussed or acted upon by the Board at this time. For items appearing on the agenda, the public is invited to make comments at the time the item comes up for Board consideration. Any person addressing the Board will be limited to a maximum of three (3) minutes so that all interested parties have an opportunity to speak with a total of fifteen (15) minutes allotted for the Public Comment Period. Speakers are requested to state their name(s) and address(es) for the record.

### ***Convene as the Tulare County Transportation Authority***

***All items on the Consent Agenda are considered to be routine and non-controversial by Authority staff and will be approved by one motion if no member of the Authority Board or public wishes to comment or ask questions. Items pulled from the Calendar will be considered separately.***

## III. AUTHORITY CONSENT CALENDAR – ACTION AND INFORMATION ITEMS

**Request approval of the Authority Consent Calendar Action Items III-A through III-C.**

- A. Action: Minutes of February 24, 2020 Authority Meeting (Pages 01-02)
- B. Action: Minutes of February 20, 2020 Technical Advisory Committee Meeting (Pages 03-04)
- C. Action: Adoption of Resolution: Affirm Citizens' Oversight Committee Members (Pages 05-08)
- D. Information: Conflict of Interest Code (Form 700) due April 1, 2020 (No Page)

#### **IV. AUTHORITY ACTION/DISCUSSION ITEMS**

- A. Action: Adoption of Resolution: Authorizing the Issuance and Sale of Not to Exceed:  
\$100,000,000 of Series 2020 Measure R Sales Tax Revenue Bonds Documents **(Pages 9-218)**
- B. Information: Measure R Revenue for February 2020 **(Pages 219-220)**
- C. Information: Member Agency Measure R Audit Year Ending June 30, 2019 **(Page 221)**

#### **V. OTHER BUSINESS**

- A. Information: Item from Staff
- B. Information: Item from Board Members
- C. Information: Other Items
- D. Request from Board Members for Future Agenda Items

#### **VI. ADJOURN**

The next scheduled Tulare County Transportation Authority (TCTA) meeting will be held on **Monday, April 20, 2020 at 1:00 p.m.** at the **Tulare Ag Auditorium, 4437 S. Laspina, Tulare, CA 93274.** The Technical Advisory Committee will meet on **Thursday, April 16, 2020 at 1:30 p.m.** at the **Tulare County Association of Governments (TCAG), 210 N. Church Street, Suite B, Sequoia Conference Room, Visalia, CA 93291.**

# TULARE COUNTY TRANSPORTATION AUTHORITY

<b>BOARD OF GOVERNORS</b>	<b>AGENCY</b>	<b>ALTERNATE</b>
Kuyler Crocker – Chair	Tulare County-District 1	*
Pete Vander Poel	Tulare County-District 2	*
Amy Shuklian	Tulare County-District 3	*
Eddie Valero	Tulare County-District 4	*
Dennis Townsend	Tulare County-District 5	*
Maribel Reynosa	City of Dinuba	Linda Launer
Frankie Alves	City of Exeter	Dave Hails
Paul Boyer	City of Farmersville	Ruben Macareno
Pamela Kimball	City of Lindsay	Brian Watson
Martha A. Flores	City of Porterville	Milt Stowe
Terry Sayre	City of Tulare	Carlton Jones
Bob Link – Vice-Chair	City of Visalia	Phil Cox
Rudy Mendoza	City of Woodlake	Frances Ortiz

**\*No Alternate (Required to be an elected official)**

## **TCAG STAFF**

Ted Smalley, Executive Director  
 Ben Kimball, Deputy Executive Director  
 Ben Giuliani, Executive Officer- LAFCO  
 Leslie Davis, Finance Director  
 Elizabeth Forte, Principal Regional Planner  
 Roberto Brady, Principal Regional Planner  
 Mark Hays, Senior Regional Planner  
 Derek Winning, Senior Regional Planner  
 Gabriel Gutierrez, Senior Regional Planner  
 Kasia Poleszczuk, Associate Regional Planner  
 Steven Ingoldsby, Associate Regional Planner  
 Giancarlo Bruno, Regional Planner  
 Gail Miller, Associate Regional Planner-EH  
 Barbara Pilegard, Associate Regional Planner-EH  
 Maria Garza, Associate Regional Planner-EH  
 Michele Boling, Accountant II  
 Brideget Moore, Staff Services Analyst III  
 Amie Kane, Administrative Clerk II  
 Servando Quintanilla, Administrative Clerk  
 Olivia Forte, Intern Apprentice-EH

## **Office Address**

Tulare County Association of Governments  
 210 N. Church, Suite B  
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[www.tcmeasurer.com](http://www.tcmeasurer.com)

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**AGENDA ITEM: III-A**  
**TULARE COUNTY ASSOCIATION OF GOVERNMENTS**  
**TULARE COUNTY TRANSPORTATION AUTHORITY**

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**Executive Minutes February 24, 2020**

Board Members	Alternates	Member/Alternate	Agency
Kuyler Crocker ( <i>Chair</i> )	*	M	Tulare County-Dist. 1
Pete Vander Poel	*	M	Tulare County-Dist. 2
Amy Shuklian	*		Tulare County-Dist. 3
Eddie Valero	*	M	Tulare County-Dist. 4
Dennis Townsend	*	M	Tulare County-Dist. 5
Maribel Reynosa	Linda Launer	M	City of Dinuba
Frankie Alves	Dave Hails	M	City of Exeter
Paul Boyer	Ruben Macareno		City of Farmersville
Pamela Kimball	Brian Watson	M	City of Lindsay
Martha A. Flores	Milt Stowe	M	City of Porterville
Terry Sayre	Carlton Jones	M	City of Tulare
Bob Link ( <i>Vice-Chair</i> )	Phil Cox		City of Visalia
Rudy Mendoza	Francis Ortiz	M	City of Woodlake

**Counsel and TCAG Staff Present (X)**

X Jeff Kuhn, Tulare Co. Deputy Counsel  
X Ted Smalley, Executive Director  
X Benjamin Kimball, Deputy Executive Director  
X Benjamin Giuliani, Executive Officer-LAFCO  
X Leslie Davis, Finance Director  
X Elizabeth Forte, Principal Regional Planner  
X Roberto Brady, Principal Regional Planner  
   Mark Hays, Senior Regional Planner  
X Derek Winning, Senior Regional Planner  
X Gabriel Gutierrez, Senior Regional Planner

X Kasia Poleszczuk, Associate Regional Planner  
   Steven Ingoldsby, Associate Regional Planner  
X Giancarlo Bruno, Regional Planner  
X Gail Miller, Associate Regional Planner/EH  
   Maria Garza, Associate Regional Planner/EH  
   Barbara Pilegard, Associate Regional Planner/EH  
   Michele Boling, Accountant III  
   Brideget Moore, Staff Services Analyst III  
X Amie Kane, TCAG Administrative Clerk II  
X Servando Quintanilla, TCAG Administrative Clerk  
   Olivia Forte, Intern Apprentice/EH

**I. CALL TO ORDER & WELCOME**

The Tulare County Transportation Authority was called to order by Chair Crocker at 3:05 p.m. on February 24, 2020 at the Woodlake Community Center, 145 N. Magnolia Street, Woodlake, CA 93286.

**II. PUBLIC COMMENTS**

Public comments opened/closed at 3:05 p.m. No public comments received.

**III. AUTHORITY CONSENT CALENDAR – ACTION/INFORMATION ITEMS**

Request approval of the Authority Consent Calendar Action Items III-A through III-B.

**A. Action: Minutes of January 27, 2020 Authority Meeting**

**B. Action: Minutes of January 22, 2020 Technical Advisory Committee Meeting**

Upon a motion by Member Flores, and seconded by Member Townsend, the Tulare County Transportation Authority unanimously approved the Authority Consent Calendar Action Items III-A through III-B. Absent: Shuklian, Boyer, and Link.

**C. Information: Conflict of Interest Code (Form 700) due April 1, 2020**

#### **IV. AUTHORITY ACTION/DISCUSSION ITEMS**

##### **A. Action: Adoption of Resolution: Approving Local Debt Policies**

Ms. Davis explained that adopting a local debt policy was needed due to the recent bonding that had been approved. Ms. Davis stated that the document had been forwarded to County Counsel for input, and then sent to TCAG financial advisors, and the bond council for review. Ms. Davis provided copies of the drafted document, that showed all the additional changes for review and discussion; no comments or questions noted.

Upon a motion by Member Vander Poel, and seconded by Member Valero, the Tulare County Transportation Authority unanimously approved the local debt policies as presented.

Absent: Shuklian, Boyer, and Link.

##### **B. Action: Adoption of Resolution: Approve the 2019 Local Partnership Program Formulaic Program Project Nomination**

Mr. Gutierrez highlighted the purposed projects and reviewed funding sources.

Upon a motion by Member Townsend, and seconded by Member Flores, the Tulare County Transportation Authority unanimously approved nomination of projects for the 2019 Local Partnership program. Absent: Shuklian, Boyer, and Link.

##### **C. Information: Measure R Revenue for January 2020**

Ms. Davis shared that the Measure R Revenue for January was \$2,823,588 compared to \$2,793,740 for the same period the previous year. The year to date amount was \$20,568,237 compared to \$19,899,266 for the same period the previous year and represented a 3.4% increase.

##### **D. Information: Tulare County Transportation Authority Audit Year Ending June 30, 2019**

Ms. Davis stated the item was discussed in a previous TCAG agenda item.

#### **V. OTHER BUSINESS**

##### **A. Information: Items from Staff**

##### **B. Information: Items from Board Members**

##### **C. Information: Other Items**

##### **D. Request from Board Members for Future Agenda Items**

There were no items reported or comments noted for Other Business Items V-A through V-D.

#### **VI. ADJOURN**

The Tulare County Transportation Authority adjourned at 3:10 p.m.

**AGENDA ITEM: III-B**  
**TCTA Technical Advisory Committee Meeting**  
**Tulare County Association of Governments - 210 N. Church Street, Suite B, Visalia, CA 93291**  
**February 20, 2020 – Summary Meeting Minutes**

**ATTENDANCE LIST**

City of Dinuba	<i>Absent</i>
City of Exeter	Eddie Wendt
Cities of Farmersville, Woodlake	Lisa Wallis-Dutra
City of Lindsay	Neyba Amezcua
County of Tulare	Hernan Beltran
City of Porterville	<i>Absent</i>
City of Tulare	<i>Absent</i>
City of Visalia	<i>Absent</i>
Tule River Indian Reservation	<i>Absent</i>
TCAG	Benjamin Kimball
Caltrans	Michael Navarro

**Others Present:** Ross Miller

**TCAG Staff Present:** Leslie Davis, Giancarlo Bruno, Elizabeth Forte, Gabriel Gutierrez, Derek Winning, Kasia Poleszczuk, Benjamin Giuliani, Roberto Brady and Brideget Moore Recording.

**SUMMARY MEETING MINUTES**

(Minutes reflect agenda items discussed only)

- I. CALL TO ORDER:** The meeting convened as the Tulare County Transportation Authority Meeting and was called to order by Mr. Kimball at 2:15 p.m.

All action and informational documents were distributed for review and discussion. All actionable items would be voted on at the next Tulare County Transportation Authority (TCTA) Board meeting, scheduled for February 24, 2020.

**IV. AUTHORITY ACTION/DISCUSSION ITEMS**

**A. Action: Adoption of Resolution: Approving Local Debt Policies**

Ms. Davis gave an on update on the Approval of Local debt Policy and stated the policy had been reviewed by County Counsel and financial advisors. Ms. Davis also pointed out the highlighted changes on the handout.

**B. Action: 2019 Local Partnership Program Formulaic Program Project Nomination**

Mr. Gutierrez discussed the programming of LPP formula funds from the 2019 cycle and stated that funds not programmed that year were carried over which is allowed by the guidelines. Mr. Gutierrez stated recommended projects would be sent to the Board.

**C. Information: Measure R Revenue for January 2020**

Ms. Davis shared that the Measure R Revenue for January was \$2,823,588 compared to \$2,793,740 for the same period last year. The year to date amount was \$20,568,237 compared to \$19,899,266 for the same period the previous year, representing a 3.4% increase for the fiscal year.

**D. Information: Tulare County Transportation Authority Audit Year Ending June 30, 2019**

Ms. Davis stated that the item was the same as was shared for the TCAG agenda and there was nothing additional to report.

**VI. ADJOURN**

The TCAG Technical Advisory Committee adjourned at 2:19 p.m.

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Tulare County Association of Governments  
Sitting as the Tulare County Transportation Authority

**AGENDA ITEM III-C**

**March 16, 2020**

**Prepared by Leslie Davis, TCAG Staff**

**SUBJECT:**

**Action:** Adoption of Resolution: Affirm Citizens' Oversight Committee Members

**BACKGROUND:**

The Measure R Expenditure Plan provides guidelines for the Citizens' Oversight Committee, including the requirements for membership and the agencies responsible for nominations to the Oversight Committee. All selections to the Oversight Committee require confirmation from the Tulare County Transportation Authority (TCTA).

**DISCUSSION:**

The City of Exeter has re-appointed Robyn Stearns and the Tulare County Farm Bureau has re-appointed Joe Russell through June 2021.

**RECOMMENDATION:**

Affirm the selection of Robyn Stearns for the City of Exeter and Joe Russell for the Tulare County Farm Bureau as COC representatives.

**FISCAL IMPACT:**

No fiscal impact.

**ATTACHMENT:**

1. Resolution for Approval of Citizens' Oversight Committee Member Appointments

BEFORE THE  
TULARE COUNTY TRANSPORTATION AUTHORITY  
COUNTY OF TULARE, STATE OF CALIFORNIA

In the matter of:

AFFIRMATION OF MEASURE R	)	
CITIZENS' OVERSIGHT COMMITTEE	)	Resolution No.
MEMBERS	)	

WHEREAS, on November 7, 2006 the citizens of Tulare County approved Measure R; and

WHEREAS, Measure R included an Expenditure Plan that provides the guidance for the formation of a Citizens' Oversight Committee, including the agencies that will provide nominations and the terms which they will serve; and

WHEREAS, The City of Exeter has re-appointed Robyn Stearns and the new term will cover July 1, 2019 to June 30, 2021; and

WHEREAS, The Tulare County Farm Bureau has re-appointed Joe Russell and the new term will cover July 1, 2019 to June 30, 2021; and

WHEREAS, An Oversight Committee member may serve up to eight years, and is reappointed every two years; and

WHEREAS, the Expenditure Plan outlines that the Transportation Authority Board has responsibility of final approval of all appointments.

NOW, THEREFORE, BE IT RESOLVED that the Tulare County Transportation Authority affirms that the following nominations are approved to serve on the Tulare County Measure R Citizens' Oversight Committee: City of Exeter, Robyn Stearns and Tulare County Farm Bureau, Joe Russell to the term ending June 30, 2021.

The foregoing Resolution was adopted upon motion of Member \_\_\_\_\_, seconded by Member \_\_\_\_\_, at a regular meeting held on the 16th day of March, 2020 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

TULARE COUNTY ASSOCIATION OF GOVERNMENTS

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Kuyler Crocker  
Chair, TCAG

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Ted Smalley  
Executive Director, TCAG

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Tulare County Association of Governments  
Sitting as the Tulare County Transportation Authority

**AGENDA ITEM IV-A**

**March 16, 2020**

**Prepared by Leslie Davis**

**SUBJECT:**

**Action:** Adoption of Resolution Authorizing the Issuance and Sale of Not to Exceed: \$100,000,000 of Series 2020 Measure R Sales Tax Revenue Bonds

**BACKGROUND:**

The Tulare County Transportation Authority ("Authority") is a local transportation authority duly organized and existing pursuant to the Local Transportation Authority and Improvement Act (constituting Division 19 of the Public Utilities Code of the State of California) (the "Act"). Pursuant to Section 180050 of the Act, the Tulare County Association of Governments Transportation Planning Agency has been designated by the Board of Supervisors of the County of Tulare (the "County") to serve as the Authority under the Act. Pursuant to the provisions of the Act, the Authority adopted Ordinance No. 2006-01, entitled the "2006 Half-Cent Transportation Sales Tax Measure Expenditure Plan and Use Tax Ordinance" (hereinafter referred to as the "Ordinance") on July 24, 2006.

The Ordinance provided for the imposition of a retail transactions and use tax (the "Measure R Sales Tax") at the rate of one-half of one percent (1/2%) per dollar for a period not to exceed 30 years from the date of commencement of collection of the Measure R Sales Tax, such Measure R Sales Tax to be applicable in the incorporated and unincorporated territory of the County.

The Measure R Sales Tax was approved by more than two-thirds of the voters of the County voting on the Measure R Sales Tax at the general election held in the County on November 7, 2006, and such Measure R Sales Tax became effective on April 1, 2007. Pursuant to the provisions of the Act, the Ordinance also became operative on April 1, 2007, and will continue in effect until March 31, 2037. In conjunction with the adoption of the Ordinance, the Authority adopted the Final 2006 ½ Cent Transportation Sales Tax Measure Expenditure Plan providing for the expenditure of the proceeds of the Measure R Sales Tax (such expenditure plan, as heretofore amended and as supplemented or amended from time to time pursuant to its terms, being hereinafter referred to as the "Expenditure Plan").

Pursuant to the provisions of the Act and the Ordinance, the Authority is authorized to issue limited tax bonds secured by and payable from the proceeds of the Measure R Sales Tax, net of administrative fees deducted by the State of California's Department of Tax and Fee Administration for the collection of the Measure R Sales Tax (the "Pledged Sales Tax Revenues"). Pursuant to this power, the Authority issued and sold \$69,795,000\_ principal amount of Measure R Sales Tax Revenue Bonds on or about July 1, 2014, of which approximately \$63,070,000 is presently outstanding and which mature on February 1, 2037 (the Series 2014 Bonds").

In addition, on December 21, 2018, the Authority borrowed \$20,000,000 from the County Treasurer as an advance against the Authority's Measure R sales tax revenues in order to accelerate the delivery of projects (the "2018 Treasury Loan").

The Measure R Strategic Work Plan is the master plan for the delivery of Measure R projects in the upcoming five-year period. The 2018 plan was approved with resolution No. 2018-102 at the June 18, 2018 board meeting. The 2018 Strategic Work Plan was amended on March 18, 2019 with Resolution No. 2019-104 and on April 15, 2019 with Resolution No. 2019-105. It details the revenue projections and possible financing tools needed to deliver Measure R projects. It takes into consideration the Measure R Expenditure Plan and the Measure R Policies and Procedures and gathers them into one document that will produce Measure R projects in a timely and efficient manner. The Strategic Work Plan is updated every two years and amended when there are financial changes that affect the member agencies.

TCTA staff met and discussed various financial options to meet the project obligations of the Strategic Work Plan. As a result, TCTA staff met with the financial consultant KNN Public Finance, LLC ("KNN") to review a number of financial scenarios. On October 21, 2019 the Board approved contracts with KNN to serve as TCTA's financial advisor and with the law firm of Hawkins Delafield & Wood LLP to serve as TCTA's bond and disclosure counsel, for the potential new financing. The scenarios were proposed to the Board along with an Authorization to proceed with drafting of related bond documents and approved by the Board on December 9, 2019 with Resolution No. 2019-114.

## **DISCUSSION:**

Bond Counsel, KNN, and TCTA staff, with assistance from County Counsel, have completed preparation of the documents required for issuance and sale of a new series of Measure R Sales Tax Revenue Bonds, in an aggregate principal amount of not-to-exceed \$100,000,000 (the "Series 2020 Bonds") and those documents are now presented to the Board for review and approval. Proceeds of the Series 2020 Bonds will be used to (i) finance the Projects, as described below, (ii) refinance and pay off the balance of the 2018 Treasury Loan, and (iii) finance the costs of issuance incurred in connection with the Series 2020 Bonds.

The Projects include all or a portion of the projects described below:

- City of Tulare Commercial Interchange, consisting of a new over-crossing and access ramps to SR 99.
- Caldwell Avenue/SR 99 Interchange, consisting of improving an over-40 year old interchange with roundabouts and reconfiguring the interchange to standard geometrics.
- Caldwell Avenue and Avenue 280 widening Projects, consisting of widening approximately 6 miles within the Cities of Visalia and Farmersville and the unincorporated area of the County.
- City of Porterville SR 190 Corridor Improvements, consisting of the construction of three roundabouts, interchange ramp improvements, and auxiliary lanes.

- City of Visalia SR 198 Corridor Improvements, consisting of upgrading the interchanges at Akers Avenue/SR 198 and Lovers Lane/SR 198.

Proceeds of the Series 2020 Bonds may also be used to finance part or all of certain other regional capital projects approved by the Authority, which may include all or a portion of the following, among other projects:

- Lindsay Spruce Mitigation Project. The first mitigation project is a roundabout at Tulare Avenue and SR 65 in the City of Lindsay.
- Porterville Rehabilitation Program. The City of Porterville would use approximately \$4,000,000 of Measure R funding to advance costs for 5-8 miles of road rehabilitation.
- Firebaugh/Rocky Hill street improvements in the City of Exeter, consisting of upgrading pavement conditions, widening lanes to current standards, and adding sidewalks and bicycle lanes.
- Dinuba/Woodlake Roundabouts. Measure R funds would be used if significant cost increases occur that are not funded with state and local funds.
- Farmersville Blvd. corridor improvements, including the widening of Farmersville Blvd. from SR 198 to Walnut Avenue (approximately one mile) in the City of Farmersville.
- County Bridge Improvement Program. Approximately \$300,000-500,000 of Measure R funding will be provided annually to provide a match for federal bridge funding for repairs of the County bridges.
- Harvest Road improvement project, consisting of improving one mile of a county road to full standards, including sidewalks.
- County Road Rehabilitation Program. Approximately \$10,000,000 of Measure R funding will be used for 15-25 miles of road rehabilitation in the County.
- Riggin Avenue improvements, consisting of widening to four lanes the connection from Riggin Avenue to Betty Drive in the City of Visalia.

Subject to approval by the Authority in accordance with the Expenditure Plan and Measure R Strategic Work Plan procedures, additional or alternative projects may be financed in whole or part with proceeds of the 2020 Series Bonds.

In accordance with Government Code section 5852.1, the Authority is required to obtain and disclose the following information in a meeting open to the public before final approval of the issuance and sale of the Series 2020 Bonds, which information is based on good faith estimates provided by KNN and shown in **Exhibit A** to the Board Resolution attached and included in today's agenda packet: (a) the true interest cost of the Series 2020 Bonds, which means the rate necessary to discount the amounts payable on the principal and interest payment dates to the purchase price received for the Series 2020 Bonds, (b) the finance charge of the Series 2020 Bonds, which means the sum of all fees and charges paid to third parties, (c) the amount of proceeds received by the Authority for sale of the Series 2020 Bonds less the finance charge of the Series 2020 Bonds described in subparagraph (b), and (d) the total payment amount, which means the sum total of all payments the Authority will make to pay debt

service on the Series 2020 Bonds plus the finance charge of the Series 2020 Bonds described in subparagraph (b) not paid with the proceeds of the Series 2020 Bonds, calculated to the final maturity of the Series 2020 Bonds.

## **RECOMMENDATIONS:**

It is staff's recommendation to proceed with adoption of the attached Board Resolution approving the issuance and sale of the Series 2020 Bonds as described above, and the associated documents listed as Attachments below, with the proceeds of the new bonds to be used to (i) finance the cost of the Projects described above , (ii) refinance and payoff the 2018 Treasury Loan, and (iii) pay the costs of issuance incurred in connection with the Series 2020 Bonds, with further details and parameters described in the Resolution. Under the proposed Resolution, upon advice of bond counsel, KNN, and County Counsel, the TCTA Chairperson, Executive Director, and Finance Director will be authorized to complete and make technical changes to the documents as necessary to carry out and complete the financing.

## **FISCAL IMPACT:**

Bonding will likely result in the ability to deliver projects in the next five years that would otherwise require delay. The impact over the life of Measure R is to provide opportunity to realize direct and indirect benefits from construction of high priority regional projects. It is unlikely that over the long term there will be a negative impact. However, if the cost of construction increases, bonding is likely to have a positive impact over the life of Measure R by accelerating construction of projects at a lower cost than would be incurred otherwise.

The annual total debt service will be approximately \$6.5 million per year once amortizing of principal begins in FY 2020, assuming a borrowing size of \$90 million. Total debt service (principal and interest) would be approximately \$107 million over the entire life of the Series 2020 Bonds, which like the 2014 Series Bonds, will mature on February 1, 2037.

## **ATTACHMENTS:**

1. Resolution authorizing the Issuance and Sale of Not-to-Exceed \$100,000,000 Aggregate Principal Amount of Series 2020 Bonds, and approving related bond and disclosure documents, including forms of the following documents (Pages 13-20)
2. Purchase Agreement (Pages 21-41)
3. Official Notice Inviting Bids (Pages 42-55)
4. Preliminary Official Statement (Pages 56-151)
5. First Supplemental Indenture between TCTA and Zions Bancorporation, National Association (Pages 152-159)
6. Notice of Intent (Page 160)
7. Certificate of Award (Page 161)
8. Escrow Instructions between TCTA and Zions Bancorporation, National Association (Pages 162-167)
9. Second Supplemental Indenture between TCTA and Zions Bancorporation, National Association (Pages 168-187)
10. Revised Disclosure Procedures (Pages 188-218)

## RESOLUTION NO. \_\_\_\_\_

RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF NOT TO EXCEED \$100,000,000 AGGREGATE PRINCIPAL AMOUNT OF TULARE COUNTY TRANSPORTATION AUTHORITY SALES TAX REVENUE BONDS IN ONE OR MORE SERIES, BY COMPETITIVE SALE PURSUANT TO A NOTICE INVITING BID OR BY A NEGOTIATED SALE PURSUANT TO A PURCHASE CONTRACT, APPROVING THE FORMS AND AUTHORIZING THE EXECUTION AND DELIVERY OF A FIRST AMENDMENT TO THE INDENTURE, A SECOND SUPPLEMENTAL INDENTURE, A PURCHASE CONTRACT, A NOTICE INVITING BIDS, A CONTINUING DISCLOSURE CERTIFICATE, REVISED DISCLOSURE PROCEDURES, AND A PRELIMINARY OFFICIAL STATEMENT, AND AUTHORIZING OFFICIAL ACTIONS AND EXECUTION OF DOCUMENTS RELATED THERETO

WHEREAS, the Tulare County Transportation Authority (“Authority”) is a local transportation authority duly organized and existing pursuant to the Local Transportation Authority and Improvement Act (constituting Division 19 of the Public Utilities Code of the State of California) (the “Act”);

WHEREAS, pursuant to Section 180050 of the Act, the Tulare County Association of Governments Transportation Planning Agency has been designated by the Board of Supervisors of the County of Tulare (the “County”) to serve as the Authority under the Act;

WHEREAS, pursuant to the provisions of the Act, the Authority adopted Ordinance No. 2006-01, entitled the “2006 Half-Cent Transportation Sales Tax Measure Expenditure Plan and Use Tax Ordinance” (hereinafter referred to as the “Ordinance”) on July 24, 2006;

WHEREAS, the Ordinance provided for the imposition of a retail transactions and use tax (the “Measure R Sales Tax”) at the rate of one-half of one percent (1/2%) per dollar for a period not to exceed 30 years from the date of commencement of collection of the Measure R Sales Tax, such Measure R Sales Tax to be applicable in the incorporated and unincorporated territory of the County;

WHEREAS, the Measure R Sales Tax was approved by more than two-thirds of the voters of the County voting on the Measure R Sales Tax at the general election held in the County on November 7, 2006, and such Measure R Sales Tax became effective on April 1, 2007;

WHEREAS, pursuant to the provisions of the Act, the Ordinance became operative on April 1, 2007 and will continue in effect until March 31, 2037;

WHEREAS, in conjunction with the adoption of the Ordinance, the Authority adopted the Final 2006 ½ Cent Transportation Sales Tax Measure Expenditure Plan providing for the expenditure of the proceeds of the Measure R Sales Tax (such expenditure plan, as heretofore amended and as supplemented or amended from time to time pursuant to its terms, being hereinafter referred to as the “Expenditure Plan”);

WHEREAS, pursuant to the provisions of the Act and the Ordinance, the Authority is authorized to issue limited tax bonds secured by and payable from the proceeds of the Measure R Sales Tax, net of administrative fees deducted by the California Department of Tax and Fee Administration for the collection of the Measure R Sales Tax (the “Pledged Sales Tax Revenues”);

WHEREAS, the Authority hereby determines to issue and deliver one or more series of bonds entitled “Tulare County Transportation Authority Sales Tax Revenue Bonds (Limited Tax Bonds)” (the “Bonds”) with such series designations and other additions and modifications as may be appropriate, to (i) finance the cost of projects authorized in the Expenditure Plan, (ii) refinance the outstanding loan from the County Treasury of the County (the “2018 County Treasury Loan”) and (iii) finance the costs of issuance incurred in connection with the Bonds;

WHEREAS, the Authority has determined to issue Bonds in the aggregate principal amount not to exceed \$100,000,000;

WHEREAS, in accordance with Government Code Section 5852.1, before adoption of this Resolution this Board of Governors (this “Board”) obtained and disclosed all of the following information in a meeting open to the public, which information was based on good faith estimates provided by KNN Public Finance, LLC: (a) the true interest cost of the Bonds, which means the rate necessary to discount the amounts payable on the principal and interest payment dates to the purchase price received for the Bonds, (b) the finance charge of the Bonds, which means the sum of all fees and charges paid to third parties, (c) the amount of proceeds received by the Authority for sale of the Bonds less the finance charge of the Bonds described in subparagraph (b), and (d) the total payment amount, which means the sum total of all payments the Authority will make to pay debt service on the Bonds plus the finance charge of the Bonds described in subparagraph (b) not paid with the proceeds of the Bonds, calculated to the final maturity of the Bonds;

WHEREAS, in accordance with Government Code Section 8855, before adoption of this Resolution this Board adopted debt policies meeting the requirements thereof;

WHEREAS, this Board finds that the issuance of the Bonds authorized by this Resolution is consistent with its debt policy;

WHEREAS, in connection with the issuance of the Bonds, the Authority has determined to amend the Indenture dated as of July 1, 2014 (the “Original Indenture”) to clarify certain terms thereof pursuant to the First Amendment to Indenture, dated as of April 1, 2020 (the “First Amendment to Indenture” and, together with the Original Indenture, the “Master Indenture”), each by and between the Authority and Zions First National Bank, now known as Zions Bancorporation, National Association, as trustee (the “Trustee”);

WHEREAS, the Authority hereby determines that the Bonds shall be issued pursuant to the Master Indenture, as supplemented by the Second Supplemental Indenture, dated as of April 1, 2020 (the “Second Supplemental Indenture” and, together with the Master Indenture, the “Indenture”), by and between the Authority and the Trustee;

WHEREAS, the Bonds may be sold by a negotiated sale pursuant to a Purchase Contract (the “Purchase Contract”) to be entered into by and between the Authority and an underwriter to

be named therein (the “Underwriter”) or by a competitive sale pursuant to a Notice Inviting Bids (the “Notice Inviting Bids”);

WHEREAS, the Authority will prepare a Preliminary Official Statement (the “Preliminary Official Statement”) and a final Official Statement (the “Official Statement”) relating to the Bonds;

WHEREAS, pursuant to Securities and Exchange Commission Rule 15c2-12 (the “Rule”), the Authority will undertake certain continuing disclosure obligations as set forth in the Continuing Disclosure Certificate relating to the Bonds (the “Continuing Disclosure Certificate”); and

WHEREAS, the Authority desires to authorize the execution and delivery of certain documents and the performance of such acts as may be necessary to effect the issuance and sale of the Bonds;

NOW THEREFORE, THE BOARD OF GOVERNORS OF THE TULARE COUNTY TRANSPORTATION AUTHORITY RESOLVES:

Section 1. Findings and Determinations. The Authority finds and determines that the foregoing recitals are true and correct.

Section 2. Approval of Bonds. The Authority hereby approves the issuance of the Bonds pursuant to the Act, the Ordinance, and the Indenture in an aggregate principal amount of not to exceed \$100,000,000; provided that the Bonds shall have a final maturity of not later than February 1, 2037 and a true interest cost (including any bond insurance premiums, if any, and any reserve surety premiums, if any) not greater than 5.00% per annum; and provided that the discount on the purchase price of the Bonds to an Underwriter (excluding original issue discount) purchasing the Bonds pursuant to the Purchase Contract shall not exceed 1.5% of the aggregate principal amount of the Bonds. The Bonds will be sold by a negotiated sale in accordance with the Purchase Contract or by competitive bid in accordance with the Notice Inviting Bids, all as may be determined by either the Executive Director of the Authority or the Finance Director of the Authority, for and in the name and on behalf of the Authority.

Section 3. Approval of Related Financing Documents. The Authority hereby approves each of the following documents required to implement the financing plan to be accomplished by the Bonds, in substantially the respective forms on file with the Board together with such additions thereto and changes therein as the Chairperson of the Authority, the Executive Director of the Authority, the Finance Director of the Authority and any of their designees (each a “Designated Officer”) or any one of them acting alone shall deem necessary, desirable or appropriate, the execution of which by the Designated Officer shall be conclusive evidence of the approval of the Authority of any such additions and changes:

- (a) the First Amendment to Indenture;
- (b) the Second Supplemental Indenture;
- (b) the Purchase Contract if it is determined as provided herein to that the Bonds shall be sold on a negotiated basis;

- (c) the Notice Inviting Bids to be used if it is determined as provided herein to that the Bonds shall be sold on a competitive basis;
- (d) the Continuing Disclosure Certificate; and
- (e) Revised TCTA Disclosure Procedures.

The Designated Officers, and each of them acting alone, are hereby authorized and directed to execute and attest and affix the seal of the Authority to, the final form of such agreements and instrument for and in the name and on behalf of the Authority. The Authority hereby authorizes the delivery and performance of the First Amendment to Indenture, the Second Supplemental Indenture, the Purchase Contract, the Notice Inviting Bids and the Continuing Disclosure Certificate and such other documents, instruments and certificates that they may deem necessary or advisable in order to effectuate the purposes of this Resolution. The structure, dated date, maturity date or dates, tax-exempt fixed interest rate or rates or methods of determining the same, interest payment dates, forms, registration privileges, place or places of payment, terms of redemption, provisions for reserve funds, if any, additional series designation and number thereof and other terms of the Bonds shall be (subject to the limitations set forth in Section 2 hereof) as provided in the Master Indenture and the Second Supplemental Indenture as finally executed and delivered.

Section 4. Official Statement. The Authority hereby approves the preliminary Official Statement in substantially the form on file with the Board, together with such additions thereto and changes therein as the Designated Officers or any one of them acting alone shall deem necessary, desirable or appropriate. The Designated Officers, and each of them acting alone, are hereby authorized and directed, or any one of them, as they deem appropriate, to deem final within the meaning of Rule 15c2-12 of the Securities Exchange Act of 1934, as amended, except for permitted omissions, the preliminary form of the Official Statement describing the Bonds. Distribution of such preliminary Official Statement by the Underwriter in the event of a negotiated sale pursuant to a Purchase Contract and by KNN Public Finance, LLC, the Authority's Municipal Advisor with respect to the Bonds (the "Municipal Advisor"), in the event of a competitive sale is hereby approved. The Designated Officers, each acting alone, are hereby authorized to execute the final Official Statement, including as it may be modified by such additions thereto and changes therein as a Designated Officer shall deem necessary, desirable or appropriate, and the execution of the final Official Statement by the Authority shall be conclusive evidence of the approval of any such additions and changes. The Authority hereby authorizes the distribution of the final Official Statement by the Underwriter and the Municipal Advisor. The final Official Statement shall be executed in the name and on behalf of the Authority by a Designated Officer.

Section 5. Bond Insurance and Reserve Surety Policy. The Designated Officers, and each of them acting alone, upon consultation with County Counsel or Bond Counsel, are hereby authorized, upon a determination by such Designated Officer that the procurement of such municipal bond insurance policy or guaranty, insurance policy or surety bond is in the best interests of the Authority, to procure and maintain a municipal bond insurance policy for the benefit of the registered owners of one or more maturities of the Bonds and to procure and maintain a guaranty, insurance policy, or surety bond in such form and on such terms as such Designated Officer shall require or approve, such approval to be conclusively evidenced by the execution and delivery of a

commitment letter or comparable document for and on behalf of the Authority to the issuer of such municipal bond insurance policy or guaranty, insurance policy, or surety bond. The forms of the First Amendment to Indenture, the Second Supplemental Indenture, the Purchase Contract, the Notice Inviting Bids, the Official Statement or any other documents approved herein may be modified as such officer may deem necessary or appropriate in order to procure such municipal bond insurance policy or guaranty, insurance policy or surety bond, if any.

Section 6. Good Faith Estimates. In accordance with Government Code Section 5852.1, good faith estimates of the following are set forth in Exhibit A attached hereto: (a) the true interest cost of the Bonds, (b) the sum of all fees and charges paid to third parties with respect to the Bonds, (c) the amount of proceeds of the Bonds expected to be received net of the fees and charges paid to third parties and any reserves or capitalized interest paid or funded with proceeds of the Bonds, and (d) the sum total of all debt service payments on the Bonds calculated to the final maturity of the Bonds plus the fees and charges paid to third parties not paid with the proceeds of the Bonds.

Section 7. Ratification of Actions. All actions heretofore taken by any officers, employees or agents of the Authority with respect to the issuance, delivery or sale of the Bonds, or in connection with or related to any of the agreements, documents, instruments, and certificates referred to herein, are hereby approved, confirmed and ratified.

Section 8. General Authorization. Each Designated Officer, and each of them acting alone or together, are hereby authorized and directed, for and in the name of and on behalf of the Authority, to take such actions, and to execute such agreements, documents, instruments, and certificates as may be necessary to effectuate the purposes of this Resolution, including without limitation escrow instructions relating to the payment of the 2018 County Treasury Loan.

Section 9. Official Actions. The Designated Officers are hereby authorized and directed, for and in the name and on behalf of the Authority, to do any and all things and take any and all actions, including execution and delivery of any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and sale of the Bonds and the consummation and continuing administration of the transactions as described herein, including without limitation escrow instructions relating to the payment of the 2018 County Treasury Loan.

Section 10. Effective Date of Resolution. This Resolution shall take effect immediately upon its adoption.

The foregoing Resolution was passed and adopted by the members of the Governing Board of the Tulare County Association of Governments in its capacity as the Authority on the 16th day of March, 2020, at regular meeting of said board and regularly convened on said day by the following vote:

Ayes: \_\_\_\_\_  
Noes: \_\_\_\_\_  
Absent: \_\_\_\_\_  
Abstain: \_\_\_\_\_

Tulare County Association of Governments  
in its capacity as the  
Tulare County Transportation Authority

By: \_\_\_\_\_  
Kuyler Crocker, Chair TCAG

ATTEST:

By: \_\_\_\_\_  
Theodore Smalley, Executive Director

## **EXHIBIT A**

### **COSTS OF ISSUANCE ESTIMATES**

The following information was obtained from KNN Public Finance, LLC with respect to the bonds (the “Bonds”) approved in the attached Resolution, and is provided in compliance with Government Code Section 5852.1 with respect to the Bonds:

**Section 1. True Interest Cost of the Bonds.** Based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the true interest cost of the Bonds, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the Bonds, is 1.98%.

**Section 2. Finance Charge of the Bonds.** Based on market interest rates prevailing at the time of preparation of this information and certain other available information, a good faith estimate of the finance charge of the Bonds, which means the sum of all fees and charges paid to third parties (or costs associated with the Bonds), is \$720,600, as follows:

- (a) Underwriters’ Discount: \$395,600
- (b) Bond Counsel and Disclosure Counsel and Disbursements: \$75,000
- (c) Municipal Advisor and Disbursements: \$125,000
- (d) Rating Agencies: \$110,000
- (e) Other: \$15,000

**Section 3. Amount of Proceeds to be Received.** Based on market interest rates prevailing at the time of preparation of this information and certain other available information, a good faith estimate of the amount of proceeds expected to be received by the Authority for sale of the Bonds less the finance charge of the Bonds described in Section 2 above and any reserves or capitalized interest paid or funded with proceeds of the Bonds, is \$90,000,000

**Section 4. Total Payment Amount.** Based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the total payment amount, which means the sum total of all payments the Authority will make to pay debt service on the Bonds plus the finance charge of the Bonds described in Section 2 above not paid with the proceeds of the Bonds, calculated to the final maturity of the Bonds, is \$106,763,380.

Attention is directed to the fact that the foregoing information constitutes good faith estimates only. The actual interest cost, finance charges, amount of proceeds and total payment amount may vary from the estimates above due to variations from these estimates in the timing of Bonds sale, the amount of Bonds sold, the amortization of the Bonds sold and market interest rates at the time of each sale. The date of sale and the amount of Bonds sold will be determined by the Authority based on the need for project funds and other factors. The actual interest rates at which the Bonds will be sold will depend on the bond market at the time of each sale. The actual amortization of the Bonds will also depend, in part, on market interest rates at the time of sale.

Market interest rates are affected by economic and other factors beyond the Authority's control. The Authority has approved the issuance of the Bonds with a maximum true interest cost of 5.00%.

HDW Draft – 3/2/20

**\$(Principal Amount)**  
**TULARE COUNTY TRANSPORTATION AUTHORITY**  
**SALES TAX REVENUE BONDS (LIMITED TAX BONDS), SERIES 2020**

**PURCHASE CONTRACT**

[Sale Date]

Tulare County Transportation Authority  
 210 North Church Street, Suite B  
 Visalia, California 93291

Ladies and Gentlemen:

[Underwriter] (the “Underwriter”) offers to enter into this Purchase Contract (the “Purchase Contract”) with you, the Tulare County Transportation Authority (the “Authority”), for the purchase by the Underwriter of \$(Principal Amount) aggregate principal amount of the Tulare County Transportation Authority Sales Tax Revenue Bonds (Limited Tax Bonds), Series 2020 (the “Bonds”).

This offer is made subject to written acceptance by the Authority at or prior to 11:59 p.m., California time, on the date hereof, and, if not so accepted, will be subject to withdrawal by the Underwriter upon notice delivered to the Authority at any time prior to the acceptance hereof by the Authority. Upon such acceptance this Purchase Contract shall be in full force and effect in accordance with its terms and shall be binding upon the Authority and the Underwriter.

**Section 1. Purchase and Sale.** Upon the terms and conditions and in reliance on the representations, warranties and agreements herein set forth, the Underwriter hereby agrees to purchase, and the Authority hereby agrees to issue and direct Zions Bancorporation, National Association (the “Trustee”) to authenticate and deliver to the Underwriter, all (but not less than all) of \$(Principal Amount) aggregate principal amount of the Bonds at the aggregate purchase price of \$(Purchase Price) (representing the aggregate principal amount of the Bonds, [plus/minus] a [net] [premium/discount] of \$(OIP/OID) and less an Underwriter’s discount of \$(UW Discount)) (the “Purchase Price”).

The Bonds will be issued under and pursuant to Section 180000 et seq. of the Public Utilities Code of the State of California (as amended, the “Act”) and Ordinance No. 2006-01 entitled the 2006 Half-Cent Transportation Sales Tax Measure Expenditure Plan and Use Tax Ordinance (the “Ordinance”). The Bonds shall be as described in the Official Statement and the Indenture (each as herein defined) and shall be issued and secured under and pursuant to an Indenture, dated as of July 1, 2014 (the “Master Indenture”) (the “Original Indenture”), as amended by the First Amendment to Indenture, dated as of [Dated Date] (the “First Amendment to Indenture” and, collectively with the Original Indenture, the “Master Indenture”), as supplemented by the Second Supplemental Indenture, dated as of [Dated Date] (the “Second Supplemental Indenture” and, together with the Master Indenture, the “Indenture”), each by and between the Authority and Zions First National Bank, now known as Zions Bancorporation,

National Association, as trustee (the “Trustee”). The principal amounts, maturities and interest rates with respect to the Bonds are as set forth in Exhibit A hereto. The proceeds of the Bonds will be used to (i) finance the cost of projects authorized in the Expenditure Plan adopted pursuant to the Act (herein defined), (ii) refinance that certain loan from the County Treasury, [(iii) fund a bond reserve fund] and (iv) finance the costs of issuance incurred in connection with the Bonds.

The execution and delivery of the Indenture, the Continuing Disclosure Certificate, dated as of [Dated Date] (the “Continuing Disclosure Certificate” and, together with this Purchase Contract and the Indenture, the “Legal Documents”), and this Purchase Contract, the issuance of the Bonds and certain matters relating thereto have been authorized by a resolution of the Authority dated [BRD] (the “Authority Resolution”). Capitalized terms not otherwise defined herein shall have the meanings as defined in the Indenture.

## **Section 2. Delivery of the Official Statement and Other Documents.**

(a) The Authority agrees to cause to be delivered to the Underwriter the Official Statement, in the designated electronic format to comply with Rule 15c2-12 and the rules of the Municipal Securities Rulemaking Board (“MSRB”), signed on behalf of the Authority by a duly authorized officer of the Authority. The Authority agrees to deliver such Official Statements within seven (7) business days after the execution of this Purchase Contract, and no later than three (3) business days prior to the date of Closing, provided, however, that failure by the Authority to so deliver such Official Statements due to any action or failure to act of the Underwriter or its counsel shall not constitute a breach hereunder. The Authority hereby ratifies and consent to the use by the Underwriter, prior to the date hereof, of the Preliminary Official Statement (herein defined).

(b) The Authority hereby authorizes the approval of the Official Statement by execution thereof by a duly authorized officer of the Authority. By execution of this Purchase Contract, the Authority confirms that the Preliminary Official Statement dated [POS Date] with respect to the Bonds (together with the appendices thereto, any documents incorporated therein by reference and any supplements or amendments thereto, the “Preliminary Official Statement”) was deemed final for purposes of the Rule. The Authority represents that the information (excluding the statements and information under the caption “The Series 2020 Bonds - Book-Entry Only System,” and in Appendix E – “Book-Entry Only System” and any information relating to the Underwriter provided by the Underwriter in writing for inclusion in the Preliminary Official Statement) contained in the Preliminary Official Statement was as of its date, and is as of the date hereof, true and correct in all material respects and such information did not and does not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. The Preliminary Official Statement, with such changes and amendments as are mutually agreed to by the Authority and the Underwriter, including the cover page, inside cover page, the appendices and all information incorporated therein by reference, is herein referred to as the “Official Statement”.

(c) The Underwriter shall give notice to the Authority on the date after which no participating underwriter, as such term is defined in the Rule, remains obligated to deliver the Official Statement pursuant to paragraph (b)(4) of the Rule.

**Section 3. The Closing.** At 8:00 a.m., California Time, on [Closing Date], or at such other time or on such earlier or later date as the Authority and the Underwriter mutually agree upon, the Authority and the Trustee will deliver or cause to be delivered to the Underwriter the Bonds in book-entry form through or otherwise in care of the facilities of The Depository Trust Company, New York, New York (“DTC”), duly executed and authenticated, and the other documents hereinafter mentioned shall be delivered at the offices of Hawkins Delafield & Wood LLP in Los Angeles, California (“Bond Counsel”), or at such other location as shall have been mutually agreed upon by the Authority and the Underwriter. Subject to the terms and conditions hereof, the Underwriter will accept delivery of the Bonds and pay the Aggregate Purchase Price thereof by federal funds to the order of the Trustee as set forth in Section 1 hereof (such delivery of and payment for the Bonds is herein called the “Closing”).

**Section 4. Public Offering.** The Underwriter agrees to make a bona fide public offering of all of the Bonds at their principal amount. The Underwriter reserves the right to change such initial public offering prices or yields as the Underwriter deems necessary following the initial public offering period in connection with the marketing of the Bonds. The Authority hereby authorizes the Underwriter to use the forms or copies of the Legal Documents and the Official Statement and the information contained therein in connection with the public offering and sale of the Bonds. The Authority hereby ratifies and confirm their authorization of the distribution and use by the Underwriter prior to the date hereof of the Preliminary Official Statement in connection with the public offering and sale of the Bonds.

**Section 5. Authority Representations, Warranties and Agreements.** The Authority represents and warrants to the Underwriter as follows:

(a) **Due Organization and Existence; Legal, Valid and Binding Obligations.** The Authority is a local transportation authority and the Constitution and the laws of the State of California and has all necessary power and authority to adopt the Authority Resolution and enter into and perform its duties under the Legal Documents, the Authority Resolution has been adopted and has not been rescinded, and the Legal Documents, when executed and delivered by the respective parties thereto, will constitute legal, valid and binding obligations of the Authority in accordance with their respective terms except as enforcement against the Authority may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors’ rights generally and by the application of equitable principles if equitable remedies are sought.

(b) **No Conflict.** The adoption of the Authority Resolution and the execution and delivery of the Legal Documents and compliance with the provisions thereof, will not in any material respect conflict with, or constitute a breach of or default under, the Authority’s duties under the Legal Documents, the Authority Resolution or any law, administrative regulation, court decree, resolution, charter, by-laws or other agreement to which the Authority is subject or by which it or any of its property is bound.

(c) No Consents Required. Except as may be required under blue sky or other securities laws of any state, or except with respect to any permits or approvals heretofore received which are in full force and effect or the requirement for which is otherwise disclosed in the Official Statement, there is no consent, approval, authorization or other order of, or filing with, or certification by, any governmental authority, board, agency or commission or other regulatory authority having jurisdiction over the Authority, required for the adoption of the Authority Resolution and the sale and issuance of the Bonds or the consummation by the Authority of the other transactions contemplated by the Official Statement, the Authority Resolution or the Legal Documents.

(d) No Litigation. There is no action, suit, proceeding or investigation at law or in equity before or by any court or governmental agency or body pending or to the knowledge of the Authority, threatened against the Authority to restrain or enjoin the delivery of the Bonds or in any way contesting or affecting the validity of the Legal Documents, the Authority Resolution or the Bonds or contesting the powers of the Authority to enter into or perform its obligations under any of the foregoing.

(e) Official Statement Correct and Complete. The information contained in the Preliminary Official Statement is, and in the Official Statement will be as of its date and as of the Closing Date, true and correct in all material respects and such information does not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(f) Blue Sky Cooperation. The Authority agrees to cooperate with the Underwriter in endeavoring to qualify the Bonds for offering and sale under the securities or blue sky laws of such jurisdictions of the United States as the Underwriter may request; *provided, however*, that the Authority shall not be required to execute a special or general consent to service of process in any jurisdiction in which it is not now so subject or to qualify to do business in any jurisdiction where it is not now so qualified.

(g) No Breach or Default. The Authority is not in breach of or in default under any applicable law or administrative regulation of the State of California or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Authority is a party or is otherwise subject which breach or default would have a material and adverse impact on the Authority's ability to perform its obligations under the Legal Documents, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default under any such instrument.

(h) Agreement to Amend Official Statement. If at any time from the date hereof to and including 25 days after the end of the underwriting period described below when, in the opinion of the Underwriter, an amendment or supplement to the Official Statement should be delivered in connection with the offer or sale of the Bonds, any event occurs, of which the Authority has knowledge, as a result of which the Official Statement as then amended or supplemented would include an untrue statement of a material fact, or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under

which they were made, not misleading, the Authority will prepare an amendment or supplement to the Official Statement; provided, that all expenses thereby incurred (including printing expenses) will be paid for by the Authority.

(i) Amendments to Official Statement Correct and Complete. If the information contained in the Official Statement is amended or supplemented pursuant to the immediately preceding subparagraph, 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 twenty-five days after the end of the underwriting period, the portions of the Official Statement so supplemented or amended will be true and correct in all material respects and such information will not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the information therein, in the light of the circumstances under which it was made, not misleading.

(j) Agreement to Preserve Tax Exemption. The Authority covenants that it will not take any action which would cause interest with respect to the Bonds to be included in the gross income of Owners for federal income tax purposes or to be subject to federal income taxation or California personal income taxes (other than to the extent the Bonds will be subject to federal income taxation as described under the caption "Tax Matters" in the Official Statement).

**Section 6. Underwriter's Representations, Warranties and Agreements.** The Underwriter represent, warrant to and agree with the Authority that, as of the date of hereof and as of the Closing Date:

(a) The execution and delivery hereof and the consummation of the transactions contemplated hereby do not and will not violate any of the prohibitions set forth in Rule G-37 promulgated by the MSRB;

(b) All reports required to be submitted to the MSRB pursuant to Rule G-37 have been and will be submitted to the MSRB; and

(c) The Underwriter has not paid or agreed to pay, nor will they pay or agree to pay, any entity, company, firm, or person, other than a bona fide officer, agent or employee working for the Underwriter, any compensation, fee, gift or other consideration contingent upon or resulting from the award of or entering into this Purchase Contract.

**Section 7. Conditions to the Obligations of the Underwriter.** The Underwriter has entered into this Purchase Contract in reliance upon the representations, warranties and agreements of the Authority contained herein, the representations, warranties and agreements to be contained in the documents and instruments to be delivered at the Closing, the performance by the Authority of its obligations, and the opinions of Bond Counsel, counsel to the Trustee, counsel to the Authority and counsel to the Underwriter described hereafter. Accordingly, the Underwriter's obligations under this Purchase Contract to purchase, to accept delivery of and to pay for the Bonds shall be conditioned upon and subject to (i) the performance by the Authority and the Trustee of their respective obligations to be performed hereunder and under such documents and instruments as shall reasonably be requested by the Underwriter or counsel to the Underwriter at or prior to the Closing and (ii) the accuracy in all material respects, in the

reasonable judgment of the Underwriter, of the representations and warranties of the Authority herein, and shall also be subject to the following additional conditions:

(a) Bring-down of Representations. The representations, warranties and agreements of the Authority contained herein shall be true, complete and correct on the date hereof and on and as of the date of the Closing.

(b) Authorization, Execution and Delivery of Documents. At the Closing, the Legal Documents, the Bonds and the Official Statement shall have been duly authorized, executed and delivered by the respective parties thereto, in substantially the forms heretofore submitted to the Underwriter, with only such changes as shall have been agreed to in writing by the Underwriter, and said agreements shall not have been amended, modified or supplemented, except as may have been agreed to in writing by the Underwriter, and each shall be in full force and effect.

(c) No Amendment of Official Statement. At the Closing, the Official Statement shall not have been amended, modified or supplemented, except as may have been agreed to in writing by the Underwriter.

(d) No Material Adverse Change. At the time of the Closing, there shall not have occurred any change or any development involving a prospective change in the condition, financial or otherwise, or in the operations of the Authority, from that set forth in the Official Statement, that makes it, in the reasonable judgment of the Underwriter, impracticable to market the Bonds on the terms and in the manner contemplated by the Official Statement.

(e) Marketability Adversely Affected. In the judgment of the Underwriter, between the date hereof and the Closing, the marketability of the Bonds at the initial offering prices set forth on Exhibit A attached hereto shall not have been materially adversely affected by reason of any of the following:

(1) Legislation, Judicial Decisions or Rulings. An amendment to the Constitution of the United States or the Constitution of the State of California shall have been passed or legislation enacted, introduced in the Congress or in the legislature of the State of California or recommended for passage by the President of the United States, or a decision rendered by a court established under Article III of the Constitution of the United States or by the Tax Court of the United States, or an order, ruling, regulation (final, temporary or proposed) or official statement issued or made:

(i) Regarding Federal Tax Exemption – 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 payments of the general character of the Pledged Revenues as would be received by the Trustee or upon such interest as would be received by the Owners of the Bonds; or

(ii) Regarding State Tax Exemption – by or on behalf of the State of California or the California Franchise Tax Board, with the purpose or effect, directly or indirectly, of imposing California personal income taxation upon payments of the general character of the Pledged Revenues as would be received by the Trustee or upon such interest as would be received by the Owners of the Bonds; or

(iii) Regarding Federal or State Tax Rates – by or on behalf of the Treasury Department of the United States or the Internal Revenue Service or by or on behalf of the State of California or the California Franchise Tax Board, with the purpose or effect, directly or indirectly, of changing the federal or State of California income tax rates, respectively; or

(iv) Regarding Securities Registration Exemption – by or on behalf of the U.S. Securities and Exchange Commission, or any other governmental agency having jurisdiction over the subject matter, to the effect that obligations of the general character of the Bonds, including any or all underlying arrangements, are not exempt from registration under the Securities Act of 1933, as amended (the “Act”), or that the Indenture is not exempt from qualification under the Trust Indenture Act of 1939, as amended;

(2) War. The United States’ engagement, alone or as a participant, in an outbreak or escalation of hostilities or any change in financial markets or any calamity or crisis the effect of which in the Underwriter’s reasonable judgment makes it impracticable or impossible to proceed with the solicitation of offers to purchase the Bonds on the terms and in the manner contemplated by the Official Statement;

(3) Banking Moratorium. The declaration of a general banking moratorium by federal, New York or California authorities, or the general suspension of trading on any national securities exchange;

(4) Securities Exchange Restrictions. Trading generally shall have been suspended or materially limited on or by the New York Stock Exchange or other national securities exchange, or the imposition by the New York Stock Exchange or other national securities exchange, or any governmental authority, of any material restrictions not now in force with respect to the Bonds or obligations of the general character of the Bonds, or the material increase of any such restrictions now in force, including those relating to the extension of credit by, or the charge to the net capital requirements of, underwriters;

(5) Regarding Federal Securities Laws. An order, decree or injunction of any court of competent jurisdiction, or order, ruling, regulation or official statement by the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, issued or made to the effect that the execution, delivery, offering or sale of obligations of the general character of the Bonds, or the execution, delivery, offering or sale of the Bonds, including any or all underlying obligations, as contemplated hereby or by the Official Statement, is or would be in violation of any federal securities law as amended and then in effect;

(6) Official Statement Untrue or Incomplete. Any event occurring, or information becoming known which, in the reasonable judgment of the Underwriter, makes untrue in any material respect any material statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of a material fact 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;

(7) Certain Amendments to the Official Statement. An event described in Section 5(j) hereof occurs prior to the Closing which, in the reasonable judgment of the Underwriter, requires or has required a supplement or amendment to the Official Statement; or

(f) At or prior to the Closing, the Underwriter shall have received the following documents, in each case satisfactory in form and substance to them and their counsel:

(1) Opinion of Bond Counsel. The approving opinion of Bond Counsel in substantially the form included as Appendix F to the Official Statement, dated the date of Closing, addressed to the Authority and the Underwriter (or a reliance letter to the Underwriter);

(2) Supplemental Opinion of Bond Counsel. A supplemental opinion of Bond Counsel, dated the date of Closing, addressed to the Authority and the Underwriter, substantially in the form attached as Exhibit B hereto;

(3) Opinion of Disclosure Counsel. An opinion of Hawkins Delafield & Wood LLP, as Disclosure Counsel to the Authority, addressed to the Authority and the Underwriter, dated the date of Closing, to the effect that no information came to the attention of the attorneys in such firm rendering legal services in connection with such issuance which caused such attorneys to believe that the Official Statement as of its date and as of the Closing Date (excluding therefrom financial, engineering and statistical data; forecasts, projections, estimates, assumptions and expression of opinions; statements relating to DTC and its book-entry system; and the statements contained in Appendix A – Audited Financial Statements of the Tulare County Transportation Authority for the Fiscal Year Ended June 30, 2019,” and Appendix E – “Book-Entry Only System,” as to all of which we express no view) contained or contains any untrue statement of a material fact or omitted or omits to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(4) Opinion of Counsel to the Authority. An opinion of counsel to the Authority, dated the date of Closing, in form and substance satisfactory to the Underwriter, addressed to the Authority, the Trustee and the Underwriter, to the effect that:

(i) Due Organization and Existence – the Authority is a local transportation authority duly organized and validly existing under the Constitution and the laws of the State of California;

(ii) Due Adoption – the Authority Resolution was duly adopted at a meeting of the Board of Directors of the Authority, which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout;

(iii) No Litigation – except as disclosed in the Official Statement, there is no action, suit or proceeding pending or, to the best of the undersigned’s knowledge, threatened against the Authority to (i) restrain or enjoin the execution or delivery of any of the Bonds or the Legal Documents, (ii) in any way contesting or affecting the validity of the Bonds, the Legal Documents, the Authority Resolution or the authority the Authority to enter into the Legal Documents, or (iii) in any way contesting or affecting the powers of the Authority in

connection with any action contemplated by the Official Statement, the Authority Resolution or the Legal Documents;

(iv) No Conflict – the execution and delivery of the Legal Documents, the approval of the Official Statement, and compliance with the provisions thereof and hereof, under the circumstances contemplated thereby, do not and will not in any material respect conflict with or constitute on the part of the Authority a breach of or default under any agreement or other instrument to which the Authority is a party or by which it is bound or any existing law, regulation, court order or consent decree to which the Authority is subject;

(v) Due Authorization, Execution and Delivery; Legal, Valid and Binding Agreements – the Legal Documents have been duly authorized, executed and delivered by the Authority, and, assuming due authorization, execution and delivery by the other parties thereto constitute legal, valid and binding agreements of the Authority enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally and by the application of equitable principles if equitable remedies are sought and by the limitations on legal remedies imposed on actions against counties in the State of California;

(vi) No Consents Required – Official Statement, Legal Documents – no authorization, approval, consent, or other order of the State of California or any other governmental authority or agency within the State of California other than the Board of Directors of the Authority, is required for the valid authorization, execution and delivery of the Legal Documents and the approval of the Official Statement; and

(vii) Official Statement – based upon examinations which he has made and his discussions in conferences with certain officials of the Authority and others with respect to the Official Statement and without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Official Statement (including the Appendices attached thereto), nothing has come to his attention which would lead him to believe that Official Statement (other than financial and statistical data therein and incorporated therein by reference, and other than information relating to the DTC Book-Entry System, as to which no opinion need be expressed) as of the date of the Official Statement and as of the date of Closing, contained or contains an untrue statement of a material fact 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 that no opinion is expressed concerning statements and information relating to DTC and its book-entry system;

(5) Opinion of Trustee's Counsel. An opinion of counsel to the Trustee, dated the date of Closing, in form and substance satisfactory to the Underwriter, addressed to the Authority and the Underwriter, to the effect that:

(i) Due Organization and Existence – the Trustee is a national banking association duly organized, validly existing and in good standing under the laws of the United States with trust powers;

(ii) Due Authorization, Execution and Delivery – the Trustee has all requisite corporate power, authority and legal right and has taken all necessary corporate action to execute and deliver the Indenture;

(iii) No Conflict – to the best of our knowledge, the execution, delivery and performance of the Trustee’s obligations under Indenture will not conflict with or cause a default under any law, ruling, agreement, administrative regulation or other instrument by which the Trustee is bound;

(iv) No Additional Approvals Required – to the best of our knowledge, all authorizations and approvals required by law and the articles and bylaws of the Trustee in order for the Trustee to execute and deliver and perform its obligations under the Indenture have been obtained; and

(6) Authority No Litigation Certificate. A certificate, dated the date of Closing, signed by a duly authorized official of the Authority satisfactory in form and substance to the Underwriter and counsel to the Underwriter, to the effect that no action, suit or proceeding is pending or, to the best of his or her knowledge, threatened against the Authority (a) to restrain or enjoin the execution or delivery of any of the Bonds or the Legal Documents, (b) in any way contesting or affecting the validity of the Bonds, the Legal Documents, or the authority of the Authority to enter into the Legal Documents, or (c) in any way contesting or affecting the powers of the Authority in connection with any action contemplated by the Official Statement or this Purchase Contract;

(7) Legal Documents. An executed original of each Legal Document.

(8) Official Statement. A copy of the Official Statement.

(9) Trustee Resolution. Two (2) certified copies of the general resolution of the Trustee authorizing the execution and delivery of certain documents by certain officers of the Trustee, which resolution authorizes the execution and delivery of the Bonds and the Indenture.

(10) Trustee’s Representations, Warranties and Agreements. A certificate of the Trustee dated the date of Closing that as of the date of Closing:

(i) Due Organization and Existence – the Trustee is duly organized and existing as a national banking association under the laws of the United States of America, in good standing under the laws of the State, and has the full power and authority to enter into and perform its duties under the Legal Documents to which the Trustee is a party and to execute and deliver the Bonds to the Underwriter pursuant to the terms of the Indenture;

(ii) Due Authorization; Valid and Binding Obligations – the Trustee is duly authorized to enter into the Legal Documents to which it is a party;

(iii) No Conflict – the execution and delivery by the Trustee of the Legal Documents to which the Trustee is a party, and compliance with the terms thereof, will not, in any material respect, conflict with, or result in a violation or breach of, or constitute a default under, any loan agreement, indenture, bond, note, resolution or any other agreement or

instrument to which the Trustee is a party or by which it is bound, or any law or any rule, regulation, order or decree of any court or governmental agency or body having jurisdiction over the Trustee or any of its activities or properties, which conflict breach or default would materially adversely affect the ability of the Trustee to perform its obligations under the Legal Documents to which the Trustee is a party or (except with respect to the lien of the Indenture) 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 Trustee;

(iv) Consents – exclusive of federal or state securities laws and regulations, other than routine filings required to be made with governmental agencies in order to preserve the Trustee’s authority to perform a trust business (all of which routine filing, to the best of the Trustee’s knowledge, have been made), no consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the Trustee is or will be required for the execution and delivery by the Trustee of the Legal Documents to which the Trustee is a party or the execution and delivery of the Bonds; and

(v) No Litigation – no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, is pending or threatened against the Trustee or in any way affecting the existence of the Trustee or the titles of its directors or officers to their respective offices, or seeking to restrain or enjoin the Trustee’s participation in, or in any way contesting the powers of the Trustee with respect to, the transactions contemplated by the Bonds and the Indenture, including the issuance, sale or delivery of the Bonds or the application of proceeds thereof in accordance with the Indenture, or in any way contesting or affecting the Bonds or the Indenture;

(11) Resolution. A certified copy of the Authority Resolution;

(12) Authority Bring-Down Certificate. A certificate of an authorized officer of the Authority, dated the date of Closing, confirming as of such date the representations and warranties of the Authority contained in this Purchase Contract;

(13) Ratings. Evidence from Standard & Poor’s Ratings Services that the Bonds have been rated “\_\_\_” by such agency and evidence from Fitch Ratings, Inc. that the Bonds have been rated “\_\_\_” by such agency;

(14) Tax Certificate. A tax certificate executed by the Authority in form and substance acceptable to Bond Counsel;

(15) CDIAC Notices. Evidence of required filings with the California Debt and Investment Advisory Commission;

(16) Miscellaneous. Such additional legal opinions, certificates, proceedings, instruments and other documents as Bond Counsel and counsel for the Underwriter may reasonably request to evidence compliance with legal requirements, the truth and accuracy, as of the time of Closing, of the representations and warranties contained herein and in the Official Statement and the due performance or satisfaction by the Trustee and the Authority at or prior to such time of all agreements then to be performed and all conditions then to be satisfied.

(g) All matters relating to this Purchase Contract, the Bonds and the sale thereof, the Official Statement, the Legal Documents and the consummation of the transactions contemplated by this Purchase Contract shall have been approved by the Underwriter and counsel for the Underwriter, such approval not to be unreasonably withheld.

If the conditions to the Underwriter's obligations contained in this Purchase Contract are not satisfied or if the Underwriter's obligations shall be terminated for any reason permitted by this Purchase Contract, this Purchase Contract shall terminate and neither the Underwriter nor the Authority shall have any further obligations hereunder except that the respective obligations of the Authority and the Underwriter set forth in Section 8 and Section 9 hereof shall continue in full force and effect.

#### **Section 8. Expenses.**

(a) The Underwriters shall be under no obligation to pay, and the Authority shall pay the following expenses incident to the performance of the obligations of the Authority hereunder: (i) the fees and disbursements of Bond Counsel and Disclosure Counsel; (ii) the cost of printing and delivering the Bonds, the Preliminary Official Statement and the Official Statement (and any amendment or supplement prepared pursuant to this Purchase Contract); (iii) the fees and disbursements of KNN Public Finance, as Municipal Advisor to the Authority, accountants, rating agencies, advisers and of any other experts or consultants retained by or for the Authority; and (iv) any other expenses and costs of the Authority incident to the performance of its respective obligations in connection with the authorization, issuance and sale of the Bonds, including out-of-pocket expenses and regulatory expenses, and any other expenses agreed to by the parties.

(b) Unless the obligations of the Underwriter under this Purchase Contract are terminated by the Underwriter at or prior to the Closing for any reason permitted by this Purchase Contract, the Underwriter shall pay all of their out-of-pocket expenses, including: (i) clearing house fees; (ii) DTC fees; (iii) CUSIP Bureau charges; (iv) fees of the California Debt and Investment Advisory Commission; (v) MSRB fees related to the within transaction, if any; (vi) the costs associated with qualifying the Bonds under applicable Blue Sky requirements and/or legal investment surveys, if any; (vii) fees of Underwriters' counsel; and (viii) travel and other expenses.

#### **Section 9. Notices.**

(a) Underwriters. Any such notice or other communication to be given to the Underwriter may be given by delivering the same to [Underwriter], [Underwriter Contact].

(b) Authority. Any notice or communication to be given the Authority under this Purchase Contract may be given by delivering the same to the Tulare County Transportation Authority, 210 North Church Street, Suite B, Visalia, California 93291, Attention: Ted Smalley, Executive Director.

All notices or communications hereunder by any party shall be given and served upon each other party.

**Section 10. Acknowledgment.** The Authority acknowledges and agrees that: (i) the purchase and sale of the Bonds pursuant to this Purchase Contract is an arm's-length commercial transaction between the Authority and the Underwriter; (ii) the Underwriter has financial and other interests that differ from those of the Authority; and (iii) the Underwriter is acting solely as underwriter and principal in connection with the matters contemplated by and with respect to all communications under this Purchase Contract and are not acting as the agents, financial advisor, municipal advisors (within the meaning of Section 15B of the Securities and Exchange Act of 1934) or fiduciaries of the Authority or as the Authority's advisors in connection with the matters contemplated by this Purchase Contract. In connection with the purchase and sale of the Bonds, the Authority has consulted its own legal, financial and other advisors to the extent it has deemed appropriate.

**Section 11. Counterparts.** This Purchase Contract may be executed by anyone or more of the parties hereto in any number of counterparts, each of which shall be deemed to be an original, but all of such counterparts shall together constitute one and the same instrument.

**Section 12. Successors and Assigns.** This Purchase Contract will inure to the benefit of and be binding upon the parties and their successors (including any successors or assigns of the Underwriter), and will not confer any rights upon any other person.

**Section 13. Survival.** Section 8 hereof shall survive termination or cancellation of this Purchase Contract. All representations, warranties and agreements of the Authority or the Underwriter pursuant to this Purchase Contract shall remain operative and in full force and effect regardless of (i) any investigation made by or on behalf of the Underwriter; (ii) delivery of and payment for the Bonds pursuant to this Purchase Contract; or (iii) termination of this Purchase Contract but only to the extent provided by the last paragraph of Paragraph 7 hereof, regarding preconditions of Closing.

**Section 14. Governing Law.** This Purchase Contract shall be governed by, and construed in accordance with, the laws of the State of California.

**Section 15. No Personal Liability.** No officer of the Authority or designee thereof shall incur any personal liability for approving or executing this Purchase Contract, taking any action or omitting to take any action required or permitted hereunder or otherwise by reason of or in connection with the Bonds, the Legal Documents or any of the transactions or other matters contemplated by any of the foregoing.

**Section 16. Headings.** The headings of the sections of this Purchase Contract are inserted for convenience only and shall not be deemed to be a part hereof.

**Section 17. Parties in Interest; Force and Effect.** This Purchase Contract is made solely for the benefit of the Authority and the Underwriter (including the successors or assigns thereof) and no other person shall acquire or have any right hereunder or by virtue hereof.

**Section 18. Entire Agreement.** This Purchase Contract when accepted by you in writing as heretofore specified shall constitute the entire agreement between us and is made solely for the benefit of the Authority and the Underwriter (including the successors or assigns thereof). No other person shall acquire or have any right hereunder or by virtue hereof.

**Section 19. Issue Price.** (a) The Underwriter agrees to assist the Authority in establishing the issue price of the Bonds and shall execute and deliver to the Authority at Closing an “issue price” or similar certificate substantially in the form attached hereto as Exhibit \_\_, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the Authority and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Bonds. All actions to be taken by the Authority under this Section to establish the issue price of the Bonds may be taken on its behalf by its municipal advisor identified in this Purchase Contract and any notice or report to be provided to the Authority may be provided to such municipal advisor.

(b) [Except as otherwise set forth in Schedule A attached hereto,] the Authority represents that it will treat the first price at which 10% of each maturity of the Bonds (the “10% test”) is sold to the public as the issue price of that maturity. At or promptly after the execution of this Purchase Contract, the Underwriter shall report to the Authority the price or prices at which the Underwriter has sold to the public each maturity of Bonds. [If at that time the 10% test has not been satisfied as to any maturity of the Bonds, the Underwriter agrees to promptly report to the Authority the prices at which Bonds of that maturity have been sold by the Underwriter to the public. That reporting obligation shall continue, whether or not the Closing has occurred, until either (i) all Bonds of that maturity have been sold or (ii) the 10% test has been satisfied as to the Bonds of that maturity, provided that, the Underwriter’s reporting obligation after the Closing may be at reasonable periodic intervals or otherwise upon request of the Underwriter, the Authority or Bond Counsel.] For purposes of this Section, if Bonds mature on the same date but have different interest rates, each separate CUSIP number within that maturity will be treated as a separate maturity of the Bonds.

(c) [The Underwriter confirms that it has offered the Bonds to the public on or before the date of this Purchase Contract at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in Schedule A attached hereto, except as otherwise set forth therein. Schedule A also sets forth, as of the date of this Purchase Contract, the maturities, if any, of the Bonds for which the 10% test has not been satisfied and for which the Issuer and the Underwriter agrees that the restrictions set forth in the next sentence shall apply, which will allow the Authority to treat the initial offering price to the public of each such maturity as of the sale date (defined below) as the issue price of that maturity (the “hold-the-offering-price rule”). So long as the hold-the-offering-price rule remains applicable to any maturity of the Bonds, the Underwriter will neither offer nor sell unsold Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following (1) the close of the fifth (5th) business day after the sale date; and (2) the date on which the Underwriter has sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public for such maturity.

The Underwriter will advise the Authority promptly after the close of the fifth (5th) business day after the sale date whether it has sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public for such maturity.]

(d) The Underwriter confirms that any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the Underwriter is a party)

relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group and each broker-dealer that is a party to such third-party distribution agreement, as applicable (A)(i) to report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the Underwriter that the 10% test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the Closing may be at reasonable periodic intervals or otherwise upon request of the Underwriter, and (ii) to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter and as set forth in the related pricing wires; (B) to promptly notify the Underwriter of any sales of Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below); and (C) to acknowledge that, unless otherwise advised by an Underwriter, dealer or broker-dealer, the Underwriter shall assume that each order submitted by a dealer or broker-dealer is a sale to the public; and any agreement among underwriters or selling group agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by such Underwriter or dealer that the 10% test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the Closing may be at reasonable periodic intervals or otherwise upon request of the Representative or such Underwriter or dealer, and (B) comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter or the dealer and as set forth in the related pricing wires.

(e) The Authority acknowledges that, in making the representations set forth in this section, the Underwriter will rely on (i) the agreement of each underwriter to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter or dealer who is a member of the selling group is a party to a third-party distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in the third-party distribution agreement and the related pricing wires. The Authority further acknowledges that each Underwriter shall be solely liable for its failure to comply with its agreement regarding the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, and that no

Underwriter shall be liable for the failure of any other Underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement, to comply with its corresponding agreement to comply with the requirements for establishing the issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds.

(f) The Underwriter acknowledges that sales of any Bonds to any person that is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this section. Further, for purposes of this section: “public” means any person other than an underwriter or a related party; “underwriter” means (A) any person that agrees pursuant to a written contract with the Authority (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public); a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profit interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other); and “sale date” means the date of execution of this Purchase Contract by all parties.

**Section 20. Unenforceable Provisions.** If any provision of this Purchase Contract shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provisions of any constitution, statute, rule of public policy, or any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions of this Purchase Contract invalid, inoperative or unenforceable to any extent whatsoever.

Acceptance of the terms of this Purchase Contract shall be signified by execution below by an authorized officer of the Authority.

Very truly yours,

[UNDERWRITER]

By: \_\_\_\_\_

Name:

Title:

Accepted:

TULARE COUNTY ASSOCIATION OF GOVERNMENTS  
in its capacity as the  
TULARE COUNTY TRANSPORTATION AUTHORITY

By: \_\_\_\_\_  
Chairperson

**EXHIBIT A**

**\$(Principal Amount)  
TULARE COUNTY TRANSPORTATION AUTHORITY  
SALES TAX REVENUE BONDS (LIMITED TAX BONDS), SERIES 2020**

<b><u>Maturity Date</u></b>	<b><u>Principal Amount</u></b>	<b><u>Interest Rate</u></b>	<b><u>Yield</u></b>	<b><u>Price</u></b>
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## **EXHIBIT B**

### **FORM OF SUPPLEMENTAL OPINION OF BOND COUNSEL**

[Closing Date]

Tulare County Transportation Authority  
210 North Church Street, Suite B  
Visalia, California 93291

[Underwriter]

Ladies and Gentlemen:

Re: \$[Principal Amount] Tulare County Transportation Authority  
Sales Tax Revenue Bonds (Limited Tax Bonds), Series 2020

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the Tulare County Transportation Authority (the “Authority”) of its \$[Principal Amount] aggregate principal amount of Tulare County Transportation Authority Sales Tax Revenue Bonds (Limited Tax Bonds), Series 2020 (the “Bonds”). The Bonds are issued under and pursuant to Section 180000 et seq. of the Public Utilities Code of the State of California (as amended, the “Act”), Ordinance No. 2006-01 entitled the 2006 Half-Cent Transportation Sales Tax Measure Expenditure Plan and Use Tax Ordinance (the “Ordinance”), and the Indenture, dated as of July 1, 2014 (the “Original Indenture”), as amended by the First Amendment to Indenture, dated as of [Dated Date] (the “First Amendment to Indenture” and, collectively with the Original Indenture, the “Master Indenture”), as supplemented by the Second Supplemental Indenture, dated as of [Dated Date] (the “Second Supplemental Indenture” and, together with the Master Indenture, the “Indenture”), each by and between the Authority and Zions First National Bank, now known as Zions Bancorporation, National Association, as trustee thereunder (the “Trustee”). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

In rendering this opinion, we have reviewed records of the action taken by the Authority in connection with the authorization, sale, and issuance of the Bonds, including a record of proceedings of the Authority relating to approval of the authorizing resolution of the Authority, the authorization, the Official Statement, dated [Sale Date], relating to the Bonds (the “Official Statement”), [the Purchase Contract, dated [Sale Date] (the “Purchase Contract”), by and between the Authority and [Underwriter], the opinions of counsel to the Authority and the Trustee, certificates of the Authority, the Trustee and others and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions

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or events are taken or do occur. We have assumed the genuineness of all documents and signatures presented to us.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Indenture is exempt from qualification under the Trust Indenture Act of 1939, as amended.

2. The Purchase Contract has been duly executed and delivered by, and is a valid and binding obligation of, the Authority, enforceable against the Authority in accordance with its terms, except as to the enforcement thereof may be limited by bankruptcy, insolvency, fraudulent conveyance or other laws affecting the enforcement of creditors' rights generally and equitable remedies if equitable remedies are sought.

3. The statements contained in the Official Statement under the captions "THE SERIES 2020 BONDS," SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2020 BONDS," "TAX MATTERS," APPENDIX C – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS" and APPENDIX F – "FORM OF BOND COUNSEL OPINION," insofar as such information purports to summarize certain provisions of the Bonds, the Indenture and our opinion relating to the tax exemption of the Bonds, present a fair summary of such provisions.

Except as provided in paragraph (3) above, we are not passing upon and are not assuming any responsibility for the accuracy, completeness or fairness of any of the statements contained in the Official Statement, and express no opinion with respect thereto.

This opinion is issued as of the date hereof, and we assume no obligation to update, revise or supplement this opinion to reflect any action hereafter taken or not taken, or any facts or circumstances, or any changes in law or in interpretations thereof, that may hereafter arise or occur, or for any other reason.

This opinion is furnished by us as Bond Counsel to the Authority with respect to the Bonds. This opinion is delivered to you solely for your benefit, and is not to be used, circulated, quoted or otherwise referred to or relied upon for any other purpose or by any person other than you. No attorney-client relationship exists or has existed between our firm and the Underwriter in connection with the issuance and sale of the Bonds and none is created by virtue of this opinion, and we disclaim any obligation to update it. This opinion is not intended to and may not be relied upon by owners of the Bonds or by any other party to whom it is not specifically addressed.

Very truly yours,

**EXHIBIT C**

**FORM OF ISSUE PRICE CERTIFICATE**

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**NOTICE INVITING BIDS**  
**\$(Principal Amount)\***  
**TULARE COUNTY TRANSPORTATION AUTHORITY**  
**SALES TAX REVENUE BONDS**  
**(Limited Tax Bonds), Series 2020**

**NOTICE IS HEREBY GIVEN** that bids for the purchase of \$(Principal Amount)\* aggregate principal amount of Tulare County Transportation Authority Sales Tax Revenue Bonds (Limited Tax Bonds), Series 2020 (the “Bonds”) will be accepted only through Ipreo LLC’s Parity® electronic bid submission system (“Parity”) at <https://www.newissuehome.i-deal.com>, as the approved electronic bidding system, as agent of the Tulare County Transportation Authority (the “Authority”) in accordance with the terms of this Notice Inviting Bids. The bids will be received at the place and up to the time described below under the captions “Time” and “Submission of Bids.”

**TIME:** Bids will not be accepted after 8:30 a.m., California Time, on [Sale Date] (subject to the provisions described below under the caption “Submission of Bids”), or at such later date and/or other time as shall be established by the Authority and communicated through Thomson Municipal News (“Thomson”). If no legal bid or bids are received for the Bonds on [Sale Date] or if the sale date and/or time is postponed or rescheduled, bids will be received at the same time and manner specified on such other date as shall be designated by the Authority and communicated through Thomson. Prospective Bidders are urged to watch Thomson for any change in the terms of the sale or the date and time for the receipt of bids.

**SUBMISSION OF BIDS:** All bids must be submitted only through Parity. No other provider of interest bidding services and no other means of delivery (*i.e.*, telephone, telefax or physical delivery) will be accepted. The bids for such Bonds must be submitted before 8:30 a.m., California Time, on [Sale Date].

To bid via the Parity electronic bidding process, bidders must have requested and received admission to the Authority’s auction, as described below. Only NASD registered broker-dealers and dealer banks with DTC clearing arrangements will be eligible to bid.

The use of Parity shall be at the bidder’s risk, and neither the Authority, KNN Public Finance (the “Municipal Advisor”), nor Hawkins Delafield & Wood LLP, Bond Counsel to the Authority, shall be responsible for, and each bidder expressly assumes the risk of, any incomplete, inaccurate or untimely bid submitted by such bidder, including, without limitation, incomplete, inaccurate or untimely bids caused by reason of garbled transmissions, mechanical failure, slow or engaged telephone or telecommunications lines or any other cause. The Authority is not bound by any advice and determination of Parity to the effect that any particular bid complies with the terms of this Notice Inviting Bids. All costs and expenses incurred by prospective bidders in connection with their submission of bids through Parity are the sole responsibility of the bidders and the Authority is not responsible for any of such costs or expenses.

In the event any provision of this Notice Inviting Bids conflicts with the Rules of Parity, this Notice Inviting Bids shall prevail.

The time as displayed on the Parity auction page shall constitute the official time. All bids shall be deemed to incorporate the provisions of this Notice Inviting Bids.

Further information about Parity, including registration requirements, may be obtained from:

Parity®

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\* Preliminary, subject to change.

1359 Broadway, 2nd Floor  
New York, New York 10018  
Tel: (212) 849-5021  
Attention: Client Services

**AWARDING OF BIDS:** The Authority shall take action awarding the Bonds or rejecting all bids not later than 24 hours after the expiration of the time herein prescribed for the receipt of proposals, provided that the award may nonetheless be made after the expiration of the specified time if the Bidder shall not have given notice to the Authority in writing of the withdrawal of such proposal. The Bonds shall be awarded to the Bidder whose bid produces the lowest true interest cost (computed on the basis of a 360-day year consisting of twelve 30 day months) and annual compounding, considering the interest rate specified and the premium offered, if any. No bid for less than par will be considered. The lowest responsible bid will be determined by the Authority by deducting the amount of the premium bid (if any) from the total amount of interest which the Authority would be required to pay from the issuance date of the Bonds to maturity at the interest rate specified in the bid, and the award will be made on the basis of the lowest true interest cost to the Authority. If two or more Bidders submit identical bids based on the considerations set forth herein, the Bonds will be awarded to the Bidder whose bid was first submitted. All interest shall be computed on the basis of a 360-day year consisting of twelve 30-day months. The Authority shall have the sole and absolute right to determine the lowest responsible bid in accordance with this Notice Inviting Bids. In the event multiple bids are received from a single Bidder, the Authority shall accept the best of such bids, and each Bidder agrees by submitting any bid to be bound by its best bid. Changes in the amortization schedule made as described below will not affect the determination of the winning Bidder or give the winning Bidder any right to reject the Bonds.

**RIGHT TO REJECT BIDS; WAIVE IRREGULARITIES:** The Authority reserves the right to reject any and all bids and, to the extent permitted by law, to waive any irregularity or informality in any bid.

**RIGHT TO MODIFY OR AMEND:** The Authority reserves the right to modify or amend this Notice Inviting Bids including, but not limited to the right to adjust and change the aggregate principal amount of the Bonds being offered. Such notifications or amendments shall be made at any time prior to the bid opening and communicated through Parity.

**BID EXTENSION, POSTPONEMENT OR CANCELLATION:** The Authority reserves the right to extend, postpone or cancel, from time to time, the date or time established for the receipt of bids. Any such extension, postponement or cancellation will be announced via Thomson Municipal News. On any such alternative date or time for receipt of bids, any Bidder may submit a hand delivered or electronic bid for the purchase of the Bonds in conformity in all respects with the provisions of this Notice Inviting Bids except for the date of sale and except for the changes announced by Thomson Municipal News at the time the sale date and time are announced.

**WITHDRAWAL OF BONDS FOR SALE:** The Authority may, with prior notice, withdraw the Bonds for sale.

**AUTHORIZING LAW:** The Bonds will be issued under and pursuant to Section 180000 et seq. of the Public Utilities Code of the State of California (as amended, the "Act"), Ordinance No. 2006-01 entitled the 2006 Half-Cent Transportation Sales Tax Measure Expenditure Plan and Use Tax Ordinance (the "Ordinance"), as approved by the Authority and more than two-thirds of the electors voting on the related ballot measure at the general election held in the Authority on November 7, 2006, and the authorizing resolution of the Authority.

**PURPOSE OF THE ISSUE:** The proceeds from the sale of the Bonds will be used to (i) finance the cost of projects authorized in the Expenditure Plan adopted pursuant to the Act, (ii) refinance the outstanding loan from the County Treasury of the County of Tulare, and (iii) finance the costs of issuance incurred in connection with the Bonds.

**GENERAL TERMS OF THE BONDS:** [Principal Amount]\* aggregate principal amount Tulare County Transportation Authority Sales Tax Revenue Bonds (Limited Tax Bonds), Series 2020 in fully registered form in denominations of \$5,000 and any integral multiple thereof. The Bonds will be dated their date of delivery, payable on February 1 and August 1, commencing on [FIPD]. Principal will be payable at maturity or upon redemption in lawful money of the United States of America upon presentation of each Bond at the principal corporate trust offices of Zions Bancorporation, National Association, as trustee (the “Trustee”), or at the principal corporate trust offices of any paying agent of the Authority. The Bonds shall bear interest at a rate or rates to be fixed upon the sale thereof. The Bonds shall mature as follows:

**MATURITY SCHEDULE\***

Maturity Date (February 1)	Principal Amount
2021	\$
2022	
2023	
2024	
2025	
2026	
2027	
2028	
2029	
2030	
2031	
2032	
2033	
2034	
2035	
2036	
2037	
Total:	<u>\$(Principal Amount)</u>

Bidders may provide that all the Bonds be executed and delivered as Serial Bonds or may provide that any one or more consecutive annual principal amounts be combined into one or more Term Bonds.

Bidders are referred to the Preliminary Official Statement for definitions of terms and for further particulars, including further information regarding the Authority and the Bonds.

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\* Preliminary, subject to change.

**ADJUSTMENT OF PRINCIPAL AMOUNTS AND AMORTIZATION SCHEDULE:** The principal amounts set forth in this Notice Inviting Bids reflect certain estimates of the Authority and its Municipal Advisor with respect to the likely interest rates of the winning bid and the premium/discount contained in the winning bid. The principal amortization schedule may be changed prior to the time bids are to be received and if adjustments are made, Bidders must bid on the basis of the adjusted schedule. Such changes, if any, will be communicated by Thomson, not later than 12:00 p.m., Pacific Time, on the business day prior to the bid opening.

The final maturity schedule will be designed so that the financing objectives of the Authority will be met. The Authority reserves the absolute right, in its sole discretion, to increase or decrease the aggregate principal amount of the Bonds and the principal amount of any maturity of the Bonds following the submission of the bids; provided that the total principal amount of the Bonds, subsequent to any adjustment, does not exceed \$[MPA]. Each principal payment is subject to increase or decrease in \$5,000 increments. The winning Bidder may not withdraw its bid or change its interest rates bid as a result of any changes made to the principal amounts. Subsequent to the adjustment of principal payments, the dollar amount of the purchase price will be changed so that the net compensation to the winning Bidder (expressed as a percentage of the aggregate principal amount of Bonds) does not increase or decrease from what it would have been if no adjustment had been made to the principal amounts, taking into consideration the reoffering yields for the different maturities. Any such adjustment will be communicated to the winning Bidder within twenty-four (24) hours after acceptance of the bids.

**INTEREST RATES AND MINIMUM AND MAXIMUM PURCHASE PRICE:** Bidders must bid to purchase all and not part of the Bonds. The rates bid may not exceed a maximum coupon rate of eight percent (5.0%) per annum, payable upon maturity of the Bonds, and the true interest cost (including any bond insurance premiums, if any, and any reserve surety premiums, if any) may not exceed six percent (6.0%) per annum. The coupon rate may not be zero percent (0%). Bidders must specify the rates of interest which each maturity of the Bonds bid upon shall bear, provided that: (i) the Bonds bid upon shall bear one interest rate per maturity; (ii) the Bonds bid upon shall bear interest from their issuance date to their stated maturity dates at the interest rates specified in the bid; and (iii) the interest rates specified must be in a multiple of 1/1000 of one percent (*e.g.*, 0.001%).

**BOOK-ENTRY ONLY:** The Bonds will be registered in the name of The Depository Trust Company, New York, New York ("DTC") or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC, and transfer of principal and interest payments to the beneficial owners of the Bonds by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The Authority will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

**SECURITY; SPECIAL LIMITED OBLIGATIONS:** The Bonds are secured by "Pledged Revenues" under the Indenture, dated as of July 1, 2014 (the "Original Indenture"), as amended by the First Amendment to Indenture, dated as of [Dated Date] (the "First Amendment to Indenture" and, collectively with the Original Indenture, the "Master Indenture"), as supplemented by the Second Supplemental Indenture, dated as of [Dated Date] (the "Second Supplemental Indenture" and, together with the Master Indenture, the "Indenture"), each by and between the Authority and Zions First National Bank, now known as Zions Bancorporation, National Association, as trustee (the "Trustee"). Pledged Revenues means the Measure R Sales Tax Revenues collected pursuant to the Ordinance, less the administrative fee deducted by the State Board of Equalization. Pursuant to the Indenture, the Authority pledges and grants a first lien on the Pledged Revenues to secure the Bonds.

The Bonds are limited obligations of the Authority and are payable as to principal of, premium, if any, and interest thereof, exclusively from the Pledged Revenues. Neither the faith and credit nor the taxing power of the County of Tulare, the State of California or any political subdivision or public agency thereof, other than the Authority, to the extent of the pledge of Pledged Revenues and other amounts held under the Indenture, is pledged to the payment of the principal of, redemption price or interest on the Bonds.

#### REDEMPTION PRIOR TO MATURITY:

*Optional Redemption.*\* The Bonds maturing on or prior to February 1, 20\_\_ shall not be subject to redemption prior to their respective stated maturities. The Bonds maturing on or after February 1, 20\_\_ shall be subject to redemption prior to their respective stated maturities, at the option of the Authority, from any source of available funds, as a whole or in part in Authorized Denominations on any date, on or after February 1, 20\_\_, at a redemption price equal to 100% of the principal amount thereof, together with interest accrued thereon to the date fixed for redemption, without premium.

*Mandatory Sinking Fund Redemption.* If the winning Bidder designates principal amounts to be combined into one or more term bonds, each such term bond shall be subject to mandatory sinking fund redemption commencing on February 1 of the first year which has been combined to form such term bonds and continuing on February 1 in each year thereafter until the stated maturity date of that term bond. The amount redeemed in any year shall be equal to the principal amount for such maturity date set forth above under “General Terms of the Bonds.” Bonds to be redeemed in any year by mandatory sinking fund redemption shall be redeemed at the principal amount thereof and shall be selected by lot from among the Bonds then subject to redemption. The Authority, at its option, may credit against any mandatory sinking fund redemption payment term bonds of the maturity then subject to redemption, which have been redeemed and not theretofore applied as a credit against any mandatory sinking fund redemption payment.

**ISSUE PRICE:** (a) Upon notification that it has submitted the winning bid (the “winning Bidder”), the winning Bidder shall provide the initial offering prices at which it has offered or reasonably expects to offer all of the Bonds of each maturity to the general public (excluding bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) in a bona fide public offering. The winning Bidder shall assist the Authority in establishing the issue price of the Bonds and shall execute and deliver to the Authority at the Closing Date an “issue price” or similar certificate setting forth the reasonably expected initial offering price to the public of the Bonds, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit A, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Authority and Bond Counsel. In addition, based on reasonable requests of Bond Counsel, the winning Bidder will provide information regarding its sales of the Bonds. **Failure to demonstrate compliance with this requirement will constitute a default by the winning Bidder, and in such event the Authority will not deliver the Bonds to such winning Bidder.** All actions to be taken by the Authority under this Notice Inviting Bids to establish the issue price of the Bonds may be taken on behalf of the Authority by the District’s Municipal Advisor and any notice or report to be provided to the Authority may be provided to the District’s Municipal Advisor.

(b) The Authority intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Bonds) will apply to the sale of the Bonds (the “*Competitive Sale Requirements*”) because (i) the Authority shall disseminate this Notice Inviting Bids to potential underwriters in a manner that is reasonably designed to reach potential underwriters; (ii) all bidders shall have an equal opportunity to bid (no potential bidder was afforded any opportunity to review other bids before providing a bid);(iii) the Authority shall have received bids from at

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\* Preliminary, subject to change.

least three underwriters of municipal obligations who have established industry reputations for underwriting new issuances of municipal obligations; and (iv) the Authority anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the highest price (or lowest interest cost), as set forth in this Notice Inviting Bids.

(c) In the event that the Competitive Sale Requirements are not satisfied, the Authority shall so advise the winning Bidder. In such event, the Authority shall treat the first price at which 10% of a maturity of the Bonds (the “10% test”) is sold to the public as the issue price of that maturity unless the winning Bidder has elected on the bid form to apply the “hold-the-offering price rule,” as described below, in which case the initial offering price to the public as of the sale date of any maturity of the Bonds will be treated as the issue price of that maturity, in each case applied on a maturity-by-maturity basis (or CUSIP-by-CUSIP in the case of bonds with similar maturities but different coupons or prices). In the event that the competitive sale requirements are not satisfied, the winning Bidder shall advise the Authority if any maturity of the Bonds satisfies the 10% test as of the date and time of the award of the Bonds, and if the winning Bidder has elected to apply the hold-the-offering-price rule, the winning Bidder shall notify the Authority, within one hour of the time of award of the Bonds, which maturities of the Bonds satisfy the 10% test and which maturities shall be subject to the hold-the-offering-price rule. Bids will not be subject to cancellation in the event that the competitive sale requirements are not satisfied.

(d) By submitting a bid, the winning Bidder shall (i) confirm that the underwriters have offered or will offer the Bonds to the public on or before the date of award at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in the bid submitted by the winning Bidder and (ii) if the winning Bidder has elected to use the hold-the-offering-price rule, the winning Bidder agrees, on behalf of the underwriters participating in the purchase of the Bonds, that the underwriters will neither offer nor sell unsold Bonds of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the sale date; or
- (2) the date on which the underwriters have sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The winning Bidder shall promptly advise the Authority when the underwriters have sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date.

(e) If the competitive sale requirements are not satisfied, and the winning Bidder does not elect to use the hold-the-offering-price rule, then until the 10% test has been satisfied as to each maturity of the Bonds, the winning Bidder agrees to promptly report to the Authority the prices at which such unsold Bonds of that maturity have been sold to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until the 10% test has been satisfied as to the Bonds of that maturity or until all Bonds of that maturity have been sold.

(f) The Authority acknowledges that, if the winning Bidder has elected to use the hold-the-offering-price rule, in making the representation set forth above, the winning Bidder will rely on (i) the agreement of each underwriter to comply with the hold-the-offering-price rule, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter is a party to a third-party distribution

agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, as set forth in the third-party distribution agreement and the related pricing wires. The Authority further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the Bonds.

(g) By submitting a bid, each Bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such third-party distribution agreement, as applicable, to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the winning Bidder that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning Bidder and as set forth in the related pricing wires, and (ii) any agreement among underwriters relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the winning Bidder or such underwriter that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning Bidder or such underwriter and as set forth in the related pricing wires.

(h) Sales of any Bonds to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

(i) “public” means any person other than an underwriter or a related party,

(ii) “underwriter” means (A) any person that agrees pursuant to a written contract with the Authority (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public),

(iii) a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) “sale date” means the date that the Bonds are awarded by the Authority to the winning Bidder.

**BID SECURITY DEPOSIT:** There shall be delivered a good faith deposit (the “Deposit”) in the form of a federal funds wire transfer (to the Authority’s account at a bank having an office located in the State of California and having a demand account relationship with the Authority and payable in immediately available funds) in the amount of \$ \_\_\_\_\_ to secure the Authority from any loss resulting from the failure of the winning Bidder to comply with the terms of its bid. Each Bidder shall acknowledge as a condition precedent to the submission of its bid that the winning Bidder is required to submit its Deposit to the Authority in the form of a federal funds wire transfer as instructed by the Authority or the Municipal Advisor not later than 3:30 P.M. (Pacific Time) on the next business day following the Authority’s acceptance of the bid of the winning Bidder. If after the award of the Bonds, the winning Bidder fails to complete the purchase on the terms stated in its proposal, unless such failure of performance shall be caused by any act or omission of the Authority, the Deposit shall be retained by the Authority as stipulated liquidated damages. No interest will be paid upon the Deposit.

**OFFICIAL STATEMENT:** The Authority will have prepared and will make available only by electronic means at [www.munios.com](http://www.munios.com) a preliminary Official Statement which the Authority will have deemed “final” for purposes of Rule 15c2-12 (the “Rule”) promulgated by the U.S. Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended, prior to the time for receipt of proposals. The preliminary Official Statement is subject to revision, amendment and completion as a final Official Statement to be delivered in accordance with the Rule. The Authority will provide to the winning Bidder the final Official Statement by electronic means only no later than seven (7) business days after the Bonds are awarded to permit the winning Bidder to comply with paragraph (b)(4) of the Rule and the rules of the Municipal Securities Rulemaking Board (“MSRB”).

The Internet posting of the Preliminary Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, the securities described in the Preliminary Official Statement, in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

The Authority undertakes that for a period of twenty-five (25) days following the end of the “underwriting period” as defined in Rule 15c2-12 it will (i) apprise the winning Bidder if any event shall occur, or information comes to the attention of the Authority that, in the reasonable judgment of the Authority, is reasonably likely to cause the Official Statement (whether or not previously supplemented or amended) to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading with respect to the Authority after delivery of the Bonds and (ii) if requested by the winning Bidder, prepare a supplement to the final Official Statement with respect to such event or information. The Authority will presume, unless notified in writing by the winning Bidder, the end of the underwriting period will occur on the date of the delivery of the Bonds. By making a bid on the Bonds, the winning Bidder agrees (i) to disseminate to all members of the underwriting syndicate, if any, copies of the final Official Statement, including any supplements prepared by the Authority, and to file a copy of the final Official Statement with the MSRB through its EMMA system (as provided by Rule 15c2-12) within one (1) business day after receipt thereof from the Authority or its designee, but, in any event, no later than the date of closing and (ii) to take any and all other actions necessary to comply with the applicable rules of the Securities and Exchange Commission and rules governing the offering, sale and delivery of the Bonds on all purchasers, including the requirements of delivery of the final Official Statement.

**DELIVERY AND PAYMENT:** Delivery of the Bonds is expected to occur on or about \_\_\_\_, 2020. The winning Bidder shall pay for the Bonds on the date of delivery in immediately available federal

funds. Any expenses of providing federal funds shall be borne by the purchaser. Payment on the delivery date shall be made in an amount equal to the price bid for the Bonds, less the amount of the bid security deposit.

**CUSIP NUMBERS:** The District's Municipal Advisor, KNN, will timely apply for CUSIP numbers for the Bonds. CUSIP Numbers are expected to be printed on the Bonds, but the Authority will assume no obligation for the assignment or printing of such numbers on the Bonds or for the correctness of such numbers, and neither the failure to print such numbers on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the purchasers thereof to accept delivery of and make payment for the Bonds. The cost of obtaining and assigning CUSIP Numbers will be the responsibility of the winning Bidder.

**WINNING BIDDER TO FILE OFFICIAL STATEMENT WITH EMMA:** The winning Bidder will promptly file a copy of the Official Statement, including any supplements prepared by the Authority, with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access website.

**CALIFORNIA DEBT INVESTMENT AND ADVISORY COMMISSION FEE; OTHER FEES AND CLOSING COSTS; BLUE SKY COSTS:** Pursuant to Section 8856 of the California Government Code, a fee must be paid to the California Debt and Investment Advisory Commission ("CDIAC") to cover the costs of its activities with respect to the Bonds. Liability for payment of such CDIAC fee will be borne by the winning Bidder. In addition, the winning Bidder will be responsible for payment of fees incurred in connection with the issuance of the Bonds, including fees of DTC, CUSIP Service Bureau charges, MSRB, Public Securities Association and similar underwriting fees and charges, if any. The winning Bidder will be responsible for the clearance or exemption with respect to the status of the Bonds for sale under the securities or "Blue Sky" laws of the several states and the preparation of any surveys or memoranda in connection therewith.

**CLOSING DOCUMENTS; LEGAL OPINIONS:** Each proposal will be understood to be conditioned upon the Authority furnishing to each winning Bidder, without charge, concurrently with payment for and delivery of the Bonds, the following closing documents and legal opinions, each dated as of the date of such delivery:

(a) Legal Opinion: A complete copy of the proposed form of legal opinion of Bond Counsel approving the validity of the Bonds is set forth in Appendix F to the Preliminary Official Statement of the Authority with respect to the Bonds (the "Preliminary Official Statement").

(b) Tax Certificate: A certificate of the Authority that on the basis of the facts, estimates and circumstances in existence on the date of issue, it is not expected that the proceeds of the Bonds will be used in a manner that would cause the Bonds to be arbitrage bonds;

(c) No Litigation Certificate: A certificate of Authority Counsel of the Authority, acting on behalf of the Authority, solely in his or her official capacity and not in his or her personal capacity, stating that such individual is not aware of any litigation threatened or pending affecting the validity of the Bonds or challenging any action of the Authority and stating further that the Authority is not aware of any pending or threatened litigation contesting its corporate existence or the title of the present corporate officers to their respective offices;

(d) Certificate Regarding Official Statement: A certificate of an appropriate Authority Official, acting on behalf of the Authority, solely in his or her official capacity and not in his or her personal capacity, stating that, to the best knowledge of such Authority Official, as of the date of the Official

Statement pertaining to the Bonds and at all times subsequent thereto up to and including the time of delivery of the Bonds to the initial purchasers thereof, the Official Statement together with any amendments thereto did not 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; and

(e) Signature Certificate: A signature certificate of the officials of the Authority showing that they have signed the Bonds, whether by facsimile or manual signature, and that they respectively were duly authorized to execute the same, and stating that they are not aware of any litigation threatened or pending affecting the validity of the Bonds.

**CONTINUING DISCLOSURE:** The Authority will agree pursuant to a Continuing Disclosure Certificate to provide or cause to be provided to the Municipal Securities Rulemaking Board (“MSRB”) certain financial information and operating data and agree to provide, or cause to be provided, to the MSRB in a timely manner notice of certain material events respecting the Bonds. The form of Continuing Disclosure Certificate is set forth in Appendix D to the Preliminary Official Statement. The Authority has not failed to comply in all material respects in the last five years with any of its previous continuing disclosure undertakings. See the section entitled “Continuing Disclosure” in the Preliminary Official Statement.

**ADDITIONAL INFORMATION:** Copies of the Indenture, this Notice Inviting Bids and the Preliminary Official Statement will be furnished to any potential Bidder upon request made to the Municipal Advisor: KNN Public Finance, 1300 Clay Street, Suite 1000, Oakland, California 94612, Phone: (510) 208-8214.

Dated: \_\_\_\_\_, 2020

TULARE COUNTY ASSOCIATION OF GOVERNMENTS  
in its capacity as the  
TULARE COUNTY TRANSPORTATION AUTHORITY

By: /s/Theodore Smalley\_\_\_\_\_  
Executive Director

## **EXHIBIT A**

### **Form of Issue Price Certificate**

[Principal Amount]  
**TULARE COUNTY TRANSPORTATION AUTHORITY  
SALES TAX REVENUE BONDS  
(Limited Tax Bonds), Series 2020**

\_\_\_\_\_, 2020

\_\_\_\_\_ as the winning bidder (the “**Winning Bidder**”), on behalf of itself and other Underwriters as defined below, in connection with the sale by the Tulare County Transportation Authority (the “**Authority**”) of its \$\_\_\_\_\_ aggregate principal amount of Sales Tax Revenue Bonds (Limited Tax Bonds), Series 2020 (the “**Bonds**”) pursuant to the Notice Inviting Bids published on \_\_\_\_\_, 20\_\_, hereby certifies as follows:.

**[FOR USE IF COMPETITIVE SALE REQUIREMENTS ARE SATISFIED.]**

1. Sale of the Bonds.
  - (a) The Winning Bidder reasonably expected to reoffer the Bonds on the Sale Date to the Public at the prices and/or yields set forth in Schedule A hereto.
  - (b) The Winning Bidder was not given the opportunity to review other bids prior to submitting its bid.
  - (c) The bid submitted by the Winning Bidder constituted a firm offer to purchase the Bonds.

**[FOR USE IF COMPETITIVE SALE REQUIREMENTS ARE NOT SATISFIED AND "HOLD-THE-OFFERING-PRICE" RULE APPLIES.]**

1. Sale of the General Rule Maturities. As of the date of this certificate, for each Maturity of the General Rule Maturities (as defined below) the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A hereto.
2. Initial Offering Price of the Hold-the-Offering-Price Maturities.
  - (a) The Winning Bidder offered the Hold-the-Offering-Price Maturities (as defined below) to the Public for purchase at the respective initial offering prices listed in Schedule A (the "Initial Offering Prices") on or before the Sale Date (as defined below). A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.
  - (b) As set forth in the Notice of Sale, the Winning Bidder agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the "hold-the-offering-price rule"), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any third-party distribution agreement shall contain the agreement of each broker-dealer who is a party to the third-party distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has

offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

**[FOR USE IF COMPETITIVE SALE REQUIREMENTS ARE NOT SATISFIED AND "10% TEST " RULE APPLIES.]**

1. The price or yield at which the first 10% of each Maturity of the Bonds, except for the UNSOLD/UNDERSOLD MATURITIES (each, an "Undersold Maturity"), was sold is set forth in Schedule A attached hereto.

2. The Winning Bidder agrees to notify the Issuer in writing of the first price or yield at which 10% of each Undersold Maturity is sold to the Public as soon as practicable after such sale. If all of an Undersold Maturity is sold to the Public but not more than 10% of the Undersold Maturity is sold by the Underwriter to the Public, the Winning Bidder agrees to notify the Issuer in writing of the amount of the Undersold Maturity sold by the Underwriter to the Public at each of the respective prices or yields at which the Undersold Maturity is sold to the Public.

For purposes of this certificate, the following definitions apply:

**General Rule Maturities** means those Maturities of the Bonds listed in Schedule A hereto as the "General Rule Maturities".

**Hold-the-Offering-Price Maturities** means those Maturities of the Bonds listed in Schedule A hereto as the "Hold-the-Offering-Price Maturities".

**Holding Period** means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which the Underwriter sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.

**Maturity** means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

**Sale Date** means the date of award of the Bonds by the Issuer to the Winning Bidder. The Sale Date of the Bonds is [Sale Date].

**Related Party** means any entity if an Underwriter and such entity are subject, directly or indirectly, to more than 50% common ownership of (i) the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) their capital interests or profit interests, if both entities are partnerships (including direct ownership by one partnership of another) or (iii) the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

**“Public”** means any person (including an individual, trust, estate, partnership, association, company or corporation) other than an Underwriter or a Related Party, as defined below, to an Underwriters;

**“Underwriter”** means (i) the Purchaser, (ii) any person that agrees pursuant to a written contract to participate in the initial sale of the Bonds to the Public, and (iii) any person that agrees pursuant to a written contract directly or indirectly with the Purchaser or a person described in clause (ii) of this definition to participate in the initial sale of the Bonds to the Public, including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the Public;

**“Related Party”** means any entity if an Underwriter and such entity are subject, directly or indirectly, to (i) more than 50 percent common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50 percent common ownership of their capital interests or profit interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50 percent common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other);

We understand that the representations contained herein may be relied upon by the Authority in making certain of the representations contained in the Tax Certificate of the Authority relating to the Bonds, and we further understand that Hawkins Delafield & Wood LLP, as bond counsel to the District, may rely upon this certificate, among other things, in providing an opinion with respect to the exclusion from gross income of interest on the Bonds pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”). The undersigned is certifying only as to facts in existence on the date hereof. Nothing herein represents the undersigned’s interpretation of any laws; in particular the regulations under the Code, or the application of any laws to these facts. The certifications contained herein are not necessarily based on personal knowledge, but may instead be based on either inquiry deemed adequate by the undersigned or institutional knowledge (or both) regarding the matters set forth herein. Although certain information furnished in this Certificate has been derived from other Underwriters who may be considered Related Parties to the Purchaser and cannot be independently verified by us, we have no reason to believe it to be untrue in any material respect.

Very truly yours,

[NAME OF PURCHASER]

By: \_\_\_\_\_

Name: \_\_\_\_\_

Attachment 1

**NEW ISSUE—BOOK-ENTRY ONLY****S&P Rating: “-”****Fitch Rating: “-”****See “RATINGS” herein**

*In the opinion of Hawkins Delafield & Wood LLP, Los Angeles, California, Bond Counsel to the Authority, under existing statutes and court decisions and assuming continuing compliance with tax covenants described herein, (i) interest on the Series 2020 Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”) and (ii) interest on the Series 2020 Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code. In addition, in the opinion of Bond Counsel to the Authority, under existing statutes, interest on the Series 2020 Bonds is exempt from personal income taxes imposed by the State of California. See “TAX MATTERS” herein.*

**\$(Principal Amount)\***

**TULARE COUNTY TRANSPORTATION AUTHORITY  
SALES TAX REVENUE BONDS (LIMITED TAX BONDS), SERIES 2020**

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

The Tulare County Transportation Authority Sales Tax Revenue Bonds (Limited Tax Bonds), Series 2020 (the “Series 2020 Bonds”) are being issued by the Tulare County Transportation Authority (the “Authority”) pursuant to Section 180000 et seq. of the Public Utilities Code of the State of California (as amended, the “Act”), Ordinance No. 2006-01 entitled the 2006 Half-Cent Transportation Sales Tax Measure Expenditure Plan and Use Tax Ordinance (the “Ordinance”), as approved by the Authority and more than two-thirds of the electors voting on the related ballot measure at the general election held in the County of Tulare (the “County”) on November 7, 2006, and the Indenture, dated as of July 1, 2014 (the “Original Indenture”), as amended by the First Amendment to the Indenture, dated as of April 1, 2020 (the “First Amendment to the Indenture” and, collectively with the Original Indenture, the “Master Indenture”), as supplemented by the Second Supplemental Indenture, dated as of April 1, 2020 (the “Supplemental Indenture” and, together with the Master Indenture, the “Indenture”), each by and between the Authority and Zions First National Bank, now known as Zions Bancorporation, National Association, as trustee thereunder (the “Trustee”). The proceeds of the Series 2020 Bonds will be used to (i) finance the cost of certain capital projects authorized in the Expenditure Plan adopted pursuant to the Act, (ii) refinance the outstanding loan from the County Treasury of the County of Tulare (the “County Treasury Loan”) and (iii) finance the costs of issuance incurred in connection with the Series 2020 Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE Series 2020 BONDS,” “ESTIMATED SOURCES AND USES OF FUNDS” and “PLAN OF FINANCE” herein.

Interest on the Series 2020 Bonds will be payable on February 1 and August 1 of each year, commencing [FIPD]. The Series 2020 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 Owner of the Series 2020 Bonds and nominee for The Depository Trust Company (“DTC”), New York, New York. Purchasers will not receive 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 and interest to the DTC Participants for subsequent disbursement to the beneficial owners of the Series 2020 Bonds. See “THE SERIES 2020 BONDS” herein.

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

The Series 2020 Bonds are limited obligations of the Authority and are payable as to principal of, premium, if any, and interest thereof, exclusively from the Pledged Revenues and certain other amounts held by the Trustee pursuant to the Indenture. Pledged Revenues generally consist of the Measure R Sales Tax Revenues less amounts payable by the Authority to the California Department of Tax and Fee Administration for costs and expenses for its services in connection with the Measure R Sales Tax imposed pursuant to Section 180201 of the Act and the Ordinance (each as defined herein). Measure R Sales Tax Revenues generally consist of certain amounts received by the Authority from the imposition of a retail transactions and use tax (the “Measure R Sales Tax”) at the rate of one-half of one percent (1/2%) per dollar for a thirty-year period ending on March 31, 2037, such Measure R Sales Tax to be applicable in the incorporated and unincorporated territory of the County. There are presently outstanding \$63,070,000 principal amount of the Authority’s Sales Tax Revenue Bonds (Limited Tax Bonds), Series 2014 (the “Series 2014 Bonds”). Additional Bonds on a parity with the Series 2020 Bonds and the Authority’s outstanding Series 2014 Bonds may be issued in accordance with the Indenture. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2020 BONDS” herein.

**Neither the faith and credit nor the taxing power of the County, the State of California or any political subdivision or public agency thereof, other than the Authority, to the extent of the pledge of Pledged Revenues and other amounts held under the Indenture, is pledged to the payment of the principal of, redemption price 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 will be sold and awarded by competitive bid to be held on or about \_\_\_\_, 2020, as set for the Notice Invited Bids dated \_\_, 2020. The Series 2020 Bonds are offered when, as and if issued by the Authority, subject to approval of legality by Hawkins Delafield & Wood LLP, Los Angeles, California, Bond Counsel to the Authority, and certain other conditions. Certain legal matters will be passed on for the Authority by County Counsel and by Hawkins Delafield & Wood LLP, Los Angeles,

\* Preliminary, subject to change.

California, Disclosure Counsel to the Authority. It is anticipated that the Series 2020 Bonds will be available for delivery through the facilities of DTC on or about \_\_\_\_\_, 2020.

Dated: \_\_\_\_\_, 2020

**\$[Principal Amount]\***  
**TULARE COUNTY TRANSPORTATION AUTHORITY**  
**SALES TAX REVENUE BONDS (LIMITED TAX BONDS), SERIES 2020A**

<b>Maturity Date (February 1)</b>	<b>Principal Amount</b>	<b>Interest Rate</b>	<b>Yield</b>	<b>Price</b>	<b>CUSIP (Base No. 89915C)<sup>†</sup></b>
	\$	%	%	%	

\$ \_\_\_\_\_ % Term Bonds due February 1, 2037 Price: \_\_\_\_% CUSIP<sup>†</sup> No. 89915C\_\_

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\* Preliminary, subject to change.

<sup>†</sup> Copyright, 2020. CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. The Authority is not responsible for the selection, accuracy or correctness of the CUSIP numbers set forth herein. CUSIP data herein is set forth for convenience of reference only. The CUSIP number for the Series 2020 Bonds is subject to being changed after the issuance of the Series 2020 Bonds as a result of various subsequent actions.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Series 2020 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale. No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by the Authority.

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, projections, 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 facts. No representation is made that the past experience, as shown by such financial and other information, will necessarily continue or be repeated in the future. All estimates, projections, forecasts or matters of opinion are “forward looking statements,” which must be read with an abundance of caution and which may not be realized or may not occur in the future.

The information set forth herein has been obtained from sources which are believed to be reliable. The information and expressions of opinion herein are subject to change without notice and neither delivery of this Official Statement nor any sale of Bonds made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority since the date hereof. This Official Statement is submitted with respect to the sale of the Series 2020 Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose, unless authorized in writing by the Authority. All summaries of the documents and laws are made subject to the provisions thereof and do not purport to be complete statements of any or all such provisions. Reference is hereby made to such documents on file with the Authority for further information in connection therewith.

IN CONNECTION WITH THE OFFERING OF THE SERIES 2020 BONDS, THE UNDERWRITERS MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2020 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITERS MAY OFFER AND SELL THE SERIES 2020 BONDS TO CERTAIN DEALERS, INSTITUTIONAL INVESTORS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE COVER PAGE HEREOF AND SUCH PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

## **TULARE COUNTY TRANSPORTATION AUTHORITY**

### **BOARD OF GOVERNORS**

Kuyler Crocker, Chairperson	Tulare County-District 1
Bob Link, Vice Chairperson	City of Visalia
Pete Vander Poel III	Tulare County-District 2
Amy Shuklian	Tulare County-District 3
Eddie Valero	Tulare County-District 4
Dennis Townsend	Tulare County-District 5
Maribel Reynosa	City of Dinuba
Frankie Alves	City of Exeter
Paul Boyer	City of Farmersville
Pamela Kimball	City of Lindsay
Martha A. Flores	City of Porterville
Terry A. Sayre	City of Tulare
Rudy Mendoza	City of Woodlake

### **ADMINISTRATIVE STAFF**

Theodore Smalley, Executive Director  
Benjamin A. Kimball, Deputy Executive Director  
Leslie J. Davis, Finance Director

### **Bond Counsel and Disclosure Counsel**

Hawkins Delafield & Wood LLP  
Los Angeles, California

### **Municipal Advisor**

KNN Public Finance, LLC  
Oakland, California

### **Trustee**

Zions Bancorporation, National Association  
Los Angeles, California

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## OFFICIAL STATEMENT

**\$[Principal Amount]\***  
**TULARE COUNTY TRANSPORTATION AUTHORITY**  
**SALES TAX REVENUE BONDS (LIMITED TAX BONDS), SERIES 2020**

### INTRODUCTION

*This introduction contains only a brief summary of certain of the terms of the Series 2020 Bonds being offered and a brief description of the Official Statement. All statements contained in this Introduction are qualified in their entirety by reference to the entire Official Statement. References to, and summaries of, provisions of the Constitution and laws of the State of California (the “State”) and any documents referred to herein do not purport to be complete and such references are qualified in their entirety by reference to the complete provisions. All capitalized terms used in this Official Statement and not otherwise defined herein have the meanings set forth in the Indenture. See Appendix C – “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS” attached hereto.*

#### **General**

This Official Statement, including the cover page and all appendices hereto, provides information concerning the sale and issuance by the Tulare County Transportation Authority (the “Authority”) of \$[Principal Amount]\* aggregate principal amount of the Authority’s Sales Tax Revenue Bonds (Limited Tax Bonds), Series 2020 (the “Series 2020 Bonds”). The Series 2020 Bonds are being issued pursuant to Section 180000 *et seq.* of the Public Utilities Code of the State of California (as amended, the “Act”), Ordinance No. 2006-01 entitled the “2006 Half-Cent Transportation Sales Tax Measure Expenditure Plan and Use Tax Ordinance” (the “Ordinance”), as approved by the Authority and the electors voting on the related ballot measure at the general election held in the County of Tulare (the “County”) on November 7, 2006, and the Indenture, dated as of July 1, 2014 (the “Original Indenture”), as amended by the First Amendment to Indenture, dated as of April 1, 2020 (the “First Amendment to Indenture” and, collectively with the Original Indenture, the “Master Indenture”), as supplemented by the Second Supplemental Indenture, dated as of April 1, 2020 (the “Second Supplemental Indenture” and, together with the Master Indenture, the “Indenture”), each by and between the Authority and Zions First National Bank, now known as Zions Bancorporation, National Association, as trustee (the “Trustee”).

#### **The Authority and the Measure R Sales Tax**

The Authority was established on August 7, 2006 pursuant to the provisions of the Act as a local transportation authority. The Authority is a component unit of the Tulare County Association of Governments (the “TCAG”). The primary purpose of the Authority is to impose the Measure R Sales Tax (herein defined). The Authority is governed by a thirteen-member Board of Governors, which consists of one representative from each of eight cities (being the City of Woodlake, the City of Dinuba, the City of Exeter, the City of Farmersville, the City of Lindsay, the City of Porterville, the City of Tulare and the City of Visalia) and the five members of the County Board of Supervisors. TCAG provides transportation planning and administrative services for the Authority. See “The Authority” herein.

On November 7, 2006, the voters of the County approved the Measure R Sales Tax pursuant to the Ordinance, which provides for the imposition of a retail transactions and use tax (the “Measure R Sales

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\* Preliminary, subject to change.

Tax”) at the rate of one-half of one percent (1/2%) per dollar for a thirty-year period ending on March 31, 2037, such Measure R Sales Tax to be applicable in the incorporated and unincorporated territory of the County.

### **Purpose of the Series 2020 Bonds**

The proceeds of the Series 2020 Bonds will be used to (i) finance the cost of certain capital projects (the “Projects”) authorized in the Expenditure Plan adopted pursuant to the Act on July 24, 2006 (as amended and supplemented, the “Expenditure Plan”), (ii) refinance the loan from the County Treasury of the County of Tulare currently outstanding in the principal amount of \$20,000,000 (the “2018 County Treasury Loan”), and (iii) finance the costs of issuance incurred in connection with the Series 2020 Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2020 BONDS,” “ESTIMATED SOURCES AND USES OF FUNDS” and “PLAN OF FINANCE” herein.

### **Description of the Series 2020 Bonds**

The Series 2020 Bonds will be issued in authorized denominations of \$5,000 or any integral multiple thereof (the “Authorized Denominations”). The Series 2020 Bonds will bear interest at the rates per annum set forth on the inside cover page hereof until their respective maturities. Interest on the Series 2020 Bonds is payable on February 1 and August 1 of each year, commencing on [FIPD] (each a “Series 2020 Interest Payment Date”). See “THE SERIES 2020 BONDS” herein and Appendix C – “Summary of Principal Legal Documents” attached hereto. The Series 2020 Bonds are subject to redemption as described herein. See “THE SERIES 2020 BONDS – Redemption” herein.

### **Security and Sources of Payment for the Series 2020 Bonds**

The Series 2020 Bonds are limited obligations of the Authority and are payable as to principal of, premium, if any, and interest thereof, exclusively from the Pledged Revenues (herein defined) and certain other amounts held by the Trustee pursuant to the Indenture. Pledged Revenues generally consist of the moneys collected as a result of the imposition of the Measure R Sales Tax, less an administrative fee paid to the California Department of Tax and Fee Administration (the “CDTFA”) in connection with the collection and disbursement of the Measure R Sales Tax. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2020 BONDS” herein. 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 is responsible for most of the taxes and fees previously collected by the BOE, including as of July 1, 2017 the Measure R Sales Tax.

**Neither the faith and credit nor the taxing power of the County, the State of California or any political subdivision or public agency thereof, other than the Authority, to the extent of the pledge of Pledged Revenues and other amounts held under the Indenture, is pledged to the payment of the principal of, redemption price or interest on the Series 2020 Bonds.**

### **Additional Bonds and Parity Obligations**

There are presently outstanding \$63,070,000 principal amount of the Authority’s Sales Tax Revenue Bonds (Limited Tax Bonds), Series 2014 (the “Series 2014 Bonds”) and the 2018 County Treasury Loan is outstanding in the principal amount of \$20,000,000, all of which will be repaid from proceeds of the Series 2020 Bonds. Pursuant to the Indenture, in addition to the Series 2020 Bonds, the Authority may issue additional series of bonds (the “Additional Bonds” and, together with the Series 2020 Bonds, the “Bonds”) payable from the Pledged Revenues and secured by the pledge made under the Indenture equally

and ratably with the Series 2020 Bonds. The Indenture provides that the Authority may issue Additional Bonds subject to compliance with certain provisions, including the filing of a certificate certifying that the amount of Pledged Revenues for a period of twelve (12) consecutive months (selected by the Authority) during the eighteen (18) months immediately preceding the date on which such Additional Bonds will become Outstanding would have been at least equal to 1.5 times Maximum Annual Debt Service on all Bonds and Parity Obligations (herein defined) then Outstanding and the Additional Bonds then proposed to be issued that are payable from the Pledged Revenues. Pursuant to the Indenture, the Authority may also incur any indebtedness, installment sale obligation, lease obligation or other obligation of the Authority for borrowed money secured by a pledge of Pledged Revenues on a parity with the pledge for the Bonds (the “Parity Obligations”) subject to compliance with certain provisions, including the filing of the certificate described in the immediately preceding sentence with respect to Additional Bonds. The Indenture also permits the Authority to issue refunding bonds (the “Refunding Bonds”) without compliance the provisions described above, provided that Maximum Annual Debt Service on all Outstanding Bonds and outstanding Parity Obligations secured by the same Pledged Revenues following the issuance of such Refunding Bonds is less than or equal to Maximum Annual Debt Service on all Outstanding Bonds and outstanding Parity Obligations secured by the same Pledged Revenues prior to the issuance of such Refunding Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE Series 2020 BONDS – Additional Bonds and Parity Obligations” herein.

### **No Bond Reserve Fund**

No amounts will be deposited into a Bond Reserve Fund for the Series 2020 Bonds. Amounts held in the Bond Reserve Fund for the Series 2014 Bonds are not available to pay the principal of or interest on the Series 2020 Bonds.

### **Continuing Disclosure**

The Authority has agreed pursuant to a Continuing Disclosure Certificate, dated as of April 1, 2020 (the “Continuing Disclosure Certificate”), to provide, or cause to be provided, by no later than March 31 of each year to the Municipal Securities Rulemaking Board (the “MSRB”) through its Electronic Municipal Market Access (“EMMA”) system and, in a timely manner not in excess of 10 business days, notice of the occurrence of certain listed events. These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12(b)(5). See “CONTINUING DISCLOSURE” herein for a description of the specific nature of the annual report and notices of listed events to be provided pursuant to the Continuing Disclosure Certificate.

### **Forward-Looking Statements**

Certain statements included or incorporated by reference in the Official Statement constitute “forward-looking statements.” Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “budget,” “project,” 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. Although such expectations reflected in such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. The Authority is not obligated to issue any updates or revisions to the forward-looking statements if, or when, its expectations, or events, conditions or circumstances on which such statements are based change.

## **Miscellaneous**

The description herein of the Indenture, the Continuing Disclosure Certificate and any other agreements relating to the Series 2020 Bonds are qualified in their entirety by reference to such documents, and the descriptions herein of the Series 2020 Bonds are qualified in their entirety by the form thereof and the information with respect thereto included in the aforementioned documents. See Appendix C – “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS” attached hereto.

The information and expressions of opinion herein speak only as of their date and are subject to change without notice. Neither the delivery of this Official Statement nor any sale made hereunder nor any future use of this Official Statement shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority since the date hereof.

The presentation of information, including tables of receipt of revenues, is intended to show recent historical information and is not intended to indicate future or continuing trends in the financial position or other affairs of the Authority. No representation is made that past experience, as it might be shown by such financial and other information, will necessarily continue or be repeated in the future.

## **THE AUTHORITY**

### **Governing Board; Staff**

The Authority was established on August 7, 2006 pursuant to the provisions of the Act as a local transportation authority. The Authority is a component unit of TCAG. The Authority is governed by a thirteen-member Board of Governors, which consists of one representative from each of eight cities (being the City of Woodlake, the City of Dinuba, the City of Exeter, the City of Farmersville, the City of Lindsay, the City of Porterville, the City of Tulare and the City of Visalia) and the five members of the County Board of Supervisors. The eight member cities and the County are referred to herein as the “Local Agencies”. TCAG, which serves as the Council of Governments, the Regional Transportation Planning Agency and the Metropolitan Planning Organization for Tulare County, provides transportation planning and administrative services for the Authority.

Theodore R. Smalley, Executive Director – Prior to working with TCAG, Mr. Smalley served as a transportation planner for a private transportation firm for ten years. Mr. Smalley was hired as a transportation planner for TCAG in 1998. He has been the Executive Director for TCAG for six years. He is involved in California Association of Councils of Governments (“CALCOG”) and the Self Help County's Coalition the California where he has served as past chair of CALCOG. Mr. Smalley received a bachelor's degree in Finance and Accounting from Point Loma Nazarene University.

Benjamin A. Kimball, Deputy Executive Director – Prior to 2013, Mr. Kimball worked for the Cities of Lindsay, Santa Maria and Porterville and the County as a planner. He also managed a Geographical Information Systems business for ten years before joining TCAG as the Deputy Director. Mr. Kimball is involved in the California Chapter of the American Planning Association, where he is the Assistant Section Director and has served as the State Conference Co-Chair. Mr. Kimball has a Bachelor of Science degree in Geography from Brigham Young University.

Leslie J. Davis, Finance Director – Ms. Davis has been in the Accounting and Financial field for 30 years. She has work with the Resource Management Agency and Human Resources within the County and other public entities implementing accounting policies. Ms. Davis has a bachelor's degree from California State Fresno and a master's degree from Fresno Pacific University.

TCAG employs 16 staff members. TCAG provides the daily staff support for the Authority for administration of receipts and disbursements the Measure R Sales Tax Revenues as allocated by the CDTFA.

### **Citizens Oversight Committee**

Pursuant to the Ordinance and the Expenditure Plan, the Citizens' Oversight Committee (the "Oversight Committee") consists of 16 members and is designed to reflect the diversity of the County. The purpose of the Oversight Committee is to provide input on implementation of the Expenditure Plan, and to advise the Authority when the plan needs to be augmented and ensure that Measure R Sales Tax Revenues are being spent in accordance with the Expenditure Plan. The Oversight Committee is also responsible for informing the public and ensuring that expenditures are made in the best interest of the residents of the County. The Oversight Committee meets quarterly and reviews the prior transactions relating to Measure R and discusses upcoming projects.

### **PLAN OF FINANCE**

Proceeds of the Series 2020 Bonds will be used to (i) finance the Projects, as described below, (ii) refinance the 2018 County Treasury Loan, and (iii) finance the costs of issuance incurred in connection with the Series 2020 Bonds.

The Projects include all or a portion of the projects described below:

- City of Tulare Commercial Interchange, consisting of a new over-crossing and access ramps to SR 99.
- Caldwell Avenue/SR 99 Interchange, consisting of improving an over-40 year old interchange with roundabouts and reconfiguring the interchange to standard geometrics.
- Caldwell Avenue and Avenue 280 widening Projects, consisting of widening approximately 6 miles within the Cities of Visalia and Farmersville and the unincorporated area of the County.
- City of Porterville SR 190 Corridor Improvements, consisting of the construction of three roundabouts, interchange ramp improvements and auxiliary lanes.
- City of Visalia SR 198 Corridor Improvements, consisting of upgrading the interchanges at Akers Avenue/SR 198 and Lovers Lane/SR 198.

Proceeds of the Series 2020 Bonds may also be used to finance part or all of certain other regional capital projects approved by the Authority, which may include all or a portion of the following, among other projects:

- Lindsay Spruce Mitigation Project. The first mitigation project is a roundabout at Tulare Avenue and SR 65 in the City of Lindsay.
- Porterville Rehabilitation Program. The City of Porterville would use approximately \$4,000,000 of Measure R funding to advance costs for 5-8 miles of road rehabilitation.
- Firebaugh/Rocky Hill street improvements in the City of Exeter, consisting of upgrading pavement conditions, widening lanes to current standards and adding sidewalks and bicycle lanes.

- Dinuba/Woodlake Roundabouts. Measure R funds would be used if significant cost increases occur that are not funded with state and local funds.
- Farmersville Blvd. corridor improvements, including the widening of Farmersville Blvd. from SR 198 to Walnut Avenue (approximately one mile) in the City of Farmersville.
- County Bridge Improvement Program. Approximately \$300,000-500,000 of Measure R funding will be provided annually to provide a match for federal bridge funding for repairs of the County bridges.
- Harvest Road improvement project, consisting of improving one mile of a county road to full standards, including sidewalks.
- County Road Rehabilitation Program. Approximately \$10,000,000 of Measure R funding will be used for 15-25 miles of road rehabilitation in the County.
- Riggin Avenue improvements, consisting of widening to four lanes the connection from Riggin Avenue to Betty Drive in the City of Visalia.

Subject to approval by the Authority in accordance with the Expenditure Plan and Measure R Strategic Work Plan procedures, additional or alternative projects may be financed in whole or part with proceeds of the 2020 Series Bonds. See “THE MEASURE R SALES TAX - Measure R Strategic Work Plan” herein.

### **ESTIMATED SOURCES AND USES OF FUNDS**

Proceeds of the Series 2020 Bond are expected to be applied as set forth below:

#### **Estimated Sources of Funds**

Principal Amount	\$
Original Issue Premium	_____
<b>Total</b>	<b>\$ _____</b>

#### **Estimated Uses of Funds**

Deposit to Project Fund	\$
Prepay 2018 County Treasury Loan	20,000,000
Costs of Issuance <sup>(1)</sup>	_____
<b>Total</b>	<b>\$ _____</b>

<sup>(1)</sup> Includes underwriters' discount, municipal advisors fees and expenses, rating agency fees, Bond Counsel and Disclosure Counsel fees and expenses, printing costs and other miscellaneous expenses.

### **THE SERIES 2020 BONDS**

#### **General Provisions**

The Series 2020 Bonds are being issued pursuant to the Act, the Ordinance and the Indenture. The Series 2020 Bonds will be issued in Authorized Denominations and any integral multiple thereof. The Series 2020 Bonds will bear interest at the rate per annum set forth on the inside cover page hereof until their maturity. Interest on the Series 2020 Bonds is payable on February 1 and August 1 of each year, commencing on [FIPD]. Interest on the Series 2020 Bonds shall be calculated on the basis of a 360-day year consisting of twelve 30-day months and shall be payable on each Series 2020 Interest Payment Date

by check mailed by first class mail on such Series 2020 Interest Payment Date to the Owner thereof as of the close of business on the Series 2020 Record Date or, upon the written request of any Owner of \$1,000,000 or more in aggregate principal amount of Series 2020 Bonds who has provided the Trustee with wire transfer instructions, by wire transfer to an account within the United States on each Series 2020 Interest Payment Date, to the Owner thereof as of the close of business on the Record Date, being the fifteenth day of the calendar month prior to the calendar month in which a Series 2020 Interest Payment Date occurs, whether or not such day is a Business Day (the “Record Date”). So long as a Securities Depository is utilized, interest hereon and principal hereof shall be payable in accordance with the payment procedures established pursuant by such Securities Depository. Principal on the Series 2020 Bonds shall be payable when due upon presentation and surrender thereof at the Corporate Trust Office of the Trustee in lawful money of the United States of America. See Appendix C – “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS” attached hereto.

### **Book Entry Only System**

The Series 2020 Bonds will be executed and delivered in book-entry form only and, when delivered, will be registered in the name of Cede & Co., as nominee of DTC, which will act as securities depository for the Series 2020 Bonds. Individual purchases of the Series 2020 Bonds will be made in book-entry form only. Purchasers of the Series 2020 Bonds will not receive certificates representing their ownership interests in the Series 2020 Bonds purchased. Principal, purchase price and interest payments on the Series 2020 Bonds are payable directly to DTC by the Trustee. Upon receipt of payments of principal and interest, DTC will in turn distribute such payments to the beneficial Owners of the Series 2020 Bonds. See “– General Provisions” above and Appendix E – “BOOK-ENTRY ONLY SYSTEM” attached hereto.

### **Redemption\***

**Optional Redemption.** The Series 2020 Bonds maturing on or prior to February 1, 20\_\_ shall not be subject to redemption prior to their respective stated maturities. The Series 2020 Bonds maturing on or after February 1, 20\_\_ shall be subject to redemption prior to their respective stated maturities, at the option of the Authority, from any source of available funds, as a whole or in part in Authorized Denominations on any date, on or after February 1, 20\_\_, at a redemption price equal to 100% of the principal amount thereof, together with interest accrued thereon to the date fixed for redemption, without premium.

**Mandatory Redemption.** The Series 2020 Bonds maturing on February 1, 2037 (the “Term Bonds”) are subject to redemption prior to their stated maturity date, in part, at the principal amount thereof plus accrued interest to the date fixed for redemption, without premium, and shall be paid at maturity from mandatory sinking account payments in the amounts and on the dates set forth in the following table:

#### **Series 2020 Bonds Maturing February 1, 2037**

<b>Mandatory Sinking Account Payment Date (February 1)</b>	<b>Principal Amount Redeemed</b>
2037 <sup>†</sup>	\$
<sup>†</sup> Maturity Date.	

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\* Preliminary, subject to change.

In the event of optional redemption of less than all of the Term Bonds, the mandatory sinking account payments for the Term Bonds are to be reduced at the direction of the Authority. In the absence of such direction, and, in the case of a partial extraordinary redemption of the Term Bonds the mandatory sinking account payments for such Bonds will be reduced ratably.

**Selection of Series 2020 Bonds to be Redeemed.** The Series 2020 Bonds are subject to redemption in such order of maturity as the Authority may direct and by lot within maturity selected in such manner as the Trustee (or The Depository Trust Company, so long as The Depository Trust Company is the Securities Depository for the Series 2020 Bonds), deems appropriate.

**Notice of Redemption.** Each notice of redemption (whether optional redemption or mandatory redemption) shall be mailed by the Trustee, not less than thirty (30) nor more than sixty (60) days prior to the redemption date, to each Owner and the Repository. Notice of redemption to the Owners, the Repository and the applicable Notice Parties shall be given by first class mail. Each notice of redemption shall state the date of such notice, the date of issue of the Series 2020 Bonds, the redemption date, the Redemption Price, the place or places of redemption (including the name and appropriate address or addresses of the Trustee), the CUSIP number (if any) of the maturity or maturities, and, if less than all of any such maturity, the distinctive certificate numbers of the Series 2020 Bonds of such maturity, if any, to be redeemed and, in the case of Series 2020 Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall also state that on such date there will become due and payable on each of such Series 2020 Bonds the Redemption Price thereof or of the specified portion of the principal amount thereof in the case of a Series 2020 Bond to be redeemed in part only, together with interest accrued thereon to the date fixed for redemption, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such Series 2020 Bonds be then surrendered at the address or addresses of the Trustee specified in the redemption notice. Neither the Authority nor the Trustee shall have any responsibility for any defect in the CUSIP number that appears on any Series 2020 Bond or in any redemption notice with respect thereto, and any such redemption notice may contain a statement to the effect that CUSIP numbers have been assigned by an independent service for convenience of reference and that neither the Authority nor the Trustee shall be liable for any inaccuracy in such CUSIP numbers. Failure by the Trustee to give notice to any Notice Party or any one or more of the Repository or failure of any Owner, any Notice Party or the Repository to receive notice or any defect in any such notice shall not affect the sufficiency or validity of the proceedings for redemption.

Unless, upon the giving of such notice, the Series 2020 Bonds shall be deemed to have been paid within the meaning of the Indenture, such notice may state that such redemption may be conditional upon the receipt by the Trustee on or prior to the date fixed for such redemption of amounts sufficient to pay the principal of, premium, if any, and interest on, the Series 2020 Bonds to be redeemed, and that if such amounts shall not have been so received the notice shall be of no force and effect and the Authority shall not be required to redeem the Series 2020 Bonds. If such notice of redemption contains such a condition and such amounts are not so received, the redemption shall not be made and the Trustee shall no later than ten (10) Business Days thereafter give notice to the Owners to the effect that such amounts were not so received and such redemption was not made, such notice to be given by the Trustee in the manner in which the notice of redemption was given. Any notice given as described herein may be rescinded by written notice given to the Trustee by the Authority and the Trustee shall give notice of such rescission no later than ten (10) Business Days thereafter in the same manner and to the same Persons as notice of redemption was given.

**Partial Redemption of Bonds.** Upon surrender of any Series 2020 Bond redeemed in part, the Authority shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the Authority, a new Series 2020 Bond or Bonds of Authorized Denominations and the same maturity 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, 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 redemption date, interest on the Series 2020 Bonds so called for redemption shall cease to accrue, the Series 2020 Bonds (or portions thereof) shall cease to be entitled to any benefit or security under the Indenture and the Owners of the Series 2020 Bonds shall have no rights in respect thereof except to receive payment of the Redemption Price and accrued interest to the date fixed for redemption from funds held by the Trustee for such payment. All Series 2020 Bonds redeemed pursuant to the provisions the Indenture shall be canceled upon surrender thereof by the Trustee.

## **SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2020 BONDS**

### **Security for the Series 2020 Bonds**

The Series 2020 Bonds, together with any Additional Bonds to be issued pursuant to the Indenture, are limited obligations of the Authority and are payable as to principal of, premium, if any, and interest thereof, exclusively from the Pledged Revenues and certain other amounts held by the Trustee pursuant to the Indenture. “Pledged Revenues” means the Measure R Sales Tax Revenues less the administrative fee deducted by the CDTFA, plus such additional sources of revenue, if any, pledged to pay principal of and interest on the Bonds as set forth in a Supplemental Indenture and all interest, profits and other income received from investment of the Pledged Revenues (other than amounts in the Rebate Fund). “Measure R Sales Tax Revenues” means the amounts available for distribution to the Authority after the date of issuance of the Bonds on account of the Measure R Sales Tax after deducting amounts payable by the Authority to the CDTFA for costs and expenses for its services in connection with the Measure R Sales Tax imposed pursuant to Section 180201 of the Act and the Ordinance. The Indenture provides that Pledged Revenues shall also include such additional sources of revenue, if any, pledged to pay principal of and interest on the Bonds as set forth in a Supplemental Indenture. No additional source of revenue has been pledged to the Series 2020 Bonds pursuant to the Second Supplemental Indenture. See “MEASURE R SALES TAX AND COLLECTIONS” herein.

Pursuant to the Indenture, the Authority pledges the Pledged Revenues and grants a first lien on the Pledged Revenues to secure the Bonds and the Parity Obligations hereinafter incurred. Pursuant to the Indenture, the Authority represents and states that it has not previously created any charge or lien on the Pledged Revenues, except for the 2018 County Treasury Loan, and the Authority covenants that, until all the Bonds and the Parity Obligations authorized and issued under the provisions of the Indenture and principal of and interest thereon shall have been paid or are deemed to have been paid, the Authority will not grant any prior or parity pledge of the Pledged Revenues or create or permit to be created any charge or lien on the Pledged Revenues ranking prior to the charge or lien of the Bonds issued pursuant to the Indenture and Parity Obligations authorized by the Indenture. The Pledged Revenues pledged to the payment the Bonds and the Parity Obligations shall be applied without priority or distinction of one over the other and the Pledged Revenues shall constitute a trust fund for the security and payment of the Bonds and Parity Obligations.

**Neither the faith and credit nor the taxing power of the County, the State of California or any political subdivision or public agency thereof, other than the Authority, to the extent of the pledge of Pledged Revenues and other amounts held under the Indenture, is pledged to the payment of the principal of, redemption price or interest on the Series 2020 Bonds.**

## Flow of Funds

Pursuant to the Indenture, as long as any Bonds are Outstanding or any Parity Obligations remain unpaid, the Authority assigns and shall cause Pledged Revenues (less any additional sources of revenue that may be pledged pursuant to a Supplemental Indenture) to be transmitted by the CDTFA directly to the Trustee. The Trustee shall deposit in a fund, designated as the "Revenue Fund," which fund the Trustee shall establish and maintain, all Pledged Revenues, when and as received by the Trustee. So long as any Bonds or Parity Obligations are Outstanding, the Trustee shall each month (or as soon as possible following receipt) deposit such Pledged Revenues (less any additional sources of revenue that may be pledged pursuant to a Supplemental Indenture) in the applicable funds establish hereunder.

Upon receipt of the Pledged Revenues, the Trustee shall deposit same into a trust fund designated as the "Revenue Fund," which the Trustee shall establish and maintain. The Authority covenants that it will deposit the Pledged Revenues when and as received or will cause the CDTFA to deposit such Pledged Revenues directly with the Trustee, and the Trustee will deposit such Pledged Revenues into the Revenue Fund. The Trustee shall also deposit into the Revenue Fund funds received by the Trustee from any other source with instructions from the Authority to deposit such funds into the Pledged Revenue Fund. The Pledged Revenues shall be received and held in trust by the Trustee for the benefit of the Owners of the Bonds and Parity Obligations and shall be disbursed, allocated and applied solely for the uses and purposes set forth in the Master Indenture and the applicable Supplemental Indenture. Investment income on amounts held by the Trustee hereunder (other than amounts held in the Rebate Fund or for which particular instructions, including with respect to a Project Fund, are provided in a Supplemental Indenture), shall also be deposited in the Revenue Fund. All moneys at any time held in the Revenue Fund shall be held in trust for the benefit of the Bonds and the holders of Parity Obligations and shall be disbursed, allocated and applied solely for the uses and purposes set forth in the Master Indenture and the applicable Supplemental Indenture.

The Trustee shall, on each day that Pledged Revenues are deposited in the Revenue Fund, withdraw from the Revenue Fund an amount sufficient, with any other funds, if any, provided to the Trustee, to make the deposits described in clauses (1) through (3), inclusive, below and deposit such sum so withdrawn to the credit of the following funds and accounts: The Trustee shall establish, maintain and hold in trust for the benefit of Owners of the applicable Series of Bonds and the holders of Parity Obligations the respective funds and accounts described below.

(1) Interest Fund. The Interest Fund, and within the Interest Fund an Interest Account in respect of each Series of Bonds and Parity Obligations, are hereby created. Following deposit of Pledged Revenues into the Revenue Fund, the Trustee shall transfer to and deposit in the applicable Interest Account established within the Interest Fund as soon as practicable in such month (a) the amount of interest required to be set aside pursuant to each instrument authorizing the Parity Obligations, as set forth on the Parity Obligation Allocation Certificate, which certificate shall be delivered by the Authority to the Trustee (i) at least quarterly so long as any Parity Obligation is Outstanding and (ii) upon any change in the maturity date or interest payment schedule of any Parity Obligation, commencing on the date of issuance of a Series of Bonds, and (b) an amount equal to one-sixth of the aggregate half-yearly amount of interest becoming due and payable on the Outstanding Bonds of the applicable Series during the next ensuing six (6) months (excluding any interest for which there are moneys deposited in such Interest Account from the proceeds of any Series of Bonds or other source and reserved as capitalized interest to pay such interest during said next ensuing six (6) months), until the requisite amount of interest on all such Outstanding Bonds of such Series for the next interest payment is on deposit in such account; provided, that if sufficient Pledged Revenues are not on deposit in the Revenue Fund for the Trustee to make the full monthly deposit set forth in this paragraph, the Trustee shall deposit as soon as possible thereafter the amount of Pledged Revenues

required for the period from the last monthly deposit for which sufficient Pledged Revenues were actually deposited to the date of such late deposit.

No deposit need be made into the respective Interest Account if the amount contained therein is at least equal to the interest to become due and payable on the succeeding interest payment date as set forth in each instrument authorizing the Parity Obligations and the Interest Payment Dates falling within the next six (6) months upon all of the Bonds of the applicable Series then Outstanding and on February 1 of each year any excess amounts in the respective Interest Account not needed to pay interest on such date (and not held to pay interest on the Parity Obligations having interest payment dates other than February 1 and August 1) shall be transferred to the Authority (but excluding, in each case, any moneys on deposit in the Interest Account from the proceeds of any Series of Bonds or other source and reserved as capitalized interest to pay interest on any future Interest Payment Dates following such Interest Payment Dates).

(2) Principal Fund; Sinking Accounts. The Principal Fund, and within the Principal Fund a Principal Account and a Sinking Account in respect of each Series of Bonds and Parity Obligations, are hereby created. Following deposit of the Pledged Revenues in to the Revenue Fund, the Trustee shall transfer to and deposit in the applicable Principal Account established within the Principal Fund as soon as practicable in such month an amount equal to at least (a) the amount of principal required to be set aside pursuant to each instrument authorizing the Parity Obligations, as set forth on the Parity Obligation Allocation Certificate, which certificate shall be delivered by the Authority to the Trustee (i) at least quarterly so long as any Parity Obligation is Outstanding and (ii) upon any change in the maturity date or principal payment schedule of any Parity Obligation, commencing on the date of issuance of a Series of Bonds, provided that the amount of principal to be set aside with respect to a County Treasury Loan (as such term is defined in the Indenture) which shall provide for payment of principal in full at the maturity dated thereof shall be 1/24 of the principal amount thereof, commencing 24 months prior to the maturity of such County Treasury Loan, unless and until the Authority instructs the Trustee otherwise as set forth in a Parity Obligation Allocation Certificate, and (b) (i) one-twelfth of the aggregate annual amount of Bond Obligation becoming due and payable on the Outstanding Bonds of the applicable Series that are Serial Bonds having maturity dates within the next twelve (12) months until the requisite amount for the next payment is on deposit in such Principal Account, plus (ii) 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 Bonds that are 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 sufficient Pledged Revenues are not on deposit in the Pledged Revenue Fund for the Trustee to make the full monthly deposit described in this paragraph, the Trustee shall deposit as soon as possible thereafter the amount of Pledged Revenues required for the period from the last monthly deposit for which sufficient Pledged Revenues were actually deposited to the date of such late deposit. All of the aforesaid deposits made in connection with future Mandatory Sinking Account Payments shall be made without priority of any payment into any one such Sinking Account over any other such payment.

If the Pledged Revenues shall not be sufficient to make the required deposits, then such moneys shall be applied on a Proportionate Basis and in such proportion as such Serial Bonds, Term Bonds and Parity Obligations shall bear to each other, after first deducting for such purposes from Term Bonds any of such Term Bonds required to be redeemed annually as shall have been redeemed during the preceding 12-month period. If the Pledged 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 such 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 for such Bonds.

No deposit need be made into a Principal Account so long as there shall be in such account (i) moneys sufficient to pay the principal amount of all Bonds that are Serial Bonds issued hereunder and then Outstanding and maturing by their terms within the next twelve (12) months, (ii) the aggregate of all Mandatory Sinking Account Payments required to be made in such 12-month period and (iii) moneys sufficient to pay the principal amount of all Parity Obligations then Outstanding and maturing by their terms within the next twelve months. On February 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 Parity Obligations having principal payment dates within 24 months of such February 1) shall be transferred to the Authority.

On February 1 of each year or as soon as practicable thereafter, any excess amounts in the Principal Fund not needed to pay principal of the Bonds on such date shall be transferred to the Authority. On any given date of each year specified by the Authority, any excess amounts in the Principal Fund not needed to pay principal of a County Treasury Loan within 24 months of such date, or such shorter or longer amortization period as may be specified in any amendment or modification to such County Treasury Loan subsequent to the execution of the Master Indenture, shall be transferred to the Authority; provided that any excess amounts in the Principal Fund not needed to be set aside to pay principal of any other Parity Obligation pursuant to the principal amortization schedule of such Parity Obligation shall be transferred to the Authority.

(3) Bond Reserve Fund. Upon the occurrence of any deficiency in any Bond Reserve Fund, the Trustee shall make such deposit to such Bond Reserve Fund as is required, 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.

Any Pledged Revenues remaining in the Revenue Fund or a Pledged Revenue Account therein (if any such account is created for a Series of Bonds in a Supplemental Indenture) after the foregoing transfers described in (1), (2) and (3) above, except as the Authority shall otherwise direct in writing or as is otherwise provided in a Supplemental Indenture, shall be transferred to the Authority on the same Business Day as the transfers described in (1), (2) and (3) above or as soon as practicable thereafter.

If ten (10) days prior to any principal payment date, interest payment date or mandatory redemption date the amounts on deposit in the applicable Interest Account, the applicable Principal Account, including the Sinking Accounts therein, and, as and to the extent applicable, any Bond Reserve Fund established in connection with a Series of Bonds, are insufficient to make the payments to be made on such upcoming date, the Trustee shall immediately notify the Authority, in writing, of such deficiency and direct that the Authority transfer the amount of such deficiency to the Trustee on or prior to such payment date. If ten (10) days prior to any principal payment date or interest payment date the amounts on deposit in the applicable Interest Account or the applicable Principal Account established in connection with Parity Obligations are insufficient to make the payments to be made on such upcoming date, the Trustee shall immediately notify the Authority, in writing, of such deficiency and direct that the Authority transfer the amount of such deficiency to the Trustee on or prior to such payment date. The Authority hereby covenants and agrees to transfer to the Trustee from any available Pledged Revenues in its possession the amount of such deficiency on or prior to the principal payment date, Interest Payment Date or mandatory redemption date referenced in such notice.

See APPENDIX C – “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – Indenture – Allocation of Pledged Allocable Sales Tax Revenues” herein.

## **No Bond Reserve Fund**

No amounts will be deposited into a Bond Reserve Fund for the Series 2020 Bonds. Amounts held in the Bond Reserve Fund for the Series 2014 Bonds are not available to pay the principal of or interest on the Series 2020 Bonds.

## **Additional Bonds and Parity Obligations**

**General.** The Series 2020 Bonds is the second Series of Bonds to be issued pursuant to the Indenture. Upon the issuance of the Series 2020 Bonds, the Series 2014 and the Series 2020 Bonds will be the only obligations of the Authority secured by the Pledged Revenues. The Authority may issue Additional Bonds and may issue or incur additional Parity Obligations secured in whole or in part by a pledge of Pledged Revenues on parity with the Series 2020 Bonds, subject to compliance with the terms and provisions set forth in the Indenture.

**Issuance of Additional Bonds.** Pursuant to the Indenture, subsequent to the issuance of the Series 2020 Bonds, the Authority may by Supplemental Indenture establish one or more additional Series of Bonds, payable from the Pledged Revenues for such Series and secured by the pledge made under the Indenture and the Supplemental Indenture creating such Series equally and ratably with any other Series of Bonds payable from the Pledged Revenues theretofore issued, and the Authority may issue, and the Trustee may authenticate and deliver to the purchasers thereof, Bonds of such Series so established, in such principal amount as shall be determined by the Authority upon compliance by the Authority with the provisions of the Indenture, including:

(A) No Event of Default relating to any Series of Bonds payable from the Pledged Revenues to be pledged to such additional Series shall have occurred and then be continuing.

(B) If a Bond Reserve Fund is to be created in connection with the issuance of the Series of Additional Bonds, a Supplemental Indenture providing for the issuance of an additional Series of Bonds may 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 upon the receipt of the proceeds of the sale of such Series of Bonds, to an amount at least equal to the Bond Reserve Requirement with respect to such Series of Bonds and all other Bonds payable from the Pledged Revenues to be used to pay and secure such additional Series of Bonds to be 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.

(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 Authority shall file with the Trustee a Certificate of the Authority certifying that the amount of Pledged Revenues for a period of twelve (12) consecutive months (selected by the Authority) during the eighteen (18) months immediately preceding the date on which such additional Series of Bonds will become Outstanding would have been 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 that are payable from the Pledged Revenues, 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 February 1 in each year in which principal is to be paid, and, if the interest on such Series of Bonds is to be paid semiannually, such interest payments shall be due on February 1 and August 1 in each year.

Pursuant to the Indenture, “Maximum Annual Debt Service” means the maximum amount of Annual Debt Service becoming due and payable on all Bonds Outstanding and all Parity Obligations outstanding during the period from the date of such calculation through the final maturity date of all Bonds and Parity Obligations, calculated utilizing the assumptions set forth under the definition of Debt Service. “Annual Debt Service” means, for any Fiscal Year, the aggregate amount of principal of and interest on all Bonds and Parity Obligations becoming due and payable during such Fiscal Year calculated using the principles and assumptions set forth under the definition of Debt Service. “Debt Service,” (A) when used with respect to Parity Obligations, means, as of any date of calculation and with respect to any Fiscal Year, the sum of (1) the interest due on the Parity Obligations during such Fiscal Year and (2) the principal payments required with respect to the Parity Obligations during such Fiscal Year based on the assumption that no portion of Parity 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) if any Parity Obligations bear, or if any Parity Obligations proposed to be issued on a parity with Bonds will bear, interest at a variable interest rate, the interest rate on such variable interest rate Parity Obligations shall be calculated at the average Tulare County Treasury Pool annual earnings rate for the twelve months preceding the issuance of the Parity Obligations plus 50 basis points; (b) in determining the principal amount due in each Fiscal Year with respect to a County Treasury Loan which shall provide for payment of principal in full at the maturity dated thereof, the payment of principal shall be treated as if it was due based upon a level amortization of such principal over two (2) years commencing two (2) years prior to the maturity of such County Treasury Loan; provided that if a different amortization schedule is set forth in such County Treasury Loan then such amortization schedule shall apply; and provided, further, that if the term of a County Treasury Loan is less than three (3) years then principal shall be treated as if it was due based upon a level amortization of principal over the term of such County Treasury Loan; (c) in determining the principal amount due in each Fiscal Year with respect to Parity Obligations other than a County Treasury Loan, the payment of principal shall be treated as if it was due based upon a level amortization of such principal over the term of the Parity Obligations (unless a different amortization schedule is set forth in the issuance document for the Parity Obligations, in which case such amortization schedule shall apply); and (d) principal and interest payments on Parity 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 (B) when used with respect to any Series of Bonds, means, as of any date of calculation and with respect to any Fiscal Year, the sum of (1) the interest due on Bonds of such Series during such Fiscal Year and (2) the principal or Mandatory Sinking Account Payments required with respect to Bonds of such Series during such Fiscal Year based on the assumption that no portion of Bonds of such Series 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) if twenty percent (20%) or more of the principal of the Bonds of such Series is not due until the Maturity Date of the Bonds of such Series, principal and interest on such Bonds may, at the option of the Authority, be treated as if such principal and interest were due based upon a level amortization of such principal and interest over the term of the Bonds of such Series; and (b) principal and interest payments on Bonds of a Series 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 to be paid from the proceeds of Bonds of such Series held by the Trustee or other fiduciary as capitalized interest specifically to pay such interest or are to be paid from Pledged Revenues then held on deposit by the Trustee.

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

***Issuance of Refunding Bonds.*** Refunding Bonds may be authorized and issued by the Authority without satisfaction of the provisions of the Indenture summarized under subcaption (a), (b) and (c) above

under the caption “Issuance of Additional Series of Bonds”; provided, that Maximum Annual Debt Service on all Bonds and Parity Obligations which will be Outstanding following the issuance of such Series of Refunding Bonds secured by the same Pledged Revenues is less than or equal to Maximum Annual Debt Service on all Bonds and Parity Obligations secured by the same Pledged Revenues Outstanding prior to the issuance of such Refunding Bonds; and (ii) that the requirements described under paragraphs (A), (B), and (C) under above under the caption “– Issuance of Additional Series of Bonds” are satisfied. See APPENDIX C – “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – Indenture – Issuance of Refunding Bonds” attached hereto.

***Parity Obligations.*** Pursuant to the Indenture, the Authority may incur additional Parity Obligations subject to satisfaction of certain conditions precedent, including (1) no Event of Default with respect to Bonds secured by the same Pledged Revenues used to pay such Parity Obligations shall have occurred and then be continuing, as evidenced by the delivery of a Certificate of the Authority to that effect, which Certificate of the Authority shall be filed with the Trustee and (2) 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 Authority shall have filed with the Trustee a Certificate of the Authority, upon which the Trustee may conclusively rely certifying (on the basis of calculations made no later than the date of sale or incurrence of such Parity Obligations, as applicable) that the requirements set forth in paragraph (d) above under the caption “Issuance of 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. See APPENDIX C – “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – Indenture – Limitations on the Issuance of Obligations Payable from Pledged Revenues; Parity Obligations” herein.

## **Investments**

All amounts held under the Indenture will be invested at the direction of the Authority in Investment Securities, as defined in the Indenture, and are subject to certain limitations contained therein. See APPENDIX C – “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – Definitions.”

## DEBT SERVICE SCHEDULE

The following table sets forth the annual debt service for the Series 2014 Bonds and the Series 2020 Bonds.

Fiscal Year Ending June 30 <sup>(1)</sup>	Series 2014 Bonds	Series 2020 Bonds		Annual Debt Service	Total Annual Debt Service
		Principal	Interest		
2021	\$	\$	\$	\$	\$
2022					
2023					
2024					
2025					
2026					
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					
2035					
2036					
2037					
Total	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

Source: The Authority.

(1) Assumes the repayment in full of the 2018 County Treasury Loan with the proceeds of the Series 2020 Bonds.

## THE MEASURE R SALES TAX

### Authorization for and Application of Measure R Sales Tax

In November 2006, more than two-thirds of the voters in the County voting on a ballot measure approved implementing the Measure R Sales Tax, a retail transactions and use tax of one-half of one percent (0.50%) of the gross receipts of retailers from the sale of all tangible personal property sold at retail in the County and a use tax at the same rate upon the storage, use or other consumption in the County of such property purchased from any retailer for storage, use or other consumption in the County of such property purchased from any retailer for storage, use or other consumption in the County, subject to certain exceptions. The Measure R Sales Tax terminates on March 31, 2037, thirty years from its effective date.

The Measure R Sales Tax imposed by the Authority is in addition to the general sales and use tax levied statewide by the State of California, which is currently 7.25% (the “State Sales Tax”), the Bradley-Burns Uniform Local Sales and Use taxes levied by the County and each of the 8 cities within the County at the rate of 1.25% (the “Uniform Local Sales Tax”) and sales taxes that apply only within certain cities in the County. These tax rates and the items subject to the tax are subject to change. See “RISK FACTORS – Changes in Economic, Political, Social and Environmental Conditions” herein. In general, the statewide sales tax applies to the gross receipts of retailers from the sale of tangible personal property and the statewide use tax is imposed on the storage, use or other consumption in the State of property purchased from a retailer for such storage, use or other consumption. The statewide use tax does not apply to cases where the sale of the property is subject to the sales tax. Therefore, the application of the statewide use tax is generally applied to purchases made outside of the State for use within the State.

The Measure R Sales Tax is imposed upon the same transactions and items subject to the statewide sales and use tax and the Uniform Local Sales Tax with generally the same exceptions. Several categories of transactions are exempt from the State Sales Tax, the Uniform Local Sales Tax and the Measure R Sales Tax. Significant exemptions from both the State Sales Tax, the Uniform Local Sales Tax and the Measure R Sales Tax include sales of food products for human consumption (this exemption does not include hot prepared foods and food consumed on the premises where purchased), prescription medicine, edible livestock and their feed, seed and fertilizer used in raising food for human consumption, and gas, electricity and water when delivering to consumers through mains, lines and pipes. In addition, “occasional sales” (*i.e.*, sales of property not held or used by a seller in the course of activities for which he or she is required to hold a seller’s permit) are generally exempt from the State Sales Tax, the Uniform Local Sales Tax and from the Measure R Sales Tax. The “occasional sales” exemption does not apply to the sale of an entire business and other sales of machinery and equipment used in a business. Sales of property to be used outside the County that is shipped to a point outside the County pursuant to the contract of sale by delivery to such point by the retailer or by delivery by the retailer to a carrier for shipment to a consignee at such point are exempt from the State Sales Tax, from the Uniform Local Sales Tax and from the Measure R Sales Tax.

Action by the State legislature or by voter initiative could change the transactions and items upon which the State Sales Tax, the Uniform Local Sales Tax and the Measure R Sales Tax are imposed. In addition, other voter initiative measures could be adopted which could affect the receipt of the Measure R Sales Tax Revenues. Such changes or amendments could have either an adverse or a beneficial effect on Sales Tax Revenues. The Authority is not currently aware of any proposed legislative change which would have a material adverse effect on Measure R Sales Tax Revenues. See “RISK FACTORS—Proposition 218.”

## **Collection of Measure R Sales Tax Revenues**

The collection of the Measure R Sales Tax is administered by the CDTFA. The CDTFA imposes, and the BOE imposed prior to its restructuring, a charge for its administration of the Measure R Sales Tax. The amount retained by the CDTFA is adjusted to account for the difference between the CDTFA's recovered costs and the actual costs incurred during the prior two fiscal years. See Table 1 below for the amount of the CDTFA's, and previously the BOE's, administration charges for Measure R Sales Tax since fiscal year 2014-15.

The Authority and the CDTFA have entered into an Amended and Restated Agreement for State Administration of a Retail Transactions and Use Tax (the "Administrative Agreement") which authorizes the payment of Pledged Revenues directly to the Trustee after the CDTFA deducts amounts payable to itself. Pursuant to the Administrative Agreement, the CDTFA remits directly on a monthly basis the Pledged Revenues to the Trustee. Pursuant to the Indenture, the Authority will receive and hold in trust for (and remit immediately to) the Trustee any Pledged Revenues paid to the Authority by the CDTFA. After the application of the Pledged Revenues to certain funds and accounts in accordance with the Indenture, the Trustee is required to transfer the remaining unapplied Pledged Revenues at the direction of the Authority to the Authority for application for any lawful purposes, free and clear of the lien of the Indenture.

Pursuant to its procedures, the CDTFA projects receipts of the Measure R Sales Tax and historically has remitted an advance of the receipts of the Measure R Sales Tax to the Authority on a monthly basis. The CDTFA disburses collected sales tax monthly to sales taxing jurisdictions through a five-step procedure. First, the CDTFA calculates 90% of the same quarter disbursement from the prior year. Second, the CDTFA multiplies this number by the quarterly growth rate provided by the State Department of Finance. Third, the CDTFA divides the quarterly projection into three monthly disbursements of 30%, 30%, and 40%. Fourth, the disbursement for the first month of each quarter is adjusted by a true-up for the previous quarter to reconcile actual sales tax collections with the disbursements made in accordance with the preceding formula. Fifth, a quarterly administration fee is subtracted from the first month's disbursement. From time to time there are corrections made by the CDTFA for prior periods.

The following Table 1 sets forth the Measure R Sales Tax Revenues collected by the CDTFA, the CDTFA's administrative charge and the net Measure R Sales Tax Revenues received by the Authority in 2010 through 2019.

**TABLE 1**  
**MEASURE R SALES TAX REVENUES**  
**2010-2019**

<b><u>Year</u></b>	<b><u>Measure R Sales Tax Revenues Collected</u></b>	<b><u>BOA/CDTFA Administrative Charge<sup>(1)</sup></u></b>	<b><u>Net Measure R Sales Tax Revenues<sup>(2)</sup></u></b>
2010	\$22,293,426	\$267,521	\$22,025,905
2011	24,519,516	294,234	24,225,282
2012	27,471,707	329,660	27,142,046
2013	29,235,092	350,821	28,884,271
2014	30,263,732	363,165	29,900,567
2015	31,660,672	379,928	31,280,744
2016	32,670,515	392,046	32,278,469
2017	31,611,436	379,337	31,232,099
2018	33,447,730	401,373	33,046,357
2019	34,623,301	415,480	34,207,821

<sup>(1)</sup> Calculated at 1.2% of the gross Measure R Sales Tax Revenues.

<sup>(2)</sup> Reflects amounts received by Authority.

Source: The Authority.

The following Table 2 sets forth for the Measure R Sales Tax Revenues and the annual debt service for the then outstanding County Treasury Loans and the Series 2014 Bonds for Fiscal Years 2014-15 through 2018-19.

**TABLE 2**  
**HISTORICAL MEASURE R SALES TAX REVENUES**  
**AND DEBT SERVICE COVERAGE**  
**Fiscal Years 2014-15 through 2018-19**

	<b><u>Fiscal Year 2014-15</u></b>	<b><u>Fiscal Year 2015-16</u></b>	<b><u>Fiscal Year 2016-17</u></b>	<b><u>Fiscal Year 2017-18</u></b>	<b><u>Fiscal Year 2018-19</u></b>
Measure R Sales Tax Revenues <sup>(1)</sup>	\$ 30,814,396	\$31,610,176	\$31,680,119	\$32,010,700	\$33,568,699
Debt Service:					
County Treasury Loan <sup>(2)</sup>	\$ 213,502	\$ 117,970	\$ 186,016	\$ 199,496	\$ 426,345
Series 2014 Bonds	<u>1,622,732.23</u>	<u>3,209,800</u>	<u>3,209,800</u>	<u>5,344,800</u>	<u>5,343,050</u>
Total Annual Debt Service	<u>\$1,836,234.23</u>	<u>\$ 3,327,770</u>	<u>\$ 3,395,816</u>	<u>\$ 5,544,296</u>	<u>\$ 5,769,395</u>
Annual Debt Service Coverage	16.8	9.5	9.3	5.8	5.8

Source: The Authority.

(1) Based upon gross Measure R sales tax revenues, before fees charged by Board of Equalization / California Department of Tax and Fee Administration.

(2) The outstanding principal amount of the County Treasury Loans from Fiscal Year 2014-15 through Fiscal Year 2018-19 ranged from \$10 million to \$20 million. The amounts in this table only include the interest paid on County Treasury Loans.

The following Table 3 sets forth the projected Measure R Sales Tax Revenues and the projected Maximum Annual Debt Service for the 2018 County Treasury Loan, the Series 2014 Bonds and the Series 2020 Bonds for Fiscal Years 2019-20 through 2023-24.

**TABLE 3**  
**PROJECTED MEASURE R SALES TAX REVENUES**  
**AND DEBT SERVICE COVERAGE<sup>(1)</sup>**  
**Fiscal Years 2019-20 through 2023-24**

	<b>Fiscal Year 2019-20</b>	<b>Fiscal Year 2020-21</b>	<b>Fiscal Year 2021-22</b>	<b>Fiscal Year 2022-23</b>	<b>Fiscal Year 2023-24</b>
Measure R Sales Tax Revenues <sup>(1)</sup>	\$34,240,073	\$34,924,874	\$35,623,372	\$36,335,839	\$37,062,556
Debt Service:					
2018 County Treasury Loan <sup>(2)</sup>	\$ 646,000	-	-	-	-
Series 2014 Bond	\$ 5,341,050	\$ 5,353,550	\$ 5,340,050	\$ 5,340,550	\$ 5,344,550
Series 2020 Bonds <sup>(3)</sup>	<u>0</u>	<u>6,393,479</u>	<u>6,398,650</u>	<u>6,393,900</u>	<u>6,402,400</u>
Total Projected Annual Debt Service	<u>\$ 5,987,050</u>	<u>\$11,747,029</u>	<u>\$11,738,700</u>	<u>\$11,734,450</u>	<u>\$11,746,950</u>
Projected Annual Debt Service Coverage	5.7	3.0	3.0	3.1	3.2

Source: The Authority.

(1) Based upon gross Measure R sales tax revenues from Fiscal Year 2018-19, assumed to grow 2.0% per year.

(2) Interest on the 2018 County Treasury Loan for Fiscal Year 2019-20 is estimated. The 2018 County Treasury Loan will be paid in full with a portion of the proceeds of the Series 2020 Bonds.

(3) Preliminary, based upon current market conditions plus 25 basis points.

Measure R Sales Tax Revenues fluctuate based on general economic conditions within the County. To project future Measure R Sales Tax Revenues for budgetary purposes, the Authority relies on reports from local economics and other publicly available sources of data. The Authority does not itself develop forecasts of current or future economic conditions. Furthermore, the CDTFA does not provide the Authority with any forecasts of Measure R Sales Tax Receipts for future periods. The Authority is unable to predict with certainty future levels of Measure R Sales Tax Receipts. See “RISK FACTORS – State Sales Tax and the Measure R Sales Tax” herein.

### **The Expenditure Plan and Pledged Revenues**

The voter-approved Expenditure Plan serves as a guide for the use of transportation funds that will be generated through the Measure R Sales Tax Revenues. The Expenditure Plan was approved by the Tulare County Association of Governments and the Local Agencies. The Expenditure Plan addresses major regional transportation needs in Tulare County through the year 2037. The Expenditure Plan also sets forth funding for regional road improvements, public transit, rehabilitation of existing roads, and other transportation programs that will improve mobility and air quality within the County and each of the Participating Cities. The Expenditure Plan has been amended in accordance with its terms several times by the Authority. The Expenditure Plan was most recently amended as of August 20, 2017 and is expected to be amended on April 20, 2020.

Pursuant to the Expenditure Plan, after the deduction of amounts payable to the CDTFA, the balance of the Measure R Sales Tax Revenues is allocated as follows:

- (i) 50% to the Regional Transportation Program for projects that provide for the movement of goods, services and people throughout the County, including projects to improve freeway

interchanges, add additional lanes, increase safety and improve and reconstruct major commute corridors;

- (ii) 35% to the Local Transportation Program for projects to improve each Local Agency's transportation systems, including projects for pothole repair, street repavement, bridge repair or replacement, traffic signals, additional lanes to existing streets and roads, sidewalk improvements and separation of street traffic from rail traffic;
- (iii) 14% to the Transit/Bikes/Environmental Mitigation (Air Quality) Program for projects to expand or enhance public transit programs that address the transit dependent population, improve mobility through the construction of bike lanes and have a demonstrated ability to get people out of their cars and improve air quality and environment; and
- (iv) 1% for the Administration and Planning Program, which will provide funding for preparation of strategic/work plan updates, the development of funding allocation requirements, the administration and conduct of specified activities in (i) through (iii) above and the preparation of the annual transportation measure report and contract for an independent audit.

Under the Indenture, the Authority covenants and agrees that it has duly levied the Measure R Sales Tax in accordance with the Act, pursuant to and in accordance with the Ordinance. The Authority also covenants that the Ordinance has not and will not be amended, modified or altered so long as any of the Bonds are Outstanding in any manner which would reduce the amount of or timing of receipt of Pledged Revenues, and the Authority will continue to levy and cause the collection of the Measure R Sales Tax to the full amount permitted by law. The Authority further covenants that the Authority has entered into an agreement with the CDTFA under and pursuant to which the CDTFA will process and supervise collection of the Measure R Sales Tax and will transmit Measure R Sales Tax Revenues directly to the Trustee. Such agreement will be continued in effect so long as any of any Bonds are Outstanding and shall not be amended, modified or altered without the written consent of the Trustee so long as any of the Bonds are Outstanding. The Authority will receive and hold in trust for (and remit immediately to) the Trustee any Pledged Revenues paid to the Authority by the CDTFA.

The following Table 4 sets forth the Governmental Fund Revenues, Expenditures and Changes in Fund Balance for the Fiscal Years ended June 30, 2017 through June 30, 2019.

**TABLE 4**  
**GOVERNMENTAL FUND REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**Fiscal Years 2016-17 through 2018-19**

	<b><u>Fiscal Year</u></b> <b><u>2016-17</u></b>	<b><u>Fiscal Year</u></b> <b><u>2017-18</u></b>	<b><u>Fiscal Year</u></b> <b><u>2018-19</u></b>
<b>REVENUES</b>			
Sales tax proceeds	\$31,717,819	\$32,604,920	\$31,180,727
Interest income	909,954	884,532	<u>835,416</u>
Other revenue	219,089	39,317	<u>--</u>
Total revenues	\$32,846,862	\$33,528,769	<u>\$32,016,143</u>
<b>EXPENDITURES</b>			
Administration	\$ 766,950	\$ 324,107	\$ 726,694
Local programs	10,875,116	10,386,240	9,629,276
Transit expansion	1,898,798	1,927,088	978,356
Transit, bike & environmental	2,421,241	1,054,570	3,218,336
Regional projects	15,000,491	52,910,478	19,825,503
Bond principal payment	--	2,135,000	12,240,000
Interest	3,451,464	3,658,557	<u>3,503,328</u>
Total expenditures	\$34,414,060	\$72,396,040	<u>\$50,121,493</u>
Deficiency of Revenues under expenditures	\$(1,567,198)	\$(38,867,271)	\$(18,105,350)
<b>OTHER FINANCING SOURCES</b>			
Note payable proceeds	--	--	20,000,000
Total other financing sources	--	--	20,000,000
Net change in fund balance	\$(1,567,198)	\$(38,867,271)	\$ 1,894,650
Fund balance/net assets			
Beginning of the year	<u>\$62,380,814</u>	<u>\$60,813,616</u>	\$21,946,345
End of the year	<u>\$60,813,616</u>	<u>\$21,946,345</u>	<u>\$23,840,995</u>

Source: Tulare County Transportation Authority Measure R Basic Financial Statements for the Year Ended June 30, 2017 through June 30, 2019.

### Measure R Strategic Work Plan

The Measure R Strategic Work Plan serves as the master plan for the delivery of Measure R projects in the upcoming five-year period. The Measure R Strategic Work Plan is updated every two years to evaluate the scope, cost and schedule of all projects in the Measure R Strategic Work Plan and is amended when there are financial changes that affect the member agencies. The Measure R Strategic Work Plan was most recently amended as of April 15, 2019. The Measure R Strategic Work Plan sets forth the revenue projections and possible financing mechanisms needed to deliver Measure R projects. The Measure R

Strategic Work Plan takes into consideration the current Expenditure Plan and the Measure R Policies and Procedures, which provide direction and additional details for the administration of the Measure R program. The next Measure R Strategic Work Plan is expected to be presented to the Authority Board for approval by June 15, 2020. See “PLAN OF FINANCE” herein.

## **INVESTMENT OF AUTHORITY FUNDS**

The Authority’s investment policy and the Indenture permit the Authority’s funds, including the proceeds of the Series 2020 Bonds and Measure R Revenues, to be invested in various securities and institutions, including the cash and investment pool (the “County Investment Pool”) of the Treasurer-Tax Collector of the County (the “Treasurer-Tax Collector”). As of December 31, 2019, the Authority had cash in the market value amount of \$1,635,964,316 invested in the County Investment Pool, which was recorded at cost and approximates fair value. Interest earnings from the County Investment Pool are allocated to the Authority on the basis of monthly cash balances and are transferred to the Authority quarterly.

The Treasurer-Tax Collector is responsible for the investment of all monies deposited into the County treasury. Amounts held in the treasury are invested in the County Investment Pool, which invests in securities according to the Investment Policy of the Treasurer-Tax Collector (the “County Investment Policy”) as authorized by Section 53635 *et al.* of the Government Code of California (the “California Government Code”). From time to time, bills are proposed in the State Legislature that would modify the currently authorized investments and place restrictions on the ability of local agencies to invest in various securities. Therefore, there can be no assurances that the current investments in the County Investment Pool will not vary from the investments described herein or as may be authorized in the future by the California Government Code.

The Treasurer-Tax Collector only invests in securities legally allowed by State law and authorized by the County Investment Policy. The objectives of the County Investment Policy include safety, liquidity, availability, and yield. The Treasurer places investments with the objective of achieving a reasonable rate of return over an economic cycle, consistent with limited risk and prudent investment practices. The Treasurer monitors and reviews investments for consistency with the County Investment Policy. The County Investment Policy states that the dollar-weighted average maturity of the County Investment Pool shall not exceed 3.5 years. The County Board of Supervisors reviews and approves the County Investment Policy annually. The current County Investment Policy was reviewed and approved by the County Board of Supervisors as of June 2018. In addition, the County Treasurer prepares and submits a comprehensive investment report to the investment pool’s participants each quarter. The investment report details, among other things, the type of investments in the investment pool and the maturity dates, par value, actual costs and fair value thereof. The objectives of the policy are in order of priority: safety, liquidity, and yield. The County Investment Policy also dictates that the Treasurer shall exercise a high degree of professionalism while managing the investment portfolio, to ensure and sustain public confidence.

The County Investment Policy allows for purchase of a variety of securities with limitations as to exposure, maturity and rating, varying with each security type. The composition of the County Investment Pool will change over time as old investments mature and as new investments are made. Although the market value of certain of the securities in the County Investment Pool are less than the County’s net book value for those securities, losses are not expected to be realized with respect to such investments since the such investments are intended to be held until their maturity. However, unexpected withdrawals from the County Investment Pool could force the sale of some investments prior to maturity and lead to realization of losses with respect to those investments. Such unexpected withdrawals occur infrequently and thus are considered unlikely by the County, based on historical withdrawal patterns relating to the County Investment Pool. The County Investment Pool represents monies entrusted to the Treasurer-Tax Collector by the County, schools and special districts within the County.

State law requires that all monies of the County, school districts, and certain special districts be held by the Treasurer-Tax Collector. As of December 31, 2019, approximately [ ]% of the amounts in the County Investment Pool were attributable to the County. As of December 31, 2019, approximately [ ]% of the amounts in the County Investment Pool were attributable to depositors such as school districts, which are required by law to make deposits in the County Investment Pool, and approximately [ ]% of the amounts in the County Investment Pool were attributable to voluntary depositors. [Amounts not available in monthly/quarterly investment reports. Can these be provided?] Such percentages, however, may fluctuate during the course of any fiscal year. Monies deposited in the County Investment Pool by the participants represent an undivided interest in all assets and investments in the County Investment Pool based upon the amount deposited. All interest, income, gains and losses are distributed to the participants based upon their average daily balance.

The County determines the market value of the County Investment Pool on a monthly basis but does not mark-to-market. The following types of securities are held by the County Investment Pool as of December 31, 2019: U.S. Treasury securities, federal agency securities, agency mortgage backed securities, supranationals, negotiable certificates of deposit, floating rate negotiable certificates of deposit, corporate bonds and notes, municipal obligations, asset backed securities, commercial paper, Local Agency Investment Fund, California Asset Management Program, money market funds and accounts, and cash. The average weighted days-to-maturity for the total County Investment Pool for the month ended December 31, 2019 was 746 days.

The County Investment Policy prohibits the Treasurer-Tax Collector from making any investment not expressly permitted by the County Investment Policy. In addition, the County Investment Policy prohibits securities lending, inverse floaters, range notes, or interest-only strips that are derived from a pool of mortgages, any securities that could result in zero interest accrual if held to maturity and financial futures and options.

The County Investment Pool has a high degree of liquidity with approximately \$533 million maturing in one year or under as of December 31, 2019. As of December 31, 2019, approximately 33% of the County Investment Pool's portfolio was comprised of securities with a maturity of less than one year, 18% was invested in securities with maturities ranging from one to two years, 21% was invested in securities with maturities ranging from two to three years, 11% was invested in securities with maturities ranging from three to four years, and 17% was invested in securities with maturities ranging from four to five years.

The value of the various investments in the County Investment Pool will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions. Therefore, there can be no assurance that the values of the various investments in the County Investment Pool will not vary from the values described herein.

The following Table 5 sets forth the composition of the Tulare County Pooled Investment Fund of the County as of the close of business on December 31, 2019, as reflected in the County's investment report.

**TABLE 5**  
**COUNTY OF TULARE**  
**POOLED INVESTMENT FUND OF THE COUNTY**  
**As of December 31, 2019**

	<u>Net Market Value</u>	<u>Percentage of Total Net Market Value</u>
<b>INVESTMENTS</b>		
U.S. Treasuries	\$ 469,773,994	29.0%
Federal Agencies	211,844,637	13.0
Agency Mortgage Backed Securities (MBS)	55,865,773	3.0
U.S. Instrumentalities-Supranationals	38,135,447	2.0
Negotiable CDs	165,950,035	10.0
Floating Rate Negotiable CD	4,734,825	< 1.0
Corporate Bonds and Notes	378,126,264	23.0
Municipal Obligations	30,746,635	2.0
Asset Backed Securities	41,816,031	3.0
Commercial Paper	106,523,360	7.0
Local Agency Investment Fund (LAIF)	64,216,630	4.0
California Asset Management Program (CAMP)	50,673,811	3.0
Money Market Funds	5,591,055	< 1.0
Money Market Accounts	2,375,450	< 1.0
Cash	<u>9,590,369</u>	<u>1.0</u>
<b>TOTAL INVESTMENTS<sup>(1)</sup></b>	<b><u>\$1,635,964,316</u></b>	<b><u>100.0%</u></b>

<sup>(1)</sup> Total may not equal sum due to rounding.

Source: County of Tulare, Treasurer-Tax Collector.

## RISK FACTORS

The ability of the Authority to pay principal of and interest on the Series 2020 Bonds depends primarily upon the receipt by the Authority of Pledged Revenues. Some of the events which could prevent the Authority 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.

### Changes in Economic, Political, Social and Environmental Conditions

The Series 2020 Bonds are limited obligations of the Authority and are payable as to principal of, premium, if any, and interest thereof, exclusively from the Pledged Revenues and certain other amounts held by the Trustee pursuant to the Indenture. Pledged Revenues generally consist of the Measure R Sales Tax Revenues less amounts payable by the Authority to the CDTFA for costs and expenses for its services in connection with the Measure R Sales Tax. The amount of Measure R Sales Tax Revenues collected at any time is dependent upon the amount of retail sales within the County, which, in turn, is dependent upon the level of economic activity in the County and in the State generally. To project future Measure R Sales Tax Revenues for budgetary purposes, the Authority relies on reports from local economics and other publicly available sources of data. The Authority does not itself develop forecasts of current or future economic conditions. Furthermore, the CDTFA does not provide the Authority with any forecasts of Measure R Sales Tax Receipts for future periods. The Authority is unable to predict with certainty future levels of Measure R Sales Tax Receipts. Any substantial deterioration in the level of economic activity

within the County or in the State could have a material adverse impact upon the level of Measure R Sales Tax Revenues and therefore on the Pledged Revenues and upon the ability of the Authority to pay the principal of and interest on the Series 2020 Bonds. For information relating to current economic and demographic conditions within the County, see Appendix B – “ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING THE COUNTY OF TULARE.”

In addition, changes in political, social or environmental conditions on a local, state, federal or international level may adversely affect investment risk generally. Such changes may include (but are not limited to) the reduction or elimination of previously available State or federal revenues, fluctuations in business production, consumer prices or financial markets, unemployment rates, technological advancements, shortages or surpluses in natural resources or energy supplies, changes in law, social unrest, fluctuations in the crime rate, political conflict acts of war or terrorism, environmental damage and natural disasters.

### **State Sales Tax and the Measure R Sales Tax**

In addition to the Measure R Sales Tax levied by the Authority, the State imposes a 7.25% sales tax and the County and each of the cities therein impose a Uniform Local Sales Tax of 1.25%. With limited exceptions, the Measure R Sales Tax is imposed upon the same transactions and items subject to the sales tax levied state-wide by the State and the Uniform Local Sales Tax levied by the County and each of its cities. 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 sales tax, the Uniform Local Sales Tax and the Measure R Sales Tax are imposed. Any such change or limitation could have an adverse impact on the Measure R Sales Tax Revenues collected. In addition, any future increases in the State sales tax or the Uniform Local Sales Tax could have an adverse effect on consumer spending decisions and consumption, resulting in a reduction in Measure R Sales Tax Revenues. See “THE MEASURE R SALES TAX” herein.

### **Effect of Internet Commerce on Measure R Sales Tax Revenues**

The use of the Internet to conduct commerce may affect the levels of Measure R Sales Tax revenues received by the Authority. Sales via the Internet of physical products by businesses located in the State or physical products delivered to the State by businesses located outside the State are generally subject to the Measure R Sales Tax. In June 2018, the Supreme Court of the United States ruled in *South Dakota v. Wayfair Inc., et al.* that state and local governments have the authority to require out-of-state vendors with no local physical presence in the state to collect and remit sales tax to state and local governments. Additionally, since April 1, 2019, retailers located outside of California are required to register with the CDTFA, collect the California use tax and pay the tax to the CDTFA even if they do not have a physical presence in the State, with certain exceptions for retailers with sales below certain volume and dollar amount thresholds. However, transactions conducted via the Internet may in some cases avoid taxation either through error or deliberate non-reporting, potentially reducing the amount of Measure R Sales Tax collected. As a result, if sales via the Internet increase, it is possible that the failure to collect sales taxes on such Internet transactions will result in reductions in Measure R Sales Tax revenues. The Authority has not made any changes to its revenue assumptions as a result of the *Wayfair* decision. The Authority cannot predict the degree to which the *Wayfair* decision, the collection of the California use tax or the increasing use of the Internet to conduct commerce will affect the collection of the Measure R Sales Tax in the future.

### **Proposition 218 and Future Initiatives**

On November 5, 1996, voters in the State approved an initiative known as the Right to Vote on Taxes Act (“Proposition 218”). Proposition 218 added Articles XIIC and XIID to the California Constitution. Article XIIC requires majority voter approval for the imposition, extension or increase of general taxes and two-thirds voter approval for the imposition, extension or increase of special taxes by a

local government, which is defined to include local or regional governmental agencies such as the Authority. The Measure R Sales Tax received the approval of more than two-thirds of the voters as required by Article XIII C. However, Article XIII C also removes limitations that may have applied to the voter initiative power with regard to reducing or repealing previously authorized taxes. Proposition 218 was each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time, other initiative measures could be adopted, further affecting revenues of the Authority or the Authority's ability to levy and cause the collection of the Measure R Sales Tax. The nature and impact of these measures cannot be predicted by the Authority.

### **No Acceleration Provision in the Indenture**

The Indenture does not authorize 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 Authority, each Owner of a Bond will have the rights to exercise the remedies, subject to the limitations thereon, set forth in the Indenture. See APPENDIX C – "SUMMARY OF LEGAL DOCUMENTS – Indenture – Events of Default and Remedies."

### **Amounts Held in the Tulare County Treasury Pool**

The Authority's investment policy and the Indenture permit the Authority's funds, including the proceeds of the Series 2020 Bonds and Measure R Revenues, to be invested in the Tulare County Treasury Pool. See "INVESTMENT OF AUTHORITY FUNDS" herein. In the event the County or the Authority were to file a petition for adjustment of its debts under Chapter 9 of the United States Bankruptcy Code ("Chapter 9"), a bankruptcy court could rule that the owners of the Series 2020 Bonds are unsecured creditors with respect to any funds received by the County or the Authority prior to the filing of the petition. Such funds may include Pledged Revenues that have been collected and deposited into the Interest Fund, the Principal Fund and the Reserve Fund, if such amounts are deposited into the Tulare County Treasury Pool, and such amounts may not be available for payment of the principal of, and premium, if any, and interest on the Series 2020 Bonds unless the owners of such Series 2020 Bonds can "trace" those funds. There can be no assurance that the Owners could successfully "trace" Pledged Revenues on deposit in the Interest Fund, the Principal Fund and the Reserve Fund where such amounts are invested in the Tulare County Treasury Pool.

### **Limitation on Remedies; Bankruptcy of Authority**

The rights of the owners of the Series 2020 Bonds are subject to the limitations on legal remedies against public agencies in the State. Also, the Authority may be qualified to file a petition for adjustment of debts under Chapter 9 under certain circumstances. In a Chapter 9 bankruptcy, the pledge of Pledged Revenues to the Trustee for the benefit of owners of the Series 2020 Bonds will be enforceable only if a bankruptcy court determines that the Pledged Revenues are "special revenues" as defined in Chapter 9 ("Special Revenues"). If a bankruptcy court rules that the Pledged Revenues constitute Special Revenues, the court could further rule that the pledge is subordinate to the payment of necessary operating expenses with respect to the projects. Further, it is uncertain which expenses would be considered necessary operating expenses.

The outcomes of Chapter 9 proceedings are difficult to predict. If a bankruptcy court concludes that the Measure R Sales Tax is a general sales tax levied to finance the general purposes of the Authority as well as the projects, the court could rule that the Pledged Revenues do not constitute Special Revenues. If the Pledged Revenues are not Special Revenues, the owners of the Series 2020 Bonds would no longer be entitled to any lien on the Pledged Revenues and may be treated as general unsecured creditors of the Authority. In addition, there may be delays in payments on the Series 2020 Bonds while a bankruptcy court

considers the various issues attendant to an Authority bankruptcy proceeding. Further, a bankruptcy proceeding of the Authority could have an adverse effect on the liquidity and value of the Series 2020 Bonds.

## **Cybersecurity**

The Authority relies on a complex technology environment to conduct its operations, sharing the County's computer network, internet, and email services. As a recipient and provider of personal, private and sensitive information, the Authority 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 Authority's knowledge, there have been no cyberattacks on the network or services specifically directed against the Authority or TCAG, and their operations and information.

TCAG and the Authority are subject to the County's Information Technology Security Policies, which have been in place since 2010 and are updated from time-to-time. These policies include cybersecurity training, internal policies related to cybersecurity, security tests conducted on the network in order to preemptively identify possible flaws, and the use of security professionals, consultants, and other internal or third parties retained as necessary to monitor network and data security. TCAG and the Authority are covered under the County's insurance policies related to cybersecurity.

No assurances can be given that the Authority'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 Authority's computer and information technology systems could impact its operations and damage the Authority's digital networks and systems, and the costs of remedying any such damage could be substantial.

## **TAX MATTERS**

### **Opinion of Bond Counsel**

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Authority, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Series 2020 Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and (ii) interest on the Series 2020 Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Corporation in connection with the Series 2020 Bonds, and Bond Counsel has assumed compliance by the Corporation with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Series 2020 Bonds from gross income under Section 103 of the Code.

In addition, in the opinion of Bond Counsel to the Authority, under existing statutes, interest on the Series 2020 Bonds is exempt from personal income taxes imposed by the State of California.

Bond Counsel expresses no opinion as to any other federal, state or local tax consequences arising with respect to the Series 2020 Bonds, or the ownership or disposition thereof, except as stated above. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement its opinion to reflect any action thereafter taken or not taken, any fact or circumstance that may thereafter come to its attention, any change in law or interpretation thereof that may thereafter occur, or for any other reason. Bond Counsel expresses no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion

of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Series 2020 Bonds.

### **Certain Ongoing Federal Tax Requirements and Covenants**

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Series 2020 Bonds in order that interest on such Bonds be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Series 2020 Bonds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with such requirements may cause interest on the Series 2020 Bonds to become included in gross income for federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The Corporation has covenanted to comply with certain applicable requirements of the Code to assure the exclusion of interest on the Series 2020 Bonds from gross income under Section 103 of the Code.

### **Certain Collateral Federal Tax Consequences**

The following is a brief discussion of certain collateral Federal income tax matters with respect to the Series 2020 Bonds. It does not purport to address all aspects of Federal taxation that may be relevant to a particular owner of a Series 2020 Bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the Federal tax consequences of owning and disposing of the Series 2020 Bonds.

Prospective owners of the Series 2020 Bonds should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for federal income tax purposes. Interest on the Series 2020 Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

### **Original Issue Discount**

“Original issue discount” (“OID”) is the excess of the sum of all amounts payable at the stated maturity of a Series 2020 Bond (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the “issue price” of a maturity (a bond with the same maturity date, interest rate, and credit terms) means the first price at which at least 10 percent of such maturity was sold to the public, i.e., a purchaser who is not, directly or indirectly, a signatory to a written contract to participate in the initial sale of the Series 2020 Bonds. In general, the issue price for each maturity of Bonds is expected to be the initial public offering price set forth on the cover page of the Official Statement. Bond Counsel further is of the opinion that, for any Series 2020 Bonds having OID (a “Discount Bond”), OID that has accrued and is properly allocable to the owners of the Discount Bonds under Section 1288 of the Code is excludable from gross income for federal income tax purposes to the same extent as other interest on the Series 2020 Bonds.

In general, under Section 1288 of the Code, OID on a Discount Bond accrues under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding

rate determined by reference to the yield on that Discount Bond. An owner's adjusted basis in a Discount Bond is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Bond. Accrued OID may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Bond even though there will not be a corresponding cash payment.

Owners of Discount Bonds should consult their own tax advisors with respect to the treatment of original issue discount for federal income tax purposes, including various special rules relating thereto, and the state and local tax consequences of acquiring, holding, and disposing of Discount Bonds.

## **Bond Premium**

In general, if an owner acquires a bond for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the bond after the acquisition date (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates), that premium constitutes "bond premium" on that bond (a "Premium Bond"). In general, under Section 171 of the Code, an owner of a Premium Bond must amortize the Series 2020 Bond premium over the remaining term of the Premium Bond, based on the owner's yield over the remaining term of the Premium Bond determined based on constant yield principles (in certain cases involving a Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond). An owner of a Premium Bond must amortize the Series 2020 Bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner's regular method of accounting against the Series 2020 Bond premium allocable to that period. In the case of a tax-exempt Premium Bond, if the Series 2020 Bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Bond may realize a taxable gain upon disposition of the Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner's original acquisition cost. Owners of any Premium Bonds should consult their own tax advisors regarding the treatment of bond premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds.

## **Information Reporting and Backup Withholding**

Information reporting requirements apply to interest paid on tax-exempt obligations, including the Series 2020 Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification", or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding", which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Series 2020 Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Series 2020 Bonds from gross income for Federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's Federal income tax once the required information is furnished to the Internal Revenue Service.

## **Miscellaneous**

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Series 2020 Bonds under federal or state law or otherwise prevent beneficial owners of the Series 2020 Bonds from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Series 2020 Bonds.

Prospective purchasers of the Series 2020 Bonds should consult their own tax advisors regarding the foregoing matters.

## **FINANCIAL STATEMENTS**

The financial statements of the Authority for the Fiscal Year ended June 30, 2019, included in Appendix A of this Official Statement have been audited by Brown Armstrong, Certified Public Accountants and Consultants (“Brown Armstrong”). Brown Armstrong was not requested to consent to the inclusion of its reports regarding the Authority 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 Brown Armstrong, with respect to any event subsequent to the date of their reports.

## **LITIGATION**

There is not now pending or, to the knowledge of the Authority, 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 Pledged Revenues. Neither the creation, organization or existence of the Authority, nor the title of the present members of the Authority to their respective offices is being contested.

## **CONTINUING DISCLOSURE**

The Authority has executed a Continuing Disclosure Certificate (the “Continuing Disclosure Certificate”) for the benefit of the Owners of the Series 2020 Bonds. The form of Continuing Disclosure Certificate is attached hereto as Appendix D. Under the Continuing Disclosure Certificate, the Authority will covenant for the benefit of Owners and Beneficial Owners of the Series 2020 Bonds to provide certain annual financial information and operating data, including its audited financial statements, relating to the Authority by no later than March 31 of each year, commencing with its report for Fiscal Year 2019-20 (collectively, the “Annual Reports”), and to provide notices of the occurrence of certain enumerated events (the “Listed Events”). The Annual Reports and notices of Listed Events will be filed with the Electronic Municipal Market Access (“EMMA”) database maintained by the U.S. Securities and Exchange Commission, pursuant to Rule 15c2-12 promulgated pursuant to the Securities Exchange Act of 1934, as amended (“Rule 15c2-12”). These covenants will be made in order to assist the Underwriter of the Series 2020 Bonds in complying with Rule 15c2-12.

## **CERTAIN LEGAL MATTERS**

Certain legal matters incident to the Series 2020 Bonds are subject to the approving opinion of Hawkins Delafield & Wood LLP, Los Angeles, California, Bond Counsel. A complete copy of the proposed form of approving opinion of Bond Counsel is set forth in Appendix F hereto. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain

legal matters will be passed upon for the Authority by County Counsel, in its capacity as counsel to the Authority, and Hawkins Delafield & Wood LLP, Los Angeles, California, Disclosure Counsel.

### **RATINGS**

Standard & Poor's Ratings Services, a Standard & Poor's Financial Service, LLC business, a Division of the McGraw-Hill Companies Inc. ("S&P") and Fitch Ratings, Inc. ("Fitch") have assigned ratings of "\_\_\_\_" and "\_\_\_\_," respectively, to the Series 2020 Bonds. Such ratings reflect only the views of such organizations and any desired explanation of the significance of such rating should be obtained from S&P at 55 Water Street, New York, New York 10041 and Fitch at 33 Whitehall Street, New York, New York 10004. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such rating will continue for any given period of time or that they will not be revised downward or withdrawn entirely by S&P, if in the judgment of S&P circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Series 2020 Bonds.

### **UNDERWRITING**

The Series 2020 Bonds were sold at competitive bid on April \_\_, 2020. The Series 2020 Bonds were awarded to \_\_\_\_\_ (the "Underwriter") at a purchase price of \$ \_\_\_\_\_ (consisting of the principal amount of Series 2020 Bonds, plus an original issue premium of \$ \_\_\_\_\_ less an underwriting discount of \$ \_\_\_\_\_). The Official Notice Inviting Bids provides that all Series 2020 Bonds would be purchased if any were purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in the Official Notice Inviting Bids, the approval of certain legal matters by Bond Counsel and certain other conditions. The Underwriter will represent to the Authority that the Series 2020 Bonds have been re-offered to the public at the price or yield as stated on the cover page hereof.

### **MUNICIPAL ADVISOR**

KNN Public Finance, LLC has served as Municipal Advisor to the Authority in connection with the issuance of the Series 2020 Bonds. The Municipal Advisor is not obligated to undertake and has not undertaken to make an independent verification or assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement.

### **MISCELLANEOUS**

The references herein to the Act, the Ordinance, the Master Indenture and the Second Supplemental Indenture are brief summaries of certain provisions thereof. Such summaries do not purport to be complete or definitive. Reference is made to these documents for the full and complete statements of such provisions. Copies of the Master Indenture and the Second Supplemental Indenture are available at the Authority.

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 Authority and the purchasers or Owners of any of the Bonds.

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

TULARE COUNTY ASSOCIATION OF  
GOVERNMENTS, in its capacity as the  
TULARE COUNTY TRANSPORTATION  
AUTHORITY

By: \_\_\_\_\_  
Chairperson

**APPENDIX A**

**AUDITED FINANCIAL STATEMENTS OF THE TULARE COUNTY  
TRANSPORTATION AUTHORITY FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

## **APPENDIX B**

### **ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING THE COUNTY OF TULARE**

#### **Population**

The following Table B-1 sets forth the estimates of the population of the County and incorporated and unincorporated areas therein as of January 1 for calendar years 2015 through 2019. The County's population was approximately 479,112 as of January 1, 2019, which is an approximate 0.8% increase from January 1, 2018.

**Table B-1  
POPULATION OF TULARE COUNTY  
(As of January 1)**

<b><u>Area</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>
Dinuba	24,044	24,528	24,735	24,918	25,328
Exeter	10,735	10,887	10,922	10,984	11,002
Farmersville	11,071	11,200	11,297	11,341	11,358
Lindsay	12,730	12,895	12,953	13,062	13,358
Porterville	56,365	59,547	59,563	60,241	60,260
Tulare	62,402	63,061	64,161	65,503	66,967
Visalia	130,746	132,563	134,207	136,403	138,207
Woodlake	<u>7,694</u>	<u>7,735</u>	<u>7,753</u>	<u>7,793</u>	<u>7,891</u>
Subtotal	<u>315,787</u>	<u>322,416</u>	<u>325,591</u>	<u>330,245</u>	<u>334,371</u>
Unincorporated	<u>146,723</u>	<u>144,594</u>	<u>145,114</u>	<u>145,101</u>	<u>144,741</u>
County Total	<u>462,510</u>	<u>467,010</u>	<u>470,705</u>	<u>475,346</u>	<u>479,112</u>

Sources: California Department of Finance.

## Industry and Employment

The following Table B-2 sets forth estimates of the labor force, civilian employment and unemployment for residents of the County, the State and the United States for calendar years 2014 through 2018.

**Table B-2**  
**CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT**  
**Annual Average for Years 2014 through 2018**

<b>Year and Area</b>	<b>Labor Force</b>	<b>Civilian Employment</b>	<b>Unemployment</b>	<b>Unemployment Rate<sup>(1)</sup></b>
<b>2014</b>				
County	198,200	172,100	26,000	13.1%
State	18,714,700	17,310,900	1,403,800	7.5
United States	155,922,000	146,305,000	9,617,000	6.2
<b>2015</b>				
County	202,200	178,700	23,500	11.6
State	18,851,100	17,310,900	1,403,800	7.5
United States	157,130,000	148,834,000	8,296,000	5.3
<b>2016</b>				
County	203,400	180,700	22,700	11.2
State	19,044,500	18,002,800	1,041,700	5.5
United States	159,187,000	151,436,000	7,751,000	4.9
<b>2017</b>				
County	204,800	183,500	21,400	10.4
State	19,205,300	18,285,500	919,800	4.8
United States	160,320,000	153,337,000	6,982,000	4.4
<b>2018</b>				
County	204,600	184,900	19,600	9.6
State	19,398,200	18,582,800	815,400	4.2
United States	162,075,000	155,761,000	6,314,000	3.9

<sup>(1)</sup> The State Employment Development Department has reported a seasonally adjusted unemployment rate within the County of 9.3% for December 2019.

Source: State Employment Development Department, Labor Market Information Division, and U.S. Bureau of Labor Statistics.

The following Table B-3 sets forth the employment by industry in the County for calendar years 2014 through 2018.

**Table B-3**  
**COUNTY OF TULARE**  
**EMPLOYMENT BY INDUSTRY GROUP**  
**Annual Averages**

<b>Industry Employment<sup>(1)</sup></b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Total Farm/Agriculture	34,900	39,100	38,800	38,700	39,300
Mining, Logging and Construction	4,500	4,900	5,300	5,700	6,100
Manufacturing	12,000	12,300	12,800	12,800	13,000
Trade, Transportation and Utilities	26,100	26,700	27,200	27,600	28,000
Information	900	1,000	1,000	900	900
Financial Activities	3,900	4,000	4,100	4,100	4,000
Professional and Business Services	10,300	10,900	11,100	12,000	11,000
Education and Health Services	13,700	13,800	14,400	15,500	16,200
Leisure and Hospitality	10,600	11,100	11,500	11,500	11,700
Other Services	3,300	3,400	3,500	3,500	3,500
Government	29,500	30,300	31,300	31,800	32,300
<b>Total<sup>(2)</sup></b>	<b>149,600</b>	<b>157,600</b>	<b>160,900</b>	<b>164,100</b>	<b>165,900</b>

<sup>(1)</sup> Based on place of work.

<sup>(2)</sup> Total may not equal sum due to rounding.

Source: State Employment Development Department, Labor Market Information Division.

## **Agriculture**

In 2018 (the most recent annual data available), the total gross value of agricultural products and crops was \$7.2 billion, an increase of approximately \$173.3 million (2.5%) from the total gross value in 2017. This increase is attributable to, among other things, an increase in the prices of field crops, including fruit and nut crop and nursery prices generally.

The County leads the nation in dairy production. Milk production is \$1.68 billion as set forth in the County's 2018 Annual Crop Report. The County also ranks third out of all farm counties in the nation. The rankings frequently change with each year's report, which are generally released one year after the end of the reported fiscal year. The County has 45 crops worth more than \$1 million each in farm gate gross value.

Agriculture is the largest private employer in the County, with farm employment accounting for nearly a quarter of all jobs. Processing, manufacturing, and service to the agriculture industry provides many other related jobs. Six of the top fifteen employers in the County are food handling or processing companies, which includes fruit packing houses and dairy processing plants. One in every five jobs in the San Joaquin Valley is directly related to agriculture.

The County's climate and geography enable local farmers to be extremely productive and produce many unique specialty crops, including numerous varieties of citrus, stone fruits (nectarines, peaches, plums), nut crops, berries, livestock, hay and silage crops, and of course milk and milk products. The County produces over 240 agricultural crops for human consumption, livestock feed, and seed crops.

The County also has an important role in exports, and in 2018 exported products to 80 countries. Leading export countries for the County are China, Republic of Korea, Japan, Mexico, Taiwan, Australia, Hong Kong, Philippines, New Zealand and India. The County is the number one exporting county in the nation, with over 26,790 federal phyto-sanitary certificates issued for shipments going to export in 2018.

The following Table B-4 sets forth the values of agricultural production for calendar years 2014 through 2018.

**Table B-4**  
**COUNTY OF TULARE**  
**VALUES OF AGRICULTURAL PRODUCTION**  
**Calendar Years 2014 through 2018**  
**(\$ in thousands)**

	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Milk	\$2,540,232	\$1,718,001	\$1,645,572	\$1,776,855	\$1,683,747
Grapes	723,511	643,621	600,200	904,758	834,378
Oranges — Navel and Valencia	962,988	819,134	838,593	770,955	821,177
Cattle and Calves	979,680	941,280	660,400	637,056	616,455
All Other Agricultural Products	2,878,261	2,858,942	2,625,357	2,950,305	3,257,546
<b>Total</b>	<u>\$8,084,672</u>	<u>\$6,980,978</u>	<u>\$6,370,122</u>	<u>\$7,039,929</u>	<u>\$7,213,303</u>

(1) Total may not equal sum due to rounding.

Source: County Department of Agriculture/Weights and Measures.

## Major Employers

The following Table B-5 sets forth the major employers headquartered or located in the County and their estimated full-time equivalent employment during Fiscal Year 2017-18.

**Table B-5**  
**COUNTY OF TULARE**  
**MAJOR EMPLOYERS**  
**Fiscal Year 2017-18**

<b>Employer</b>	<b>Product or Service</b>	<b>Estimated FTE Employment</b>
County of Tulare	Government Offices – County	5,003
Visalia Unified School District	Schools: Primary and Secondary	3,200
Kaweah Delta Healthcare District	Hospital Services	2,000
Sierra View District Hospital	Hospital Services	1,800
Ruiz Food Products	Food Products - Manufacturers	1,800
Wal-Mart Distribution Center	Distribution Center	1,692
Porterville Developmental Center	Mental Health Services	1,343
College of the Sequoias	Schools: Universities and Colleges	838
Jostens	Publishers - Book (Manufacturers)	720
City of Visalia	Government Offices - City	605

Source: County of Tulare Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2018.

## Personal Income

The following Table B-6 sets forth information relating to personal income and per capita personal income for the County, the State and the United States for calendar years 2014 through 2018.

**Table B-6**  
**COUNTY OF TULARE, STATE OF CALIFORNIA AND UNITED STATES**  
**PERSONAL INCOME<sup>(1)</sup>**  
**Calendar Years 2014 through 2018**

<b>Year and Area</b>	<b>Total Personal Income (\$ in millions)</b>	<b>Per Capita Personal Income</b>
<b>2014</b>		
County	\$ 16,912,310	\$ 37,121
State	2,021,038	52,324
United States	14,991,715	47,038
<b>2015</b>		
County	\$17,106,185	\$37,366
State	2,171,947	55,758
United States	15,717,760	48,961
<b>2016</b>		
County	\$17,571,834	\$38,198
State	2,263,890	57,739
United States	16,121,183	49,862
<b>2017</b>		
County	\$18,069,207	\$39,018
State	2,970,112	60,156
United States	16,878,796	51,869
<b>2018</b>		
County	\$18,830,069	\$40,420
State	2,514,129	63,557
United States	17,819,158	54,420

<sup>(1)</sup> All dollar estimates are in current dollars (not adjusted for inflation).

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

## Commercial Activity

The following Table B-7 sets forth information relating to taxable sales in the County for 2015 through 2018.

**Table B-7**  
**COUNTY OF TULARE**  
**TAXABLE SALES**  
**2015 through 2018**  
**(\$ in thousands)**

<b>Type of Business</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Retail and Food Services				
Motor Vehicle and Parts Dealers	\$ 717,921	\$ 754,134	\$ 763,278	\$ 729,726
Home Furnishings and Appliance Stores	335,765	628,386	904,423	946,703
Building Materials, Garden Equipment and Supplies	366,305	380,750	407,144	439,849
Food and Beverage Stores	220,448	227,605	246,409	260,369
Gasoline Stations	594,051	548,373	611,725	693,887
Clothing and Clothing Accessories Stores	260,667	279,298	280,998	299,543
Food Services and Drinking Places	495,219	530,745	556,544	562,664
General Merchandise Stores	675,667	6,829,019	683,267	705,902
Other Retail Groups	376,903	388,467	404,053	430,544
Total Retail and Food Services	<u>\$4,042,946</u>	<u>\$4,420,660</u>	<u>\$4,857,840</u>	<u>\$5,069,186</u>
All Other Outlets	<u>2,276,845</u>	<u>2,310,787</u>	<u>2,295,171</u>	2,375,542
Total All Outlets <sup>(1)</sup>	<u>\$6,319,791</u>	<u>\$6,731,447</u>	<u>\$7,153,012</u>	<u>\$7,444,728</u>

<sup>(1)</sup> Total may not equal sum due to rounding.

Source: California Department of Tax and Fee Administration, Taxable Sales in California.

## Transportation

**Highways.** Public streets within the County are operated and maintained by ten agencies. The State of California Department of Transportation (“Caltrans”) operates the State highway system, the County’s eight incorporated cities operate the public streets and roads within their respective jurisdictions, and the County operates the remainder of the public streets and roads that are located outside of the incorporated cities.

State Highways provide the main inter-regional connectors in the County in the form of highways, principal arterials, and minor arterials. There are approximately 350 miles of state highways in the County. There are approximately 1,000 miles of City-operated streets and roads, and 3,000 miles of County-operated streets and roads in the County.

In general, State Routes 43 and 99 run roughly parallel, north and south through the County and connect the region to neighboring Fresno, Kings and Kern Counties as well as the Cities of Bakersfield, Fresno, and further north to Sacramento and beyond. State Routes 63 and 65 run north and south and connect the urban areas within the County. State Route 198 runs east and west starting at the central California coast and terminating at the Sequoia National Park in Tulare County. State route 190 runs east and west from State Route 99 into the Southern Sierra Nevada Mountains in Eastern Tulare County. Other State Routes including 216, 201, 245, and 137 connect urban areas within the County.

City streets are typically located throughout the valley floor region of the County and are spaced on a grid network at typical urban/suburban intervals within each incorporated community. These streets provide intra-community and inter-community connectivity among residential, commercial, industrial, and institutional centers.

County roads are typically located throughout the valley floor region of the County spaced at an interval of every half mile or less on a grid network. These roads provide vital connectivity to the productive agriculture region for goods producers and commodity centers. Roads in the foothills and mountain region of Central and Eastern Tulare County are more dispersed and provide connectivity to the residents in these areas.

**Public Transit.** Bus service is available throughout Tulare County through the Tulare County Area Transit (“TCaT”) and other service providers through the Cities of Visalia, Porterville, Tulare, Dinuba, and Woodlake. These services provide public transit between large and small communities throughout the County as well as a connection to the City of Delano in Kern County, the City of Hanford in Kings County, and the Cities of Fresno and Reedley in Fresno County. TCaT is operated by the County. These systems all provide fixed route daily service with operating hours throughout the daytime hours, including weekends. Demand-responsive Dial-A-Ride services are also provided. Annual total ridership for the various systems in Fiscal Year 2017-18 was approximately 300,000 riders, and the total miles of service provided was approximately 1,035,000 miles

**Airports.** Airport service is provided within the County at the Visalia Municipal Airport in the City of Visalia, the City of Tulare’s Mefford Field, the Porterville Municipal Airport in the City of Porterville, the Woodlake Airport in the City of Woodlake, and the County’s Sequoia Field Airport located north of the City of Visalia. All of these airports offer private general aviation facilities and some provide chartered flight services. Currently, the nearest commercial passenger service airport is located at the Fresno Yosemite International Airport in the City of Fresno and Bakersfield’s Meadows Field Airport.

## **Education and Health Services**

**Education.** Public school education in the County is available through 33 elementary school districts, one high school district and nine unified school districts. As of the 2017-18 school year, these districts had, collectively, 38 schools serving kindergarten through eighth grade, 66 elementary schools, 22 schools for middle school/junior high school, 20 high schools, 27 continuation and community day schools, 4 alternative/independent schools, 8 adult schools and 2 community colleges. There were 44 unclassified schools which included schools serving as preschools and charter schools. In addition, there were 18 private schools with six or more students in the County. For Fiscal Year 2017-18, the average daily attendance for public school districts in the County was over 100,000.

Higher education is available in the County through two community colleges, College of the Sequoias in Visalia and Porterville College. In addition, California State University, Fresno, is located approximately 50 miles northwest of the City of Visalia.

**Health Services.** The Sierra View District Hospital, the Tulare Regional Medical Center, the Kaweah Delta Medical Center, Kaweah Mental Health Hospital, Kaweah Delta Rehabilitation Hospital, Kaweah Delta Skilled Nursing Facility, and the Porterville Developmental Center are the seven hospitals located within the County. Sierra View District Hospital is a 167-bed full-service acute care facility located in Porterville, California. The hospital serves the Southern Sequoia region of California's Central Valley. Tulare Regional Medical Center, now operated by Adventist Health Tulare, is located in the City of Tulare, California and is a 101-bed general acute care hospital serves as a community and regional resource for emergency, medical and surgical nursing services, maternity, ICU, elective and emergency surgery, inpatient pharmacy, nuclear medicine, respiratory therapy, and anesthesia, as well as outpatient imaging, lab, and physician services, primarily serving the Southwest region of Tulare County. The hospital opened a new birth center in August 2019 and plans to provide a sleep center and mammography services in the near future.

Kaweah Delta Medical Center is a 404-bed full-service acute facility located in Visalia, California. The Mental Health Hospital, Rehabilitation Hospital and Skilled Nursing Facility provide 178 beds, collectively. Kaweah Delta Health Care District is a political subdivision of the State of California, which is governed by an elected board of directors. Porterville Developmental Center is one of four California state-operated facilities that serve people with developmental disabilities. The Porterville Developmental Center, which has a total of 1,226 beds, provides 24-hour residential services for individuals who are developmentally disabled and have serious medical and/or behavior problems for which appropriate services are not currently available through community resources. In addition, there are 50 licensed medical clinics in the County.

## **Community Services and Recreation**

The Tulare County Library System is operated by the County and is a member of the San Joaquin Valley Library System, a cooperative network of ten public library jurisdictions in seven counties of California's Central Valley. The Tulare County Library is also a member of the Heartland Regional Library Network of the Library of California. The Tulare County Library maintains seventeen branches and four automatic book machines within the County, and an on-line presence.

The Visalia Times-Delta newspaper is published daily and the Tulare Advanced-Register is published six days a week. Other local newspapers include the Sun Gazette, the Porterville Recorder, the Dinuba Sentinel, and 3R News. There are numerous television and radio stations located in the Tulare County and Fresno County areas.

The eastern half of the County is comprised primarily of public lands within Sequoia National Park and Kings Canyon National Parks, Sequoia National Forest, the Sequoia National Monument and the Mineral King, Golden Trout, and Domelands Wilderness areas. The public lands provide recreational activities including hiking, water and snow skiing, fishing, white water rafting and boating. The County operates ten parks, including the Kings River Nature Preserve. and Lake Success and Lake Kaweah in eastern Tulare County are operated by the US Army Corps of Engineers. In addition, the County operates the Balch Park Campgrounds.

The Tulare County Symphony, Tulare River Arts Alliance, the Tulare County Museum and several other museums contribute to the cultural and social attractiveness of the County. Porterville College, San Joaquin Valley College-Visalia and College of the Sequoias regularly schedule special events.

## **APPENDIX C**

### **SUMMARY OF THE MASTER INDENTURE**

The following is a summary of certain provisions set forth in the Master Indenture. This summary does not purport to be comprehensive, and reference should be made to the Master Indenture for a full and complete statement of its provisions, a copy of which is available from the Trustee. Capitalized terms used in connection with the Master Indenture but not defined below have the meanings ascribed thereto in the body of this Official Statement.

#### **Certain Definitions**

Unless the context otherwise requires, the terms defined as described in this caption “Certain Definitions” shall, for all purposes of the Master Indenture and of any Supplemental Indenture and of any certificate, opinion or other document in the Master Indenture mentioned, have the meanings in the Master Indenture specified and summarized herein, to be equally applicable to both the singular and plural forms of any of the terms in the Master Indenture defined.

“2018 County Treasury Loan” means the loan dated December 21, 2018 in the original principal amount of \$20,000,000 from the County of Tulare to the Authority payable from Measure R Sales Tax Revenues, as same may be amended or modified from time to time in accordance with its terms.

“Authorized Representative” means the Chairperson of the Board of Governors, the Executive Director and the Finance Director of the Authority, or such other person as may be designated to act on behalf of the Authority by a written certificate furnished to the Trustee containing the specimen signature of such person and signed on behalf of the Authority 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 Governors of the Authority.

“Bond Counsel” means a firm of nationally recognized attorneys experienced in the issuance of obligations the interest on which is excludable from gross income under Section 103 of the Code.

“Bonds” means the Tulare County Transportation Authority Sales Tax Revenue Bonds (Limited Tax Bonds) authorized by, and at any time Outstanding pursuant to, the Master Indenture.

“Bond Obligation” means, as of any given date of calculation, the principal amount of such Bond Outstanding.

“Bond Reserve Fund” means any fund by that name established with respect to one or more Series of Bonds pursuant to the Supplemental Indenture establishing the terms and provisions of such Series of Bonds.

“Bond Reserve Requirement” with respect to a Series of Bonds for which the Authority 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.

“Business Day” means, except as is otherwise provided in the Supplemental Indenture establishing the terms and provisions of a Series of Bonds, 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 in any state in which the principal office of the Trustee is located are authorized or obligated by law or executive order to be closed, and (2) for purposes of payments and other actions relating to Bonds insured by the Insurer, a day upon which commercial banks in the city in which is located the office of the Insurer, at which demands for payment under the Insurance Policy, are to be presented are authorized or obligated by law or executive order to be closed, and (3) a day on which the New York Stock Exchange is closed.

“Certificate,” “Statement,” “Request,” “Requisition” or “Order of the Authority” means, respectively, a written certificate, statement, request, requisition or order signed in the name of the Authority by an Authorized Representative. If and to the extent required by the Master Indenture, each such instrument shall include the statements provided for in the Master Indenture.

“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.

“Corporate Trust Office” or “corporate trust office” means the corporate trust office of the Trustee at 550 South Hope Street, Suite 2875, Los Angeles, California 90071, or such other or additional offices as may be designated by the Trustee from time to time; provided, however, that with respect to presentation of Bonds for payment or for registration of transfer and exchange, such term shall mean the office or agency of the Trustee at which, at any particular time, its corporate trust agency business shall be conducted.

“Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to the Authority and related to the authorization, execution, 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 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, and any other cost, charge or fee in connection with the initial delivery of a Series of Bonds or any Parity Obligations delivered in connection with a Series of Bonds.

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

“County Treasury Loan” means the Prior Loan, the 2018 County Treasury Loan and any additional loan from the County of Tulare to the Authority payable from Measure R Sales Tax Revenues, as the same may be amended or modified from time to time in accordance with its terms.

“Event of Default” means any of the events specified under the caption “Events of Default and Remedies – Events of Default”.

“Excess Pledged Revenues” means Pledged Revenues in excess of the amount required to be transferred to the Funds and Accounts established pursuant to a Supplemental Indenture for the repayment of a Series of Bonds.

“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 Authority, which designation shall be provided to the Trustee in a Certificate delivered by the Authority.

“Fitch” means Fitch Ratings, 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 Authority.

“Indenture” means the Master Indenture, dated as of July 1, 2014, between the Authority and the Trustee, as originally executed or as it may from time to time be supplemented or amended by any Supplemental Indenture delivered pursuant to the provisions hereof.

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

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

“Interest Fund” means the fund by that name established as set forth under the caption “Pledged Revenues - Allocation of Pledged Revenues”.

“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.

“Investment Securities” means any of the following:

(A) The following obligations may be used as Investment Securities for all purposes, including defeasance investments in refunding escrow accounts:

(1) Cash (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with obligations permitted by regulations adopted by the Office of the Comptroller of the Currency;

(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

(B) 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, 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;

(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 fund rated “AAAm” or “AAAm-G” or better by Standard & Poor’s including funds for which the Trustee or an affiliate provides investment advice or other services;

(4) 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 a nationally recognized 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;

(5) General obligations of states with a rating of at least “A2/A” or higher by both Moody’s and Standard & Poor’s and obligations of the State;

(6) 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;

(7) 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 but only to the extent such investment is registered in the name of the Trustee;

(8) Shares in a common law trust, commonly referred to as CAMP, 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; and

(9) The commingled investment fund of the County of Tulare, California, which is administered in accordance with the investment policy of the County as established by the County Treasurer, as permitted by Section 53601 of the Government Code of the State, copies of which policy are available upon written request to said County Treasurer.

"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 Authority 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.

"Measure R" shall mean the ballot measure approved by more than two-thirds of the electors authorizing the Measure R Sales Tax at the general election held in the County on November 7, 2006.

"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 Authority.

"Notice Parties" means, as and to the extent applicable, the Authority, the Trustee, the Insurer, if any, for the Series of Bonds to which the notice being given relates, and the Reserve Facility Provider, if any, for the Series of Bonds to which the notice being given relates.

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

"Outstanding," when used as of any particular time with reference to Bonds, means (subject to the provisions set forth under "Miscellaneous – Disqualified Bonds") all Bonds of a Series theretofore, or thereupon being, authenticated and delivered by the Trustee under the Master Indenture and a Supplemental 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 Authority shall have been discharged as set forth under the caption "Defeasance – Discharge of Liability on Bonds," including Bonds (or portions of Bonds) referred to under the caption "Miscellaneous – Money Held for Particular 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 Master Indenture provided, however, that if the principal of or interest due on any Bonds shall be paid by the Insurer pursuant to the Insurance issued in connection with such bonds, such Bonds shall remain Outstanding for the purposes and shall not be considered defeased or otherwise satisfied or paid by the Authority and the pledge of Pledged Revenues and all covenants, agreements and other obligations of the Authority to the Owners shall continue to exist and shall run to the benefit of such Insurer shall be subrogated to the rights of such Owners.

“Owner” whenever used in the Master Indenture with respect to a Bond, means the person in whose name such Bond is registered pursuant to the Master Indenture.

“Participating Underwriter” means any of the original underwriters of a Series of Bonds required to comply with Rule 15c2-12.

“Parity Obligations” means any indebtedness, installment sale obligation, lease obligation or other obligation of the Authority for borrowed money secured by a pledge of Pledged Revenues on a parity with the pledge for the Bonds, including a County Treasury Loan.

“Parity Obligation Allocation Certificate” means a certificate of the Authority provided to the Trustee, in substantially the form attached as Exhibit A hereto, setting forth the portion of Pledged Revenues to be set aside for the payment of principal of and interest on Parity Obligations.

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

“Principal Fund” means the fund by that name established as set forth under the caption “Pledged Revenues - Allocation of Pledged Revenues”.

“Prior Loan” means the loan dated August 1, 2010 in the original principal amount of \$20,000,000 from the County of Tulare to the Authority payable from Measure R Sales Tax Revenues, as same may be amended or modified from time to time in accordance with its terms.

“Project,” 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.

“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 a Series of Bonds, means that the amount of Bonds of such Series 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 of such Series to be redeemed; provided that any Bond of such Series may only be redeemed in an Authorized Denomination; provided, further, that Term Bonds shall be deemed to mature in the years and in the amounts of the Mandatory Sinking Account Payments.

“Rating Agency” means, as and to the extent applicable to a Series of Bonds, each of Fitch, Moody’s and Standard & Poor’s then maintaining a rating on such Bonds at the request of the Authority.

“Rebate Fund” means that fund by that name established as set forth under the caption “Pledged Revenues - Rebate Fund”.

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

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

“Redemption Fund” means the fund by that name established as set forth under the caption “Pledged Revenues - Establishment and Application of Redemption Fund”.

“Redemption Price” means, with respect to any Bond (or portion thereof), the principal amount of such Bond (or portion thereof) plus the applicable premium, if any, payable upon redemption thereof pursuant to the provisions of such Bond, the Master Indenture and the related Supplemental Indenture.

“Refunding Bonds” means a Series of Bonds or a portion of a Series of Bonds issued as set forth under “Issuance of Bonds - Issuance of Refunding Bonds”.

“Repository” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended, or any successor thereto or to the functions of the MSRB contemplated by the Continuing Disclosure Certificate.

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

“Reserve Facility Provider” means any issuer of a Reserve Facility.

“Securities Depository” means The Depository Trust Company, New York, New York, or, in accordance with then-current guidelines of the Securities and Exchange Commission, such other securities depository, or no such depositories, as the Authority may designate in a request of the Authority delivered to the Trustee.

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

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

“Sinking Account” means an account by that name established in the Principal Fund as set forth under the caption “Pledged Revenues – Application of Principal Fund” for the payment of Term Bonds.

“Standard & Poor’s” or “S&P” means Standard & Poor’s Financial Services LLC, 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” shall be deemed to refer to any other nationally recognized securities rating agency selected by the Authority.

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

“Tax Certificate” means each Tax Certificate delivered 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, 2037 or such later date to which the levy of the Measure R 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.

### **Pledged Revenues**

*Pledge of Pledged Revenues; Creation of Revenue Fund.* The Bonds and the Parity Obligations authorized and issued under the Master Indenture shall be secured by Pledged Revenues and the Authority, by execution of the Master Indenture, does grant such pledge and first lien on the Pledged Revenues to secure the Bonds and the Parity Obligations. The Authority represents and states that it has not previously created any charge or lien on the Pledged Revenues, except for a County Treasury Loan, and the Authority covenants that, until all the Bonds and the Parity Obligations authorized and issued under the provisions of the Master Indenture and principal of and interest thereon shall have been paid or are deemed to have been paid, the Authority will not grant any prior or parity pledge of the Pledged Revenues or create or permit to be created any charge or lien on the Pledged Revenues ranking prior to the charge or lien of the Bonds issued pursuant to the Master Indenture and the Parity Obligations authorized by the Master Indenture. The Pledged Revenues pledged to the payment the Bonds and the Parity Obligations shall be applied without priority or distinction of one over the other and the Pledged Revenues shall constitute a trust fund for the security and payment of the Bonds and Parity Obligations.

As long as any Bonds are Outstanding or any Parity Obligations remain unpaid, the Authority assigns and shall cause Pledged Revenues (less any additional sources of revenue that may be pledged pursuant to a Supplemental Indenture) to be transmitted by the State Board of Equalization directly to the Trustee. The Trustee shall deposit in a fund, designated as the “Revenue Fund,” which fund the Trustee shall establish and maintain, all Pledged Revenues, when and as received by the Trustee. So long as any Bonds or Parity Obligations are Outstanding, the Trustee shall each month (or as soon as possible following receipt) deposit such Pledged Revenues (less any additional sources of revenue that may be pledged pursuant to a Supplemental Indenture) in the applicable funds establish under the Master Indenture.

Upon receipt of the Pledged Revenues, the Trustee shall deposit same into a trust fund designated as the “Revenue Fund,” which the Trustee shall establish and maintain. The Authority covenants that it will deposit the Pledged Revenues when and as received or will cause the State Board of Equalization to deposit such Pledged Revenues directly with the Trustee, and the Trustee will deposit such Pledged Revenues into the Revenue Fund. The Trustee shall also deposit into the Revenue Fund funds received by the Trustee from any other source with instructions from the Authority to deposit such funds into the Revenue Fund. The Pledged Revenues shall be received and held in trust by the Trustee for the benefit of the Owners of the Bonds and Parity Obligations and shall be disbursed, allocated and applied solely for the uses and purposes set forth in the Master Indenture and the applicable Supplemental Indenture. Investment

income on amounts held by the Trustee under the Master Indenture (other than amounts held in the Rebate Fund or for which particular instructions, including with respect to a Project Fund, are provided in a Supplemental Indenture), shall also be deposited in the Revenue Fund. All moneys at any time held in the Revenue Fund shall be held in trust for the benefit of the Bonds and the holders of Parity Obligations and shall be disbursed, allocated and applied solely for the uses and purposes set forth in the Master Indenture and the applicable Supplemental Indenture.

The Bonds are limited obligations of the Authority and are payable as to principal of, premium, if any, and interest thereof, exclusively from the Pledged Revenues and any other funds pledged therefor under a Supplemental Indenture. Neither the faith and credit nor the taxing power of the County, the State of California or any political subdivision or public agency thereof, other than the Authority, to the extent of the pledge of Pledged Revenues and other amounts held under the Indenture, is pledged to the payment of the principal of, redemption price or interest on the Bonds.

*Allocation of Pledged Revenues.* The Trustee shall, on each day that Pledged Revenues are deposited in the Revenue Fund, as set forth under the caption “Pledged Revenues – Pledge of Pledged Revenues; Creation of Revenue Fund”, withdraw from the Revenue Fund an amount sufficient, with any other funds, if any, provided to the Trustee, to make the deposits described in clauses (1) through (3), inclusive, below and deposit such sum so withdrawn to the credit of the following funds and accounts: The Trustee shall establish, maintain and hold in trust for the benefit of Owners of the applicable Series of Bonds and the holders of Parity Obligations the respective funds and accounts described in this caption.

*Interest Fund.* The Interest Fund, and within the Interest Fund an Interest Account in respect of each Series of Bonds and Parity Obligations, are created. Following deposit of Pledged Revenues into the Revenue Fund, the Trustee shall transfer to and deposit in the applicable Interest Account established within the Interest Fund as soon as practicable in such month (a) the amount of interest required to be set aside pursuant to each instrument authorizing the Parity Obligations, as set forth on the Parity Obligation Allocation Certificate, which certificate shall be delivered by the Authority to the Trustee (i) at least quarterly so long as any Parity Obligation is Outstanding and (ii) upon any change in the maturity date or interest payment schedule of any Parity Obligation, commencing on the date of issuance of a Series of Bonds, and (b) an amount equal to one-sixth of the aggregate half-yearly amount of interest becoming due and payable on the Outstanding Bonds of the applicable Series during the next ensuing six (6) months (excluding any interest for which there are moneys deposited in such Interest Account from the proceeds of any Series of Bonds or other source and reserved as capitalized interest to pay such interest during said next ensuing six (6) months), until the requisite amount of interest on all such Outstanding Bonds of such Series for the next interest payment is on deposit in such account; provided, that if sufficient Pledged Revenues are not on deposit in the Revenue Fund for the Trustee to make the full monthly deposit required by this paragraph, the Trustee shall deposit as soon as possible thereafter the amount of Pledged Revenues required for the period from the last monthly deposit for which sufficient Pledged Revenues were actually deposited to the date of such late deposit.

No deposit need be made into the respective Interest Account if the amount contained therein is at least equal to the interest to become due and payable on the succeeding interest payment date as set forth in each instrument authorizing the Parity Obligations and the Interest Payment Dates falling within the next six (6) months upon all of the Bonds of the applicable Series then Outstanding and on February 1 of each year any excess amounts in the respective Interest Account not needed to pay interest on such date (and not held to pay interest on the Parity Obligations having interest payment dates other than February 1 and August 1) shall be transferred to the Authority (but excluding, in each case, any moneys on deposit in the Interest Account from the proceeds of any Series of Bonds or other source and reserved as capitalized interest to pay interest on any future Interest Payment Dates following such Interest Payment Dates).

Principal Fund; Sinking Accounts. The Principal Fund, and within the Principal Fund a Principal Account and a Sinking Account in respect of each Series of Bonds and Parity Obligations, are created. Following deposit of the Pledged Revenues in to the Revenue Fund, the Trustee shall transfer to and deposit in the applicable Principal Account established within the Principal Fund as soon as practicable in such month an amount equal to at least (a) the amount of principal required to be set aside pursuant to each instrument authorizing the Parity Obligations, as set forth on the Parity Obligation Allocation Certificate, which certificate shall be delivered by the Authority to the Trustee (i) at least quarterly so long as any Parity Obligation is Outstanding and (ii) upon any change in the maturity date or principal payment schedule of any Parity Obligation, commencing on the date of issuance of a Series of Bonds, provided that the amount of principal to be set aside with respect to a County Treasury Loan shall be 1/24 of the principal amount thereof, commencing 24 months prior to the maturity of such County Treasury Loan, unless and until the Authority instructs the Trustee otherwise as set forth in a Parity Obligation Allocation Certificate, and (b) (i) one-twelfth of the aggregate annual amount of Bond Obligation becoming due and payable on the Outstanding Bonds of the applicable Series that are Serial Bonds having maturity dates within the next twelve (12) months until the requisite amount for the next payment is on deposit in such Principal Account, plus (ii) 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 Bonds that are 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 sufficient Pledged Revenues are not on deposit in the Revenue Fund for the Trustee to make the full monthly deposit required by this paragraph, the Trustee shall deposit as soon as possible thereafter the amount of Pledged Revenues required for the period from the last monthly deposit for which sufficient Pledged Revenues were actually deposited to the date of such late deposit. All of the aforesaid deposits made in connection with future Mandatory Sinking Account Payments shall be made without priority of any payment into any one such Sinking Account over any other such payment.

If the Pledged Revenues shall not be sufficient to make the required deposits, then such moneys shall be applied on a Proportionate Basis and in such proportion as such Serial Bonds, Term Bonds and Parity Obligations shall bear to each other, after first deducting for such purposes from Term Bonds any of such Term Bonds required to be redeemed annually as shall have been redeemed during the preceding 12-month period. If the Pledged 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 such 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 for such Bonds.

No deposit need be made into a Principal Account so long as there shall be in such account (i) moneys sufficient to pay the principal amount of all Bonds that are Serial Bonds issued under the Master Indenture and then Outstanding and maturing by their terms within the next twelve (12) months, (ii) the aggregate of all Mandatory Sinking Account Payments required to be made in such 12-month period and (iii) moneys sufficient to pay the principal amount of all Parity Obligations then Outstanding and maturing by their terms within the next twelve months.

On February 1 of each year or as soon as practicable thereafter, any excess amounts in the Principal Fund not needed to pay principal of the Bonds on such date shall be transferred to the Authority. On any given date of each year specified by the Authority, any excess amounts in the Principal Fund not needed to pay principal of a County Treasury Loan within 24 months of such date, or such shorter or longer amortization period as may be specified in any amendment or modification to such County Treasury Loan subsequent to the execution of the Master Indenture, shall be transferred to the Authority; provided that any excess amounts in the Principal Fund not needed to be set aside to pay principal of any other Parity

Obligation pursuant to the principal amortization schedule of such Parity Obligation shall be transferred to the Authority.

Bond Reserve Fund. Upon the occurrence of any deficiency in any Bond Reserve Fund, the Trustee shall make such deposit to such Bond Reserve Fund as is required pursuant to the caption “Pledged Revenues – Establishment, Funding and Application of Bond Reserve Funds”, each such deposit to be made as soon as possible in each month, until the balance therein is at least equal to the applicable Bond Reserve Requirement.

Any Pledged Revenues remaining in the Revenue Fund or a Pledged Revenue Account therein (if any such account is created for a Series of Bonds in a Supplemental Indenture) after the foregoing transfers described under the caption “Pledged Revenues – Allocation of Pledged Revenues – Interest Fund,” “– Principal Fund; Sinking Accounts” and “– Bond Reserve Fund”, except as the Authority shall otherwise direct in writing or as is otherwise provided in a Supplemental Indenture, shall be transferred to the Authority on the same Business Day as the transfers provided for, as set forth under this caption, or as soon as practicable thereafter and shall be free and clear of the lien of the Master Indenture.

If ten (10) days prior to any principal payment date, interest payment date or mandatory redemption date the amounts on deposit in the applicable Interest Account, the applicable Principal Account, including the Sinking Accounts therein, and, as and to the extent applicable, any Bond Reserve Fund established in connection with a Series of Bonds, are insufficient to make the payments to be made on such upcoming date, the Trustee shall immediately notify the Authority, in writing, of such deficiency and direct that the Authority transfer the amount of such deficiency to the Trustee on or prior to such payment date. If ten (10) days prior to any principal payment date or interest payment date the amounts on deposit in the applicable Interest Account or the applicable Principal Account established in connection with Parity Obligations are insufficient to make the payments to be made on such upcoming date, the Trustee shall immediately notify the Authority, in writing, of such deficiency and direct that the Authority transfer the amount of such deficiency to the Trustee on or prior to such payment date. The Authority covenants and agrees to transfer to the Trustee from any available Pledged Revenues in its possession the amount of such deficiency on or prior to the principal payment date, Interest Payment Date or mandatory redemption date referenced in such notice.

Application of Interest Fund. All amounts in an Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying interest on the Bonds of the applicable Series and Parity Obligations as it shall become due and payable (including accrued interest on any such Bonds purchased or redeemed prior to maturity pursuant to the Master Indenture).

Application of Principal Fund.

All amounts in a Principal Account shall be used and withdrawn by the Trustee solely for the purposes of paying the principal of the Bonds of the applicable Series and Parity Obligations when due and payable, except that all amounts in the Sinking Accounts shall be used and withdrawn by the Trustee solely to redeem or pay at maturity Term Bonds of the applicable Series, as provided in the Master Indenture.

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 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 Master 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 Authority, 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 Authority, except that the purchase price (excluding accrued interest) shall not exceed the principal amount thereof. If, during the 12-month period immediately preceding such Mandatory Sinking Account Payment date, the Trustee has purchased Term Bonds of such Series and maturity with moneys in such Sinking Account, or, during such period and prior to giving said notice of redemption, the Authority 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 such 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 such Mandatory Sinking Account Payment. All Term Bonds purchased or deposited pursuant to this paragraph shall be cancelled by the Trustee and destroyed by the Trustee and a certificate of destruction shall be delivered to the Authority by the Trustee. Any amounts remaining in a Sinking Account on February 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 Authority to be used for any lawful purpose. All Term Bonds purchased from a Sinking Account or deposited by the Authority with the Trustee in a twelve month period ending January 31 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 February 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 Authority. 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 Authority.

*Establishment, Funding and Application of Bond Reserve Funds.* The Authority may at its sole discretion at the time of issuance of any Series of Bonds, or at any time thereafter by Supplemental Indenture, provide for the establishment of a Bond Reserve Fund as additional security for a Series of Bonds. Any Bond Reserve Fund so established by the Authority shall be available to secure one or more Series of Bonds secured by the same Pledged Revenues as the Authority shall determine and shall specify in the Supplemental Indenture establishing such Bond Reserve Fund. Any Bond Reserve Fund established by the Authority shall be held by the Trustee and shall comply with the requirements set forth in this caption.

In lieu of making the Bond Reserve Requirement deposit applicable to one or more Series of Bonds in cash or in replacement of moneys then on deposit in any Bond Reserve Fund (which shall be transferred by the Trustee to the Authority), or in substitution of any Reserve Facility comprising part of the Bond Reserve Requirement relating to one or more Series of Bonds, the Authority may, at any time and from time to time, deliver to the Trustee an irrevocable letter of credit issued by a bank or other 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 or Standard & Poor's, in an amount, which, together with cash, Investment Securities or other Reserve Facilities, as described in the following paragraph, then on deposit in such Bond Reserve Fund, will equal the Bond Reserve Requirement relating to the Bonds to which such Bond Reserve Fund relates. Such letter of credit shall have a term no less than three (3) years or, if less, the final maturity of the Bonds in connection with which such letter of credit was obtained and shall provide by its terms that it may be drawn upon as provided in this caption. At least one (1) year prior to the stated expiration of such letter of credit, the Authority shall either (i) deliver a replacement letter of credit, (ii) deliver an extension of the letter of credit for at least one (1) additional year or, if less, the final

maturity of the Bonds in connection with which such letter of credit was obtained, or (iii) deliver to the Trustee a Reserve Facility satisfying the requirements of this caption. Upon delivery of such replacement Reserve Facility, the Trustee shall deliver the then-effective letter of credit to or upon the order of the Authority. If the Authority shall fail to deposit a replacement Reserve Facility with the Trustee, the Authority shall immediately commence to make monthly deposits with the Trustee so that an amount equal to the Bond Reserve Requirement relating to the Bonds to which such Bond Reserve Fund relates will be on deposit in such Bond Reserve Fund no later than the stated expiration date of the letter of credit. If an amount equal to the Bond Reserve Requirement relating to the Bonds to which such Bond Reserve Fund relates as of the date following the expiration of the letter of credit is not on deposit in such Bond Reserve Fund one (1) week prior to the expiration date of the letter of credit (excluding from such determination the existing letter of credit), the Trustee shall draw on the existing letter of credit to fund the deficiency resulting therefrom in such Bond Reserve Fund.

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

Subject to the last paragraph of this caption, all amounts in any Bond Reserve Fund (including all amounts which may be obtained from a Reserve Facility on deposit in such Bond Reserve Fund) shall be used and withdrawn by the Trustee, as provided in the Master Indenture: (i) for the purpose of making up any deficiency in the Interest Account or the Principal Account 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 of all of the Bonds then Outstanding of the Series to which such Bond Reserve Fund relates, (y) for the defeasance or redemption of all or a portion of the Bonds then Outstanding of the Series to which such Bond Reserve Fund relates; provided, however, that if funds on deposit in any Bond Reserve Fund are applied to the defeasance or redemption of a portion of the Series of Bonds to which such Bond Reserve Fund relates, the amount on deposit in the Bond Reserve Fund immediately subsequent to such partial defeasance or redemption shall equal the Bond Reserve Requirement applicable to all Bonds of such Series Outstanding immediately subsequent to such partial defeasance or redemption, or (z) for the payment of the final principal and interest payment of the Bonds of such Series. Unless otherwise directed in a Supplemental Indenture establishing the terms and provisions of a Series of Bonds, the Trustee shall apply amounts held in cash or Investment Securities in any Bond Reserve Fund prior to applying amounts held in the form of Reserve Facilities in any Bond Reserve Fund, and if there is more than one Reserve Facility being held on deposit in any Bond Reserve Fund, shall, on a pro rata basis with respect to the portion of a Bond Reserve Fund held in the form of a Reserve Facility (calculated by reference to the maximum amount of such Reserve Facility), draw under each Reserve Facility issued with respect to such Bond Reserve Fund, in a timely manner and pursuant to the terms of such Reserve Facility to the extent necessary in order to obtain sufficient funds on or prior to the date such funds are needed to pay the Bond Obligation of, Mandatory Sinking Account Payments with respect to, and interest on the Bonds of the Series to which such Bond Reserve Fund relates when due. If the Trustee has notice that any payment of principal or of

interest on a Bond has been recovered from an Owner 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, and provided that the terms of the Reserve Facility, if any, securing the Bonds of such Series so provide, shall so notify the Authority thereof and draw on such Reserve Facility to the lesser of the extent required or the maximum amount of such Reserve Facility to pay to such Owners the principal of and interest so recovered.

The Trustee shall notify the Authority 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 Account or the Principal Account relating to the Bonds of the Series to which such Bond Reserve Fund relates or (ii) resulting from a valuation of Investment Securities held on deposit in such Bond Reserve Fund pursuant to the caption “Pledged Revenues – Investment in Funds and Accounts” and shall request that the Authority 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 Authority shall instruct the Trustee to commence setting aside in each month following receipt of Pledged Revenues for deposit in the applicable Bond Reserve Fund an amount equal to one-eighth (1/8th) of the aggregate amount of each unreplenished prior withdrawal from such Bond Reserve Fund or decrease resulting from a valuation pursuant to the caption “Pledged Revenues – Investment in Funds and Accounts” and shall further instruct the Trustee to transfer to each Reserve Facility Provider for the applicable Series of Bonds, an amount equal to one-eighth (1/8th) 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 Pledged Revenues each month, commencing with the month following the Authority’s receipt of notification from the Trustee of withdrawal or decrease resulting from a valuation, as applicable, until the balance on deposit in such Bond Reserve Fund is at least equal to the Bond Reserve Requirement relating to the Bonds of the Series to which such Bond Reserve Fund relates.

Unless the Authority shall otherwise direct in writing, any amounts in any Bond Reserve Fund in excess of the Bond Reserve Requirement relating to a Series of Bonds shall be transferred by the Trustee to the related Interest Account on the Business Day following February 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. Upon the direction of the Authority, amounts on deposit in any Bond Reserve Fund may be applied to the partial defeasance or redemption of the related Series of Bonds; provided, however, that if any such amounts are so applied, 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. In addition, amounts on deposit in any Bond Reserve Fund shall be transferred by the Trustee to the Authority upon the defeasance, retirement or refunding of all Bonds of the Series to which such Bond Reserve Fund relates or upon the replacement of cash on deposit in such Bond Reserve Fund with one or more Reserve Facilities in accordance with the provisions described under “Pledged Revenues – Establishment, Funding and Application of Bond Reserve Funds”.

*Establishment and Application of Redemption Fund.* The Trustee shall establish, maintain and hold in trust a special fund designated as the “Redemption Fund.” In the Redemption Fund, the Trustee shall establish an account for each for each Series of Bonds as provided in a Supplemental Indenture. All moneys deposited by the Authority with the Trustee for the purpose of optionally redeeming Bonds of any Series shall, unless otherwise directed by the Authority, be deposited in the applicable Redemption Account. All amounts deposited in a Redemption Account 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 Authority 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 Authority, apply such amounts to

the purchase of Bonds of such Series 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 related Interest Account) as is directed by the Authority, except that the purchase price (exclusive of any accrued interest) may not exceed the Redemption Price 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 Authority.

*Rebate Fund.* Upon receipt of funds to be applied to the Rebate Requirement, the Trustee shall establish and maintain a fund separate from any other fund established and maintained under the Master Indenture designated as the Rebate Fund. Within the Rebate Fund, the Trustee shall maintain such accounts as shall be necessary in order to comply with the terms and requirements of each Tax Certificate as directed in writing by the Authority. Subject to the transfer provisions provided in paragraph (D) below, 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 Insurer nor any Owner 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 Master Indenture and by the applicable Tax Certificates. The Authority covenants to comply with the directions contained in each Tax Certificate and the Trustee covenants to comply with all written instructions of the Authority delivered to the Trustee pursuant to each Tax Certificate (which instructions shall state the actual amounts to be deposited in or withdrawn from the Rebate Fund and shall not require the Trustee to make any calculations with respect thereto). The Trustee shall be deemed conclusively to have complied with the provisions of this paragraph if it follows such instructions of the Authority, and the Trustee shall have no liability or responsibility to enforce compliance by the Authority with the terms of any Tax Certificate nor to make computations in connection therewith.

Pursuant to each Tax Certificate, an amount shall be deposited in the Rebate Fund by the Authority so that the balance of the amount on deposit thereto shall be equal to the Rebate Requirement applicable to the Series of Bonds to which such Tax Certificate relates. Computations of each Rebate Requirement shall be furnished by or on behalf of the Authority to the Trustee in accordance with the applicable Tax Certificate.

The Trustee shall invest all amounts held in the Rebate Fund, pursuant to written instructions of the Authority, in Investment Securities, subject to the restrictions set forth in the applicable Tax Certificate. Money shall not be transferred from the Rebate Fund except as provided below.

Upon receipt of Rebate Instructions, the Trustee shall remit part or all of the balances in the Rebate Fund to the United States of America, as so directed. In addition, if the Rebate Instructions so direct, the Trustee will deposit moneys into or transfer moneys out of the Rebate Fund from or into such accounts or funds as directed by the Rebate Instructions. Any funds remaining in the Rebate Fund after redemption and payment of all of a Series of Bonds and payment and satisfaction of any Rebate Requirement applicable to such Series of Bonds, shall be withdrawn and remitted to the Authority in accordance with a Request of the Authority.

Notwithstanding any other provision of the Indenture, including in particular Article X hereof, the obligation to remit the Rebate Requirement applicable to each Series of Bonds to the federal government of the United States of America and to comply with all other requirements of this caption and each Tax Certificate shall survive the defeasance or payment in full of the Bonds.

*Investment in Funds and Accounts.* All moneys in any of the funds and accounts held by the Trustee and established pursuant to the Master Indenture shall be invested, as directed by the Authority, solely in Investment Securities. All Investment Securities shall, as directed by the Authority in writing, be acquired

subject to the limitations set forth under the caption “Covenants of the Authority – Tax Covenants”, the limitations as to maturities set forth under this caption and such additional limitations or requirements consistent with the foregoing as may be established by Request of the Authority. If and to the extent the Trustee does not receive investment instructions from the Authority with respect to the moneys in the funds and accounts held by the Trustee pursuant to the Master Indenture, such moneys shall be invested in Investment Securities described in clause (B)(3) of the definition thereof and the Trustee shall thereupon request investment instructions from the Authority for such moneys.

Moneys in any Bond Reserve Fund shall be invested in Investment Securities available on demand for the purpose of payment of the related Series Bonds as provided in the Master 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: (i) all interest, profits and other income received from the investment of moneys in an Interest Account representing accrued interest or capitalized interest shall be retained in such Interest Account; (ii) all interest, profits and other income received from the investment of moneys in a Bond Reserve Fund shall be retained in such Bond Reserve Fund to the extent of any deficiency therein, and otherwise shall be transferred to the Interest Account for the related Series of Bonds, until such time as such Interest Account 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 Interest 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 Authority 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 under the caption “Pledged Revenues – Rebate Fund”; (vi) all interest, profits and other income received from the investment of moneys in any Purchase Fund shall be released to the Authority; 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.

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

The Trustee may commingle any of the funds or accounts established pursuant to the Master Indenture (except the Rebate Fund and any Purchase Fund) into a separate fund or funds for investment purposes only, provided that all funds or accounts held by the Trustee under the Master Indenture shall be accounted for separately as required by the Master Indenture. The Trustee may act as principal or agent in the making or disposing of any investment and, with the prior written consent of the Authority, may impose its customary charge therefor. The Trustee may sell at the best possible price or present for redemption, any Investment Securities so purchased whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such Investment

Security is credited. The Trustee shall not be liable or responsible for any loss resulting from any investment made in accordance herewith.

### **Covenants of the Authority**

*Punctual Payments.* The Authority 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 Master 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 Pledged Revenues and the other assets pledged for such Bonds or Mandatory Sinking Account Payments as provided in the Master Indenture.

*Extension of Payment of Bonds.* The Authority 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 Master Indenture, to the benefits of the Master 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 in this paragraph shall be deemed to limit the right of the Authority 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.

*Waiver of Laws.* The Authority will not at any time insist upon or plead in any manner whatsoever, or claim or take the benefit or advantage of, any stay or extension of law now or at any time hereafter in force that may affect the covenants and agreements contained in the Master Indenture or in the Bonds, and all benefit or advantage of any such law or laws is expressly waived by the Authority to the extent permitted by law.

*Further Assurances.* The Authority will make, execute and deliver any and all such instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Master Indenture and for the better assuring and confirming unto the Owners of the Bonds of the rights and benefits provided in the Master Indenture.

*Against Encumbrances.* The Authority will not create any pledge, lien or charge upon any of the Pledged Revenues having priority over or having parity with the lien of the applicable Bonds of a Series except only as permitted under the caption “Issuance of Bonds – Limitations on the Issuance of Obligations Payable from Pledged Revenues; Parity Obligations”.

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

The Authority will furnish the Trustee, by March 31 following the end of each Fiscal Year, the financial statements of the Authority, including the financial statements relating to the Measure R Sales Tax Fund established by the Authority pursuant to the provisions of the Ordinance, for such Fiscal Year, together with the report of an independent certified public accountant stating that the financial statements have been prepared in accordance with generally accepted accounting principles and that such accountant’s examination of the financial statements was performed in accordance with generally accepted auditing

standards and a Certificate of the Chair of the Authority stating that no event which constitutes an Event of Default or which with the giving of notice or the passage of time or both would constitute an Event of Default has occurred and is continuing as of the end of such Fiscal Year, or specifying the nature of such event and the actions taken and proposed to be taken by the Authority to cure such default. Thereafter, a copy of such financial statements will be furnished to any Owner upon written request to the Authority, which copy of the financial statements may, at the sole discretion of the Authority, be provided by means of posting such financial statements on an internet site that provides access to the Owners. The Trustee is not obligated to review any financial statements furnished by the Authority.

*Collection of Measure R Sales Tax Revenues.* The Authority covenants and agrees that it has duly levied the Measure R Sales Tax in accordance with the Act, pursuant to and in accordance with the Ordinance, duly passed and adopted by the Authority. Such Ordinance has not and will not be amended, modified or altered so long as any of the Bonds are Outstanding in any manner which would reduce the amount of or timing of receipt of Measure R Sales Tax Revenues, and the Authority will continue to levy and cause the collection of the Measure R Sales Tax to the full amount permitted by law. The Authority further covenants that the Authority has entered into an agreement with the State Board of Equalization under and pursuant to which the State Board of Equalization will process and supervise collection of the Measure R Sales Tax and will transmit Measure R Sales Tax Revenues directly to the Trustee. Such agreement will be continued in effect so long as any of any Bonds are Outstanding and shall not be amended, modified or altered without the written consent of the Trustee so long as any of the Bonds are Outstanding. The Authority will receive and hold in trust for (and remit immediately to) the Trustee any Pledged Revenues paid to the Authority by the State Board of Equalization.

Pledged Revenues received by the Trustee shall be allocated as set forth under the caption “Pledged Revenues - Allocation of Pledged Revenues” and shall be transmitted to the Authority in accordance with the provisions set forth under the caption “Pledged Revenues - Allocation of Pledged Revenues”; provided that, during the continuance of an Event of Default, any Pledged Revenues received by the Trustee for the affected Series of Bonds shall be applied first to the payment of the fees, costs and expenses of the Trustee in declaring such Event of Default and pursuing remedies, including reasonable compensation of its agents, attorneys and counsel, which costs and expenses shall be paid from the Revenue Fund, and second, to deposit into the applicable Interest Account and applicable Principal Account and to the payment of Parity Obligations as more fully set forth under the caption “Events of Default and Remedies – Application of Pledged Revenues and Other Funds After Default”.

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

The Authority 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 or the Ordinance which would materially and adversely affect the rights of Owners.

*Tax Covenants.* The Authority covenants that it will not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion from gross income of the interest on the Bonds under Section 103 of the Code; provided that, prior to the issuance of any Series of Bonds, the Authority may exclude the application of the covenants contained under the captions “Covenants of the Authority – Tax Covenants” and “Pledged Revenues – Rebate Fund” to such Series of Bonds. The Authority will not directly or indirectly use or permit the use of any proceeds of the Bonds or any other funds of the Authority, or take or omit to take any action that would cause the Bonds to be “arbitrage bonds” within the meaning of Section 148(a) of the Code. To that end, the Authority will comply with all requirements of the Tax Certificate relating to each Series of the Bonds. If at any time the Authority is of the opinion that for purposes set forth under the caption “Covenants of the Authority – Tax Covenants” it

is necessary to restrict or limit the yield on the investment of any moneys held by the Trustee under the Master Indenture, the Authority shall so instruct the Trustee in writing, and the Trustee shall take such action as may be necessary in accordance with such instructions.

Without limiting the generality of the foregoing, the Authority agrees that there shall be paid from time to time all amounts required to be rebated to the federal government of the United States of America pursuant to Section 148(f) of the Code and any temporary, proposed or final Treasury Regulations as may be applicable to the Bonds from time to time. The Authority specifically covenants to pay or cause to be paid to the federal government of the United States of America the Rebate Requirement with respect to each Series of Bonds at the times and in the amounts determined under and as described in the Tax Certificate executed and delivered in connection with such Series of Bonds.

Notwithstanding any provision set forth under the captions “Covenants of the Authority – Tax Covenants” and “Pledged Revenues – Rebate Fund” and a Tax Certificate, if the Authority shall receive an Opinion of Bond Counsel to the effect that any action required under the above referenced captions or any Tax Certificate is no longer required, or to the effect that some further action is required, to maintain the exclusion from gross income of the interest on the Bonds pursuant to Section 103 of the Code, the Authority and the Trustee may rely conclusively on such opinion in complying with the provisions hereof, and the covenants under the Master Indenture shall be deemed to be modified to that extent.

Notwithstanding any provisions of the Master Indenture, including particularly Article X, the covenants and obligations set forth in this caption shall survive the defeasance of the Bonds.

***Continuing Disclosure.*** Upon the issuance of any Series of Bonds requiring an undertaking under Rule 15c2-12, the Authority 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 to the contrary, failure of the Authority 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 Owners 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 Owner 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 Authority to comply with its obligations under this paragraph.

## **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 Authority shall fail to observe or perform any covenant, condition, agreement or provision in the Master Indenture on its part to be observed or performed, other than as referred to in subsection (A) or (B) of this paragraph, for a period of sixty (60) days after written notice, specifying such failure and requesting that it be remedied, has been given to the Authority by the Trustee or by an Insurer; except that, if such failure can be remedied but not within such sixty (60) day period and if the Authority has taken all action reasonably possible to remedy such failure within such sixty (60) day period, such failure shall not become an Event of Default for so long

as the Authority shall diligently proceed to remedy the same in accordance with and subject to any directions or limitations of time established by the Trustee; (D) if any payment default shall exist under any agreement governing any Parity Obligation and such default shall continue beyond the grace period, if any, provided for with respect to such default; (E) if the Authority files a petition in voluntary bankruptcy, for the composition of its affairs or for its corporate reorganization under any state or federal bankruptcy or insolvency law, or makes an assignment for the benefit of creditors, or admits in writing to its insolvency or inability to pay debts as they mature, or consents in writing to the appointment of a trustee or receiver for itself; (F) if a court of competent jurisdiction shall enter an order, judgment or decree declaring the Authority insolvent, or adjudging it bankrupt, or appointing a trustee or receiver of the Authority, or approving a petition filed against the Authority seeking reorganization of the Authority under any applicable law or statute of the United States of America or any state thereof, and such order, judgment or decree shall not be vacated or set aside or stayed within sixty (60) days from the date of the entry thereof; (G) if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the Authority or of any Pledged Revenues, and such custody or control shall not be terminated within sixty (60) days from the date of assumption of such custody or control; or (H) if the Legislature of the State shall repeal or amend all or any portion of the provisions of the Act relating to the Measure R Sales Tax, being Sections 180250 to 180264, inclusive, of the Act unless the Authority has determined that such repeal or amendment does not materially and adversely affect the rights of Owners.

*Application of Pledged Revenues and Other Funds After Default.* If an Event of Default shall occur and be continuing, the Authority shall immediately transfer to the Trustee all Pledged Revenues held by the Authority securing all applicable Series of Bonds to which the Event of Default relates and the Trustee shall apply all Pledged Revenues and any other funds then held or thereafter received by the Trustee under any of the provisions of the Master Indenture (excluding the Rebate Fund and any Purchase Fund and except as otherwise provided in the Master 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 Owners of the applicable Bonds and Parity Obligations, including the costs and expenses of the Trustee and the Owners 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 Master Indenture; and (2) to the payment of the whole amount of Bond Obligation and accrued interest then due on the applicable Bonds and Parity Obligations (upon presentation of the applicable 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 Master Indenture (including as set forth under the caption “Modification or Amendment of the Indenture – Effect of Supplemental Indenture”), with interest on such Bond Obligation and accrued interest, at the rate or rates of interest borne by the applicable 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 applicable Bonds and Parity Obligations, and, if the amount available shall not be sufficient to pay in full all the applicable Bonds and Parity Obligations due on any date, together with such interest, then to the payment thereof ratably, according to the amounts of principal (plus accrued interest) due on such date to the persons entitled thereto, without any discrimination or preference.

*Trustee to Represent Owners.* The Trustee is irrevocably appointed (and the successive respective Owners 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 Owners of the Bonds for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to such Owners under the provisions of the Bonds, the Master Indenture, the Act and applicable provisions of any other law. Upon the occurrence and continuance of an Event of Default or other occasion giving rise to a right

in the Trustee to represent the Owners, the Trustee in its discretion may, and, with respect to any Series of Bonds for which Insurance has been provided, upon the written request of the related Insurer, or if such Insurance is no longer in effect or if is then failing to meet its obligations established pursuant to the Insurance, upon the written request of the Owners 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 Owners 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 Master Indenture, or in aid of the execution of any power in the Master Indenture granted, or for the enforcement of any other appropriate legal or equitable right or remedy vested in the Trustee or in such Owners under the Master Indenture, the Act or any other law; and upon instituting such proceeding, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver of the applicable Pledged Revenues and other assets pledged under the Master Indenture, pending such proceedings; provided, however, that, with respect to any Series of Bonds for which Insurance has been provided, the Trustee may only act with the consent of the related Insurer so long as the Insurance remains in effect. All rights of action under the Master 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 Owners of such Bonds, subject to the provisions of the Master Indenture (including as set forth under the caption “Events of Default and Remedies – Limitations on Owners’ Right to Sue”).

*Owners’ Direction of Proceedings.* Notwithstanding anything in the Master Indenture to the contrary (except provisions relating to the rights of an Insurer to direct proceedings for a respective Series of Bonds as set forth under the caption “Events of Default and Remedies – Insurer Directs Remedies Upon Event of Default”), the Owners 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 Master Indenture, provided that such direction shall not be otherwise than in accordance with law and the provisions of the Master 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 Owners or holders of Parity Obligations not parties to such direction.

*Limitation on Owners’ Right to Sue.* No Owner 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 Master Indenture, the Act or any other applicable law with respect to such Bond, unless: (1) such Owner shall have given to the Trustee written notice of the occurrence of an Event of Default with respect to such Bond; (2) the Owners of not less than a majority in aggregate amount of Bond Obligation of the Bonds then Outstanding with respect to such Series shall have made written request upon the Trustee to exercise the powers granted in the Master Indenture granted or to institute such suit, action or proceeding in its own name; (3) such Owner or said Owners shall have tendered to the Trustee indemnity satisfactory to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request; and (4) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee; provided, however, that the written consent of the Insurer for a Series of Bonds shall be required if the Insurance is in full force and effect and if the related Insurer 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 Owner of Bonds of any remedy under the Master Indenture

or under law; it being understood and intended that no one or more Owners of Bonds shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of the Master Indenture or the rights of any other Owners of Bonds, or to enforce any right under the Master Indenture, the Act or other applicable law with respect to the Bonds, except in the manner in the Master Indenture provided, and that all proceedings at law or in equity to enforce any such right shall be instituted, had and maintained in the manner in the Master Indenture provided and for the benefit and protection of all Owners of the Outstanding Bonds, subject to the provisions of the Master Indenture.

*Absolute Obligation of the Authority.* Nothing described under the caption “Events of Default – Limitation on Owners’ Right to Sue” or in any other provision of the Master Indenture, or in the Bonds, contained shall affect or impair the obligation of the Authority, which is absolute and unconditional, to pay the principal or Redemption Price of and interest on the Bonds to the respective Owners of the Bonds at their respective dates of maturity, or upon call for redemption, as in the Master Indenture provided, but only out of Pledged Revenues for such Bonds and other assets in the Master Indenture pledged therefor, or affect or impair the right of such Owners, which is also absolute and unconditional, to enforce such payment by virtue of the contract embodied in the Bonds.

*Termination of Proceedings.* In case any proceedings taken by the Trustee, any Insurer, or any one or more Owners on account of any Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee, any Insurer, or the Owners, then in every such case the Authority, the Trustee, each Insurer, and the Owners, subject to any determination in such proceedings, shall be restored to their former positions and rights under the Master Indenture, severally and respectively, and all rights, remedies, powers and duties of the Authority, the Trustee, each Insurer, and the Owners shall continue as though no such proceedings had been taken.

*Remedies Not Exclusive.* No remedy in the Master Indenture conferred upon or reserved to the Trustee, an Insurer or to the Owners of the Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy, to the extent permitted by law, shall be cumulative and in addition to any other remedy given under the Master Indenture or now or hereafter existing at law or in equity or otherwise.

*No Waiver of Default.* No delay or omission of the Trustee or of any Owner of the Bonds to exercise any right or power arising upon the occurrence of any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by the Master Indenture to the Trustee or to the Owners of the Bonds may be exercised from time to time and as often as may be deemed expedient. No waiver of any Event of Default under the Master Indenture, whether by Trustee or by the Owners, shall extend to or shall affect any subsequent Event of Default or shall impair any rights or remedies consequent thereon.

*Insurer 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 Master Indenture, the Insurer for any Series of Bonds shall be entitled to control and direct the enforcement of all rights and remedies granted to the Owners of the Bonds secured by the related Insurance or granted to the Trustee for the benefit of the Owners of the Bonds secured by such Insurance; provided, that the Insurer’s consent shall not be required as otherwise provided in the Master Indenture if the Insurer is in default of any of its payment obligations under the related Insurance for a Series of Bonds.

## **The Trustee**

*Appointment, Duties, Immunities and Liabilities of Trustee.* Zions First National Bank is appointed as Trustee under the Master Indenture and accepts the trust imposed upon it as Trustee under the Master

Indenture and to perform all the functions and duties of the Trustee under the Master Indenture, subject to the terms and conditions set forth in the Master Indenture. The Trustee shall, prior to an Event of Default, and after the curing of all Events of Default which may have occurred, perform such duties and only such duties as are specifically set forth in the Master Indenture and no implied covenants shall be read into the Master Indenture against the Trustee. The Trustee shall, during the existence of any Event of Default (which has not been cured), exercise such of the rights and powers vested in it by the Master Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs.

The Authority may remove the Trustee at any time unless an Event of Default shall have occurred and then be continuing, and shall remove the Trustee if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Owners of not less than a majority in aggregate amount of Bond Obligation of the Bonds then Outstanding (or their attorneys duly authorized in writing) or if at any time the Trustee shall cease to be eligible in accordance with this caption, or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, in each case by giving written notice of such removal to the Trustee, and thereupon shall appoint a successor Trustee by an instrument in writing.

The Trustee may at any time resign by giving written notice of such resignation to the Authority and by giving the Owners notice of such resignation by mail at the addresses shown on the registration books maintained by the Trustee. Upon receiving such notice of resignation, the Authority shall promptly appoint a successor Trustee by an instrument in writing, such appointment to be subject to receipt of the written consent of each Insurer for the related Series of Bonds, which consent shall not be unreasonably withheld; provided, that the related Insurance is in full force and effect and the related Insurer is not then failing to make a payment as required in connection therewith.

Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee; provided, that such appointment shall be subject to receipt of the written consent of each Insurer for the related Series of Bonds, which consent shall not be unreasonably withheld, and provided further that the Credit Enhancement provided by the related Insurance is in full force and effect and the related Insurer is not then failing to make a payment as required in connection therewith. If no successor Trustee shall have been appointed and have accepted appointment within forty-five (45) days of giving notice of removal or notice of resignation as aforesaid, the resigning Trustee or any Owner (on behalf of himself and all other Owners) may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under the Master Indenture, shall signify its acceptance of such appointment by executing and delivering to the Authority, each Insurer and to its predecessor Trustee a written acceptance thereof, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee in the Master Indenture; but, nevertheless at the Request of the Authority or the request of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under the Master Indenture and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions in the Master Indenture set forth. Upon request of the successor Trustee, the Authority shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Trustee as

provided in this paragraph, the Authority shall give notice of the succession of such Trustee to the trusts under the Master Indenture by mail to the Owners at the addresses shown on the registration books maintained by the Trustee. If the Authority fails to mail such notice within fifteen (15) days after acceptance of appointment by the successor Trustee, the successor Trustee shall cause such notice to be mailed at the expense of the Authority.

Any Trustee appointed under the provisions of this caption in succession to the Trustee shall be a national banking association, trust company or bank having the powers of a trust company having (or, if such national banking association, trust company or bank is a member of a bank holding company system, the related bank holding company shall have) a combined capital and surplus of at least one hundred million dollars (\$100,000,000), and subject to supervision or examination by federal or state authority. If such national banking association or trust company or bank or bank holding company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this paragraph the combined capital and surplus of such national banking association or trust company or bank or bank holding company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this paragraph, the Trustee shall resign immediately in the manner and with the effect specified in this caption.

Accounting Records and Monthly Statements. The Trustee shall keep proper books of record and accounts containing complete and correct entries of all transactions relating to the receipt, investment, disbursement, allocation and application of the moneys related to the Bonds, including proceeds of each Series of Bonds and moneys derived from, pledged to, or to be used to make payments on each Series of Bonds. Such records shall specify the account or fund to which each deposit and each investment (or portion thereof) held by the Trustee is allocated and shall set forth, in the case of each investment security, (a) its purchase price, (b) identifying information, including principal amount, coupon rate, and payment dates, (c) the amount received at maturity or its sale price, as the case may be, including accrued interest, (d) the amounts and dates of any payments made with respect thereto, and (e) the dates of acquisition and disposition or maturity. The Trustee shall furnish the Authority with a monthly statement which shall include a summary of all deposits and all investment transactions related to each Series of Bonds then Outstanding, such statement to be provided to the Authority no later than the tenth (10th) Business Day of the month following the month to which such statement relates, the first such monthly statement to be provided by the tenth (10th) Business Day of the month immediately following the month in which the initial Series of Bonds is delivered by the Trustee pursuant to the provisions of the Master Indenture.

Merger or Consolidation. Any company into which the Trustee 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 may sell or transfer all or substantially all of its corporate trust business, provided such company shall be eligible under the caption "The Trustee – Appointment, Duties, Immunities and Liabilities of the Trustee", shall be the successor to such Trustee without the execution or filing of any paper or any further act, anything in the Master Indenture to the contrary notwithstanding.

Liability of Trustee. The recitals of facts in the Master Indenture and in the Bonds contained shall be taken as statements of the Authority, and the Trustee assumes no responsibility for the correctness of the same (other than the certificate of authentication of the Trustee on each Bond), and makes no representations as to the validity or sufficiency of the Master Indenture, or of the Bonds, as to the sufficiency of the Pledged Revenues or the priority of the lien of the Master Indenture thereon, or as to the financial or technical feasibility of any portion of the Project and shall not incur any responsibility in respect of any such matter, other than in connection with the duties or obligations expressly in the Master Indenture or in the Bonds assigned to or imposed upon it. The Trustee shall, however, be responsible for its representations

contained in its certificate of authentication on the Bonds. The Trustee shall not be liable in connection with the performance of its duties under the Master Indenture, except for its own negligence, willful misconduct or breach of the express terms and conditions hereof. The Trustee and its directors, officers, employees or agents may in good faith buy, sell, own, hold and deal in any of the Bonds and may join in any action which any Owner of a Bond may be entitled to take, with like effect as if the Trustee was not the Trustee under the Master Indenture. The Trustee may in good faith hold any other form of indebtedness of the Authority, own, accept or negotiate any drafts, bills of exchange, acceptances or obligations of the Authority and make disbursements for the Authority and enter into any commercial or business arrangement therewith, without limitation.

The Trustee shall not be liable for any error of judgment made in good faith by a responsible officer unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts. The Trustee may execute any of the trusts or powers hereof and perform the duties required of it under the Master Indenture by or through attorneys, agents, or receivers, and shall be entitled to advice of counsel concerning all matters of trust and its duty under the Master Indenture.

The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under the Master Indenture.

The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by the Master Indenture at the request, order or direction of any Insurer or any of the Owners pursuant to the provisions of the Master Indenture, including, without limitation, the provisions of Article VII hereof, unless such Insurer or such Owners shall have offered to the Trustee security or indemnity satisfactory to it against the costs, expenses and liabilities which may be incurred therein or thereby; provided, however, that no security or indemnity shall be requested or required for the Trustee to deliver a notice to obtain funds under the related Insurance in order to pay principal of and interest on the related Series of Bonds.

No provision of the Master Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance or exercise of any of its duties under the Master Indenture or in the exercise of its rights or powers.

The Trustee shall not be deemed to have knowledge of and shall not be required to take any action with respect to, any Event of Default (other than an Event of Default described in clauses (A) or (B) the caption "Events of Default and Remedies – Events of Default") or event which would, with the giving of notice, the passage of time or both, constitute an Event of Default, unless the Trustee shall have actual knowledge of such event or shall have been notified of such event by the Authority, any Insurer or the Owners of twenty-five percent (25%) of an Outstanding Series of Bonds. Without limiting the generality of the foregoing, the Trustee shall not be required to ascertain, monitor or inquire as to the performance or observance by the Authority of the terms, conditions, covenants or agreements set forth in Article VI hereof (including, without limitation, the covenants of the Authority set forth in under the captions "Covenants of the Authority – Tax Covenants" and "Pledged Revenues – Rebate Fund", other than the covenants of the Authority to make payments with respect to the Bonds when due as set forth under the caption "Covenants of the Authority – Punctual Payments" and to file with the Trustee when due, such reports and certifications as the Authority is required to file with the Trustee under the Master Indenture.

No permissive power, right or remedy conferred upon the Trustee under the Master Indenture shall be construed to impose a duty to exercise such power, right or remedy.

The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, requisition, bond, debenture, coupon or other paper or document but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Authority, personally or by agent or attorney.

The Trustee shall not be responsible for: (1) the application or handling by the Authority of any Pledged Revenues or other moneys transferred to or pursuant to any Requisition or Request of the Authority in accordance with the terms and conditions hereof; (2) the application and handling by the Authority of any other fund or account designated to be held by the Authority under the Master Indenture; (3) any error or omission by the Authority in making any computation or giving any instruction pursuant to the provisions under the captions “Covenants of the Authority – Tax Covenants” and “Pledged Revenues – Rebate Fund” and may rely conclusively on the Rebate Instructions and any computations or instructions furnished to it by the Authority in connection with the requirements under the captions “Covenants of the Authority – Tax Covenants”, “Pledged Revenues – Rebate Fund” and of each Tax Certificate; and (4) the construction, operation or maintenance of any portion of the Project by the Authority.

Whether or not therein expressly so provided, every provision of the Master Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions set forth under the caption “The Trustee”.

The Trustee shall not be considered in breach of or in default in its obligations under the Master Indenture or progress in respect thereto in the event of enforced delay in the performance of such obligations due to unforeseeable causes arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control and without its fault or negligence, including, but not limited to, acts of God, acts of the public enemy or terrorists, earthquakes, fires, floods, war, civil or military disturbances, sabotage, epidemics, quarantine restrictions, riots, interruptions, loss or malfunctions of utilities, computer (hardware or software) or communications service, accidents, labor disputes, acts of civil or military authority or governmental actions affecting the performance of its duties under the Master Indenture, it being understood that the Trustee shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

The Trustee shall have no responsibility or liability with respect to any information, statements or recital in any official statement, offering memorandum or other disclosure material prepared or distributed with respect to the Bonds.

*Right of Trustee to Rely on Documents and Opinions.* The Trustee shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, opinion, note or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, including, without limitation, counsel of or to the Authority, and may request an opinion of counsel, with regard to legal questions, including, without limitation, legal questions relating to proposed modifications or amendments of the Master Indenture, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it under the Master Indenture in good faith and in accordance therewith unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts.

Whenever in the administration of the trusts imposed upon it by the Master Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under the Master Indenture, including, without limitation, matters relating to proposed modifications or amendments of the Master Indenture, the Trustee may request a Certificate of the Authority and such

matter (unless other evidence in respect thereof be in the Master Indenture specifically prescribed) may be deemed to be conclusively proved and established by such Certificate of the Authority, and such Certificate shall be full warrant to the Trustee for any action taken or suffered in good faith under the provisions of the Master Indenture in reliance upon such Certificate, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable. The Trustee may also rely conclusively on any report, statement, requisition, facsimile transmission, electronic mail or certification of any certified public accountant, investment banker, financial consultant, or other expert selected by the Authority or selected by the Trustee with due care in connection with matters required to be proven or ascertained in connection with its administration of the trusts created hereby.

***Compensation and Indemnification of Trustee.*** The Authority covenants to pay to the Trustee from time to time, and the Trustee shall be entitled to, reasonable compensation for all services rendered by it in the exercise and performance of any of the powers and duties under the Master Indenture of the Trustee, including, without limitation, the cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any transfer or exchange of Bonds, and the Authority will pay or reimburse the Trustee upon its request for all expenses, disbursements and advances incurred or made by the Trustee in accordance with any of the provisions of the Master Indenture (including the reasonable compensation and the expenses and disbursements of its counsel and of all persons not regularly in its employ) except any such expense, disbursement or advance as may arise from its negligence or willful misconduct. The Authority, to the extent permitted by law, shall indemnify, defend and hold harmless the Trustee against any loss, damages, liability or expense incurred without negligence or bad faith on the part of the Trustee, arising out of or in connection with the acceptance or administration of the trusts created hereby, including costs and expenses (including attorneys' fees) of defending itself against any claim or liability in connection with the exercise or performance of any of its powers under the Master Indenture. The rights of the Trustee and the obligations of the Authority under this caption shall survive the discharge of the Bonds and the Master Indenture and the resignation or removal of the Trustee.

### **Modification or Amendment of the Master Indenture**

***Amendments Permitted.*** The Master Indenture and the rights and obligations of the Authority, the Owners of the Bonds and the Trustee may be modified or amended from time to time and at any time by a Supplemental Indenture, which the Authority and the Trustee may enter into with the written consent of: (i) each Insurer, provided, that the related Insurance is in full force and effect and the Insurer is not then failing to make a payment as required in connection therewith; or (ii) the Owners 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 Owners of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Bonds Outstanding under this caption; and provided further, that if the related Insurance is in full force and effect and if the Insurer then providing such Insurance is not failing to make a payment as required in connection therewith, such Insurer shall also consent in writing to such modification or amendment, which consent shall not be unreasonably withheld.

No such modification or amendment shall (a) extend the fixed 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 redemption premium payable upon the redemption thereof, without the consent of the Owner of each Bond so affected, or (b) reduce the percentage of Bond Obligation the consent of the Owners of which is required to effect any such modification or amendment, or permit the creation of any lien on the applicable Pledged Revenues and other assets pledged under the

Master Indenture for such Series of Bonds prior to or on a parity with the lien created by the Master Indenture, or deprive the Owners of such Bonds of the lien created by the Master Indenture on such Pledged Revenues and other assets (in each case, except as expressly provided in the Master Indenture), without the consent of the Owners of all of the Bonds then Outstanding relating to such Series. It shall not be necessary for the consent of the Owners 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 Authority and the Trustee of any Supplemental Indenture pursuant to this caption, the Trustee shall mail a notice, setting forth in general terms the substance of such Supplemental Indenture to the Owners 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.

The Master Indenture and the rights and obligations of the Authority, of the Trustee and of the Owners of the Bonds may also be modified or amended from time to time and at any time by a Supplemental Indenture, which the Authority may adopt without the consent of any Owners or Insurer, 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 Authority in the Master 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 in the Master Indenture reserved to or conferred upon the Authority; (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 Master Indenture, or in regard to matters or questions arising under the Master Indenture, as the Authority may deem necessary or desirable, and which shall not materially and adversely affect the interests of the Owners; (3) to modify, amend or supplement the Master Indenture in such manner as to permit the qualification hereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, and to add such other 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 Owners; (4) to provide for the issuance of an additional Series of Bonds pursuant to the provisions of Article III; (5) to make modifications or adjustments necessary, appropriate or desirable to provide for change from one interest rate mode to another in connection with any Series of Bonds; (6) to make modifications or adjustments necessary, appropriate or desirable to accommodate Reserve Facilities; (7) to modify the auction provisions applicable to any Series of Bonds in accordance with the terms and provisions set forth in the Supplemental Indenture establishing the terms and provisions of such Series of Bonds; (8) to provide for any additional covenants or agreements necessary to maintain the tax-exempt status of interest on any Series of Bonds; and (9) if the Authority 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.

Any Supplemental Indenture entered into pursuant to this caption shall be deemed not to materially adversely affect the interest of the Owners of a Series of Bonds so long as each Insurer of a Series of Bonds shall have given its written consent to such Supplemental Indenture as provided in this caption.

*Effect of Supplemental Indenture.* From and after the time any Supplemental Indenture becomes effective pursuant to this Article, the Master Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under the Master Indenture of the Authority, the Trustee and all Owners of Bonds Outstanding shall thereafter be determined, exercised and enforced under the Master Indenture subject in all respects to such modification and amendment, and all the terms and conditions of any such Supplemental Indenture shall be deemed to be part of the terms and conditions of the Master Indenture for any and all purposes.

*Endorsement of Bonds; Preparation of New Bonds.* Bonds delivered after any Supplemental Indenture becomes effective pursuant to this Article may, and if the Trustee so determines shall, bear a

notation by endorsement or otherwise in form approved by the Authority and the Trustee as to any modification or amendment provided for in such Supplemental Indenture, and, in that case, upon demand of the Owner of any Bond Outstanding at the time of such execution and presentation of such Bond for such purpose at the Corporate Trust Office or at such additional offices as the Trustee may select and designate for that purpose, a suitable notation shall be made on such Bond. If the Supplemental Indenture shall so provide, new Bonds so modified conform, in the opinion of the Authority and the Trustee, to any modification or amendment contained in such Supplemental Indenture, shall be prepared and executed by the Authority and authenticated by the Trustee, and upon demand of the Owners of any Bonds then Outstanding shall be exchanged at the Corporate Trust Office, without cost to any Owner, for Bonds then Outstanding, upon surrender for cancellation of such Bonds, in equal aggregate principal amounts of the same Series, tenor and maturity.

*Amendment of Particular Bonds.* The provisions of this Article shall not prevent any Owner from accepting any amendment as to the particular Bonds held by such Owner, provided that due notation thereof is made on such Bonds.

## **Defeasance**

*Discharge of Indenture.* Bonds of any Series or a portion thereof may be paid by the Authority 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 the same 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 under the caption “Defeasance – Deposit of Money and Securities”) to pay or redeem such Outstanding Bonds; or (c) by delivering to the Trustee, for cancellation by it, such Outstanding Bonds.

If the Authority shall pay all Series for which any Bonds are Outstanding and also pay or cause to be paid all other sums payable under the Master Indenture by the Authority, then and in that case, at the election of the Authority (evidenced by a Certificate of the Authority, filed with the Trustee, signifying the intention of the Authority to discharge all such indebtedness and the Master Indenture), and notwithstanding that any Bonds shall not have been surrendered for payment, the Master Indenture and the pledge of Pledged Revenues relating to such Bonds and other assets made under the Master Indenture and all covenants, agreements and other obligations of the Authority under the Master Indenture shall cease, terminate, become void and be completely discharged and satisfied. In such event, upon Request of the Authority, the Trustee shall cause an accounting for such period or periods as may be requested by the Authority to be prepared and filed with the Authority and shall execute and deliver to the Authority 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 Authority all moneys or securities or other property held by it pursuant to the Master Indenture which 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 under the caption “Defeasance – Deposit of Money and Securities”) to pay or redeem any Outstanding Bond (whether upon or prior to its maturity or the redemption date of such Bond); provided that, if such Bond is to be redeemed prior to maturity, notice of such redemption shall have been given as in Article IV provided or provision satisfactory to the Trustee shall have been made for the giving of such notice, then all liability of the Authority in respect of such Bond shall cease, terminate and be completely discharged, provided that the Owner thereof shall thereafter be entitled to the payment of the principal of, premium, if any, and interest on such Bonds, and the Authority shall remain liable for such payment, but only out of such money or securities deposited with the Trustee for their payment.

The Authority may at any time surrender to the Trustee for cancellation by it any Bonds previously issued and delivered, which the Authority 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 in this caption to the contrary, if the Bond Obligation of or interest on a Series of Bonds shall be paid by an Insurer pursuant to the related Insurance, the obligations of the Authority shall not be deemed to be satisfied or considered paid by the Authority by virtue of such payments, and the right, title and interest of the Authority in the Master Indenture and the obligations of the Authority under the Master Indenture shall not be discharged and shall continue to exist and to run to the benefit of such Insurer and such Insurance shall be subrogated to the rights of the Owners of the Bonds of such Series.

*Deposit of Money or Securities.* Whenever in the Master 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 Master Indenture and shall be: (a) lawful money of the United States of America in an amount equal to the principal amount of such Bonds and all unpaid interest thereon to maturity, except that, in the case of Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption shall have been given as in Article IV provided or provision satisfactory to the Trustee shall have been made for the giving of such notice, the amount to be deposited or held shall be the principal amount or Redemption Price of such Bonds and all unpaid interest thereon to the redemption date; or (b) Investment Securities described in clause (A) of the definition thereof the principal of and interest on which when due will, together with any cash on deposit therein, in the opinion of an independent certified public accountant delivered to the Trustee (as confirmed by a verification report upon which verification report the Trustee may conclusively rely), provide money sufficient to pay the principal or Redemption Price of and all unpaid interest to maturity, or to the redemption date, as the case may be, on the Bonds to be paid or redeemed, as such principal or Redemption Price and interest become due; provided that, in the case of Bonds which are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as in Article IV provided or provision satisfactory to the Trustee shall have been made for the giving of such notice; provided, in each case, that the Trustee shall have been irrevocably instructed (by the terms of the Master Indenture or by Request of the Authority) to apply such money to the payment of such principal or Redemption Price and interest with respect to such Bonds.

*Payment of Bonds After Discharge of Indenture.* Any moneys held by the Trustee in trust for the payment of the principal, Redemption Price, or interest on any Bond and remaining unclaimed for one (1) year after such principal, Redemption Price, or interest has become due and payable (whether at maturity or upon call for redemption as provided in the Master Indenture), if such moneys were so held at such date, or one (1) year after the date of deposit of such principal, Redemption Price or interest on any Bond if such moneys were deposited after the date when such Bond became due and payable, shall be repaid to the Authority free from the trusts created by the Master 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 Authority as aforesaid, the Trustee may (at the cost of the Authority) first mail to the Owners 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 Authority of the moneys held for the payment thereof. All moneys held by or on behalf of the Trustee for the payment of principal of or interest or redemption premium on Bonds, whether at redemption or maturity, shall be held in trust for the account of the Owners thereof and the Trustee shall not be required to pay Owners any interest on, or be liable to the Owners or any other person (other than the Authority) interest earned on, moneys so held. Any interest earned thereon shall belong to the Authority and shall be deposited upon receipt by the Trustee into the Revenue Fund.

## Miscellaneous

*Liability of Authority Limited.* Notwithstanding anything in the Master Indenture or in the Bonds contained, the Authority shall not be required to advance any moneys derived from any source other than the Pledged Revenues and other assets pledged under the Master Indenture and under any Supplemental Indenture for any of the purposes in the Master Indenture mentioned, whether for the payment of the principal or Redemption Price of or interest on the Bonds or for any other purpose of the Master Indenture.

*Successor Is Deemed Included in All References to Predecessor.* Whenever in the Master Indenture either the Authority or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in the Master Indenture contained by or on behalf of the Authority or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

*Limitation of Rights.* Nothing in the Master Indenture or in the Bonds expressed or implied is intended or shall be construed to give to any Person other than the Authority, the Trustee, each Insurer, the Owners of the Bonds and the holders of any Parity Obligations any legal or equitable right, remedy or claim under or in respect of the Master Indenture or any covenant, condition or provision therein or in the Master Indenture contained; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the Authority, the Trustee, each Insurer, the Owners of the Bonds and the holders of any Parity Obligations.

*Waiver of Notice.* Whenever in the Master Indenture the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

*Destruction or Delivery of Canceled Bonds.* Whenever in the Master Indenture provision is made for the cancellation by the Trustee and the delivery to the Authority of any Bonds, the Trustee may, in its sole discretion, in lieu of such cancellation and delivery, destroy such Bonds, and deliver a certificate of such destruction to the Authority.

*Severability of Invalid Provisions.* If any one or more of the provisions contained in the Master Indenture or in the Bonds shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provisions or provisions shall be deemed severable from the remaining provisions contained in the Master Indenture and such invalidity, illegality or unenforceability shall not affect any other provision of the Master Indenture, and the Master Indenture shall be construed as if such invalid or illegal or unenforceable provision had never been contained in the Master Indenture.

*Notice to Authority and Trustee.* Any notice to or demand upon the Trustee may be served or presented, and such demand may be made, at the Corporate Trust Office of the Trustee. Any notice to or demand upon the Authority, shall be deemed to have been sufficiently given or served for all purposes by being deposited, first-class mail postage prepaid, in a post office letter box, addressed to the Authority at 210 North Church Street, Suite B, Visalia, California 93291, Attention: Theodore Smalley, Executive Director (or such other address as may have been filed in writing by the Authority with the Trustee). Any such communication may also be sent by facsimile or electronic mail, receipt of which shall be confirmed.

*Evidence of Rights of Owners.* Any request, consent or other instrument required or permitted by the Master Indenture to be signed and executed by Owners may be in any number of concurrent instruments of substantially similar tenor and shall be signed or executed by such Owners in person or by an agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument

or of a writing appointing any such agent, or of the holding by any person of Bonds transferable by delivery, shall be sufficient for any purpose of the Master Indenture and shall be conclusive in favor of the Trustee and of the Authority if made in the manner provided in this caption.

The fact and date of the execution by any person of any such request, consent or other instrument or writing may be proved by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the person signing such request, consent or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer.

The ownership of Bonds shall be proved by the bond registration books held by the Trustee. The Trustee may establish a record date as of which to measure consent of the Owners to determine whether the requisite consents are received.

Any request, consent, or other instrument or writing of the Owner of any Bond shall bind every future Owner of the same Bond and the Owner of every Bond issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the Authority in accordance therewith or reliance thereon.

*Disqualified Bonds.* In determining whether the Owners of the requisite aggregate amount of Bonds concurred in any demand, request, direction, consent or waiver under the Master Indenture, Bonds which are owned or held by or for the account of the Authority, 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 Authority or any other obligor on the Bonds, shall be disregarded and deemed not to be Outstanding for the purpose of any such determination. In connection with any demand, request, direction, consent or waiver under the Master Indenture, the Trustee may request that an Authorized Representative of the Authority specify in a Certificate delivered to the Trustee those Bonds which are disqualified pursuant to the provisions set forth above. Any such Certificate provided in response to a request of the Trustee may be conclusively relied upon by the Trustee. Bonds so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of this caption 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 Authority or any other obligor on the Bonds. 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.

*Money Held for Particular Bonds.* The money held by the Trustee for the payment of the interest, principal, Redemption Price or purchase price due on any date with respect to particular Bonds (or portions of Bonds in the case of registered Bonds redeemed in part only) shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Owners of the Bonds entitled thereto, subject, however, to the provisions under the caption "Defeasance – Payment of Bonds After Discharge of Indenture".

*Funds and Accounts.* Any fund required by the Master Indenture to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee, either as a fund or an account, and may, for the purposes of such records, any audits thereof or any reports or statements with respect thereto, be treated either as a fund or as an account; but all such records with respect to all such funds shall at all times be maintained in accordance with customary standards of the corporate trust industry, to the extent practicable, and with due regard for the protection of the security of the Bonds and the rights of every Owner thereof.

Limitations on Rights of Insurers or Reserve Facility Providers. A Supplemental Indenture establishing the terms and provisions of a Series of Bonds may provide that any Insurer or Reserve Facility Providers may exercise any right under the Master Indenture given to the Owners of the Bonds to which such Insurer or Reserve Facility Providers. All provisions under the Master Indenture authorizing the exercise of rights by an Insurer or a Reserve Facility Provider with respect to consents, approvals, directions, waivers, appointments, requests or other actions, shall be deemed not to require or permit such consents, approvals, directions, waivers, appointments, requests or other actions and shall be read as if the Insurer or Reserve Facility Provider were not mentioned therein (i) during any period during which there is a default by such Insurer or Reserve Facility Provider under the applicable Insurance or Reserve Facility or (ii) after the applicable Insurance or Reserve Facility shall at any time for any reason cease to be valid and binding on the provider thereof, or shall be declared to be null and void by final judgment of a court of competent jurisdiction, or after the Insurance or Reserve Facility has been rescinded, repudiated by the provider thereof or terminated, or after a receiver, conservator or liquidator has been appointed for the provider thereof. All provisions relating to the rights of an Insurer or a Reserve Facility Provider shall be of no further force and effect if all amounts owing to such Insurer or Reserve Facility Provider shall have been paid pursuant to the terms of the applicable and such Insurance or Reserve Facility shall no longer be in effect.

Waiver of Personal Liability. No Board member, officer, agent or employee of the Authority 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 in the Master Indenture contained shall relieve any such Board member, officer, agent or employee of the Authority or the Trustee from the performance of any official duty provided by law or by the Master Indenture.

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

Business Day. Except as specifically set forth in the Master Indenture or a Supplemental Indenture, transfers which would otherwise become due on any day which is not a Business Day shall become due or shall be made on the next succeeding Business Day with the same effect as if made on such prior date.

## **APPENDIX D**

### **FORM OF CONTINUING DISCLOSURE CERTIFICATE**

This Continuing Disclosure Certificate (the “Certificate”) is dated and made as of April 1, 2020 by the Tulare County Transportation Authority (the “Authority”) in connection with the issuance of the Authority’s \$\_\_\_\_\_ principal amount of Tulare County Transportation Authority Sales Tax Revenue Bonds (Limited Tax Bonds), Series 2020 (the “Bonds”). Capitalized terms used in this Certificate which are not otherwise defined in the herein shall have the meanings ascribed thereto in the Indenture, dated as of July 1, 2014 (the “Original Indenture”), as amended by the First Amendment to the Indenture, dated as of April 1, 2020 (the “First Amendment to the Indenture” and, collectively with the Original Indenture, the “Master Indenture”), as supplemented by the Second Supplemental Indenture, dated as of April 1, 2020 (the “Supplemental Indenture” and, together with the Master Indenture, the “Indenture”), each by and between the Authority and Zions First National Bank, now known as Zions Bancorporation, National Association, as trustee thereunder (the “Trustee”). The Authority agrees as follows:

#### **ARTICLE I**

##### **THE UNDERTAKING**

Section 1.1. **Purpose.** This Certificate shall constitute a written undertaking for the benefit of the holders of the Bonds, and is being executed and delivered to assist the Underwriter in complying with subsection (b)(5) of the Rule.

Section 1.2. **Annual Financial Information.** (a) The Authority shall provide Annual Financial Information with respect to each fiscal year of the Authority, commencing with fiscal year 2019-20 by no later than March 31 of each year, to the MSRB.

(b) The Authority shall provide, in a timely manner, notice of any failure of the Authority to provide the Annual Financial Information by the date specified in subsection (a) above to the MSRB.

Section 1.3. **Audited Financial Statements.** If not provided as part of Annual Financial Information by the date required by Section 1.2(a) hereof, the Authority shall provide Audited Financial Statements, when and if available, to the MSRB.

Section 1.4. **Listed Event Notices.** (a) If a Listed Event (defined herein) occurs, the Authority shall provide or cause to be provided, in a timely manner not in excess of ten (10) Business Days after the occurrence of such Listed Event, notice of such Listed Event to the MSRB.

Section 1.5. **Additional Disclosure Obligations.** The Authority acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933, as amended, and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, as amended, may apply to the Authority, and that under some circumstances compliance with this Certificate, without additional disclosures or other action as may be additionally required under such other state or federal securities laws, may not fully discharge all duties and obligations of the Authority under such laws.

Section 1.6. **Additional Information.** Nothing in this Certificate shall be deemed to prevent the Authority from disseminating any other information, using the means of dissemination set forth in this Certificate or any other means of communication, or including any other information in any Listed Event Notice, in addition to that which is required by this Certificate. If the Authority chooses to include

any information in any Listed Event Notice in addition to that which is specifically required by this Certificate, the Authority shall have no obligation under this Certificate to update such information or include it in any future Listed Event Notice.

Section 1.7. No Previous Non-Compliance. The Authority represents that in the previous five years it has not failed to comply in all material respects with any previous undertaking in a written contract or agreement specified in paragraph (b)(5)(i) of the Rule.

## ARTICLE II

### OPERATING RULES

Section 2.1. Reference to Other Filed Documents. It shall be sufficient for purposes of Section 1.2 hereof if the Authority provides Annual Financial Information by specific reference to documents (i) available to the public on the MSRB Internet Web site (currently, [www.emma.msrb.org](http://www.emma.msrb.org)) or (ii) filed with the SEC. The provisions of this Section shall not apply to Listed Event Notices pursuant to Section 1.4 hereof.

Section 2.2. Listed Event Notices. Each Listed Event Notice shall be so captioned and shall prominently state the title, date and CUSIP numbers of the Bonds.

Section 2.3. Transmission of Information and Notices. Annual Financial Information may be set forth or provided in one document or a set of documents, and at one time or in part from time to time. Unless otherwise required by law and, in the Authority's sole determination, subject to technical and economic feasibility, the Authority shall employ such methods of information and notice transmission as shall be requested or recommended by the herein-designated recipients of the Authority's information and notices.

Section 2.4. Filing with Certain Dissemination Agents. The Authority may from time to time designate an agent to act on its behalf in providing or filing notices, documents and information as required of the Authority under this Certificate, and revoke or modify any such designation.

Section 2.5. Transmission of Information. (a) Unless otherwise required by the MSRB or the SEC, all notices, documents and information provided to the MSRB shall be provided to the MSRB's EMMA system, the current internet address of which is <http://emma.msrb.org>.

(b) All notices, documents and information provided to the MSRB shall be provided in an electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

Section 2.6. Fiscal Year. (a) The Authority's current fiscal year is July 1 to June 30. The Authority shall promptly file a notice with the MSRB of each change in its fiscal year.

(b) Annual Financial Information shall be provided at least annually notwithstanding any fiscal year that may be longer than 12 calendar months.

## ARTICLE III

### TERMINATION, AMENDMENT AND ENFORCEMENT

Section 3.1. Effective Date; Termination. (a) This Certificate and the provisions hereof shall be effective upon the execution and delivery of the Bonds.

(b) The Authority's obligations under this Certificate shall terminate upon a legal defeasance, prior redemption or payment in full of all of the Bonds.

(c) This Certificate, or any provision hereof, shall be null and void in the event that the Authority (1) receives an opinion of Hawkins Delafield & Wood LLP or other nationally recognized bond counsel or counsel expert in federal securities laws, addressed to the Authority, to the effect that those portions of the Rule which require this Certificate, or any of the provisions hereof, do not or no longer apply to the Bonds, whether because such portions of the Rule are invalid, have been repealed, or otherwise, as shall be specified in such opinion, and (2) delivers copies of such opinion to the MSRB through its EMMA system within ten (10) Business Days from the execution thereof.

Section 3.2. Amendment. (a) This Certificate may be amended by the Authority without the consent of the holders of the Bonds (except to the extent required under clause 3.2(a)(4)(ii) below), if all of the following conditions are satisfied:

(1) such amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of the Authority or the type of business conducted thereby;

(2) this Certificate as so amended would have complied with the requirements of the Rule as of the date of this Certificate, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances;

(3) the Authority shall have received an opinion of Hawkins Delafield & Wood LLP or other nationally recognized bond counsel or counsel expert in federal securities laws, addressed to the Authority, to the same effect as set forth in clause 3.2(a)(2) above;

(4) either (i) the Authority shall have received an opinion of Hawkins Delafield & Wood LLP or other nationally recognized bond counsel or counsel expert in federal securities laws, addressed to the Authority, to the effect that the amendment does not materially impair the interests of the holders of the Bonds or (ii) the holders of the Bonds consent to the amendment to this Certificate pursuant to the same procedures as are required for amendments to the Indenture with consent of holders of the Bonds pursuant to the terms of the Indenture as in effect on the date of this Certificate; and

(5) the Authority shall have delivered copies of such opinion and amendment to the MSRB through its EMMA system within ten (10) Business Days from the execution thereof.

(b) In addition to subsection 3.2(a) above, this Certificate may be amended and any provision of this Certificate may be waived, by written certificate of the Authority, without the consent of the holders of the Bonds, if all of the following conditions are satisfied: (1) an amendment to the Rule is adopted, or a new or modified official interpretation of the Rule is issued, after the effective date of this Certificate which is applicable to this Certificate, (2) the Authority shall have received an opinion of

Hawkins Delafield & Wood LLP or other nationally recognized bond counsel or counsel expert in federal securities laws, addressed to the Authority, to the effect that performance by the Authority under this Certificate as so amended or giving effect to such waiver, as the case may be, will not result in a violation of the Rule, and (3) the Authority shall have delivered copies of such opinion and amendment to the MSRB through its EMMA system.

(c) To the extent any amendment to this Certificate results in a change in the type of financial information or operating data provided pursuant to this Certificate, the first Annual Financial Information provided thereafter shall include a narrative explanation of the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

(d) If an amendment is made pursuant to Section 3.2(a) hereof to the accounting principles to be followed by the Authority in preparing its financial statements, the Annual Financial Information for the fiscal year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a qualitative and, to the extent reasonably feasible, quantitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information.

Section 3.3. Benefit; Third-Party Beneficiaries; Enforcement. (a) The provisions of this Certificate shall constitute a contract with and inure solely to the benefit of the holders of the Bonds, except that beneficial owners of Notes shall be third-party beneficiaries of this Certificate.

Except as expressly provided in this subsection (a) and in (b) below, the provisions of this Certificate shall create no rights in any person or entity.

(b) The obligations of the Authority to comply with the provisions of this Certificate shall be enforceable, in the case of enforcement of obligations to provide notices, by any holder of Bonds. Such holders' rights to enforce the provisions of this Certificate shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the Authority's obligations under this Certificate. In consideration of the third-party beneficiary status of beneficial owners of Bonds pursuant to subsection (a) of this Section, beneficial owners shall be deemed to be holders of Bonds for purposes of this subsection (b).

(c) Any failure by the Authority to perform in accordance with this Certificate shall not constitute a default under the Indenture or the Bonds.

(d) This Certificate shall be construed and interpreted in accordance with the laws of the State; provided, however, that to the extent this Certificate addresses matters of federal securities laws, including the Rule, this Certificate shall be construed in accordance with such federal securities laws and official interpretations thereof. If any party initiates any legal or equitable action to enforce the terms of this Certificate, to declare the rights of any party under this Certificate or which relates to this Certificate in any manner, each such party agrees that the place of making and for performance of this Certificate shall be the County of Tulare, State of California, and the proper venue for any such action is the Superior Court of the State of California, in and for the County of Tulare.

## ARTICLE IV

### DEFINITIONS

Section 4.1. Definitions. The following terms used in this Certificate shall have the following respective meanings:

(a) “Annual Financial Information” means, collectively, (i) to the extent not included in the Audited Financial Statements, updated versions of the following financial information and operating data contained in the Official Statement, for the most recently fiscal year of the Authority, as follows:

- (1) Table 1 – Measure R Sales Tax Revenues;
- (2) Table 3 – Measure R Sales Tax Revenues and Debt Service Coverage; and
- (3) Table 4 – Governmental Fund Revenues, Expenditures and Changes in Fund Balance.

and (ii) the information regarding amendments to this Certificate required pursuant to Sections 3.2(c) and (d) of this Certificate. Annual Financial Information shall include Audited Financial Statements, if available, or Unaudited Financial Statements.

The descriptions contained in Section 4.1(a) hereof of financial information and operating data constituting Annual Financial Information are of general categories of financial information and operating data. When such descriptions include information that no longer can be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be provided in lieu of such information. Any Annual Financial Information containing modified financial information or operating data shall explain, in narrative form, the reasons for the modification and the impact of the modification on the type of financial information or operating data being provided.

(b) “Audited Financial Statements” means the annual financial statements, if any, of the Authority, audited by such auditor as shall then be required or permitted by State law or the Resolution. Audited Financial Statements shall be prepared in accordance with GAAP; provided, however, that pursuant to Sections 3.2(a) and (d) hereof, the Authority may from time to time, if required by Federal or State legal requirements, modify the accounting principles to be followed in preparing its financial statements. The notice of any such modification required by Section 3.2(a) hereof shall include a reference to the specific Federal or State law a regulation describing such accounting principles, or other description thereof.

(c) “Business Day” means any day other than (a) a Saturday or Sunday, or (b) a day on which the Authority is required by law to close.

(d) “EMMA” means the MSRB’s Electronic Municipal Market Access system or any other repository so designated by the MSRB or the SEC.

(e) “Financial Obligation” 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) a guarantee of (i) or (ii). Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB pursuant to the Rule.

(f) “GAAP” means generally accepted accounting principles as prescribed from time to time for governmental units by the Governmental Accounting Standards Board, the Financial Accounting Standards Board, or any successor to the duties and responsibilities of either of them.

(g) “Listed Event” means any of the following events with respect to the Bonds:

- i. principal and interest payment delinquencies;
- ii. non-payment related defaults, if material;
- iii. modifications to rights of holders, if material;
- iv. Bond calls, if material and tender offers;
- v. defeasances;
- vi. rating changes;
- vii. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (Internal Revenue Service Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- viii. unscheduled draws on the debt service reserves reflecting financial difficulties;
- ix. unscheduled draws on the credit enhancements reflecting financial difficulties;
- x. release, substitution or sale of property securing repayment of the Bonds, if material;
- xi. bankruptcy, insolvency, receivership or similar event of the Authority (such event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Authority in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under State or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Authority, 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 Authority);
- xii. substitution of credit or liquidity providers, or their failure to perform;
- xiii. the consummation of a merger, consolidation, or acquisition involving the Authority or the sale of all or substantially all of the assets of the Authority, 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;
- xiv. appointment of a successor or additional trustee or the change of name of a trustee, if material; and
- xv. incurrence of a Financial Obligation of the Authority, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Authority, any of which affect security holders, if material; and

xvi. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Authority, any of which reflect financial difficulties.

(h) “Listed Event Notice” means written or electronic notice of a Listed Event.

(i) “MSRB” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended, or any successor thereto or to the functions of the MSRB contemplated by this Certificate.

(j) “Official Statement” means the “final official statement,” as defined in paragraph (f)(3) of the Rule, relating to the Bonds.

(k) “Rule” means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 CFR Part 240, §240.15c2-12), as in effect on the date of this Certificate, including any official interpretations thereof.

(l) “SEC” means the Securities and Exchange Commission of the United States of America.

(m) “Unaudited Financial Statements” means the same as Audited Financial Statements, except that they shall not have been audited.

(n) “State” means the State of California.

IN WITNESS WHEREOF, the undersigned has duly authorized, executed and delivered this Certificate as of the date first written above.

TULARE COUNTY ASSOCIATION OF GOVERNMENTS  
in its capacity as the  
TULARE COUNTY TRANSPORTATION AUTHORITY

By: \_\_\_\_\_  
Chairperson

## **APPENDIX E**

### **BOOK-ENTRY ONLY SYSTEM**

THE INFORMATION IN THIS APPENDIX E CONCERNING THE DEPOSITORY TRUST COMPANY, NEW YORK, NEW YORK AND ITS BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE AUTHORITY BELIEVES TO BE RELIABLE, BUT THE AUTHORITY TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF.

1. The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Series 2020 Bonds (the “Series 2020 Bonds”). The Series 2020 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 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.

2. 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 Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com). The information on such website is not incorporated herein by reference.

3. Purchases of Series 2020 Bonds under the DTC 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 Series 2020 Bonds, except in the event that use of the book-entry system for the Series 2020 Bonds is discontinued.

4. 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.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 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, defaults, and proposed amendments to the financing documents.

6. Redemption notices shall be sent to DTC. If less than all of the Series 2020 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any 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 Authority or the Trustee 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).

8. Redemption proceeds 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 Authority, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Authority or the Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Series 2020 Bonds at any time by giving reasonable notice to the Authority. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificated Series 2020 Bonds will be printed and delivered to DTC.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Authority believes to be reliable, but the Authority takes no responsibility for the accuracy thereof.

THE AUTHORITY AND THE TRUSTEE CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE SERIES 2020 BONDS (I) PAYMENTS OF PRINCIPAL OF AND INTEREST ON THE SERIES 2020 BONDS (II) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE SERIES 2020 BONDS OR (III) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE SERIES 2020 BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

NEITHER THE AUTHORITY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OF DTC OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST ON Series 2020 BONDS; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO OWNERS UNDER THE TERMS OF THE INDENTURE; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS OWNER OF THE Series 2020 BONDS.

## APPENDIX F

### FORM OF OPINION OF BOND COUNSEL

*Upon the delivery of the Bonds of Tulare County Transportation Authority, Hawkins Delafield & Wood LLP, Bond Counsel to the Authority, proposes to deliver its approving opinion in substantially the following form:*

Tulare County Transportation Authority  
Visalia, California

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the Tulare County Transportation Authority (the “Authority”) of its \$\_\_\_\_\_ aggregate principal amount of Tulare County Transportation Authority Sales Tax Revenue Bonds (Limited Tax Bonds), Series 2020 (the “Bonds”). The Bonds are issued under and pursuant to Section 180000 et seq. of the Public Utilities Code of the State of California (as amended, the “Act”), Ordinance No. 2006-01 entitled the 2006 Half-Cent Transportation Sales Tax Measure Expenditure Plan and Use Tax Ordinance (the “Ordinance”), and the Indenture, dated as of July 1, 2014 (the “Original Indenture”), as amended by the First Amendment to the Indenture, dated as of April 1, 2020 (the “First Amendment to the Indenture” and, collectively with the Original Indenture, the “Master Indenture”), as supplemented by the Second Supplemental Indenture, dated as of April 1, 2020 (the “Supplemental Indenture” and, together with the Master Indenture, the “Indenture”), each by and between the Authority and Zions First National Bank, now known as Zions Bancorporation, National Association, as trustee thereunder (the “Trustee”). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

We have examined originals, or copies identified to our satisfaction as being true copies, of such records of the Authority, certificates and other assurances from public officials and officers, an opinion of counsel to the Authority and such other documents, opinions and matters as we have considered necessary or appropriate under the circumstances to render this opinion. We have, with your approval, assumed that all items submitted to us as originals are authentic and that all items submitted as copies conform to the originals.

On the basis of the foregoing, and in reliance thereon, and on the basis of our examination of such other matters of fact and questions of law as we have deemed relevant under the circumstances, as of the date hereof, we are of the opinion that:

1. The Indenture has been duly authorized, executed and delivered by, and constitutes the valid and binding obligation of, the Authority, enforceable in accordance with its terms.
2. The Bonds constitute the valid and binding special sales tax obligations of the Authority, payable from and secured by a pledge of Pledged Revenues, subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein.
3. Under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described below, (i) interest on the Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code and (ii) interest on Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code.

The Code establishes certain requirements that must be met subsequent to the issuance and delivery of the Bonds in order that, for federal income tax purposes, interest on the Bonds be not included in gross income pursuant to Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of proceeds of the Bonds, restrictions on the investment of proceeds of the Bonds prior to expenditure and the requirement that certain earnings be rebated to the federal government. Noncompliance with such requirements may cause interest on the Bonds to become subject to federal income taxes taxation retroactive to their date of issuance, irrespective of the date on which such noncompliance occurs or is ascertained.

On the date of delivery of the Bonds, the Authority will execute a Tax Certificate (the “Tax Certificate”) containing provisions and procedures pursuant to which such requirements can be satisfied. In executing the Tax Certificate, the Authority covenants that it will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure that interest paid on the Bonds will, for federal income tax purposes, be excluded from gross income.

In rendering the opinion in paragraph 3 hereof, we have relied upon and assumed (i) the material accuracy of the Authority’s representations, statements of intention and reasonable expectation, and certifications of fact contained in the Tax Certificate with respect to matters affecting the status of interest paid on the Bonds, and (ii) compliance by the Authority with the procedures and covenants set forth in the Tax Certificate as to such tax matters.

4. Under existing statutes, interest on the Bonds is exempt from State of California personal income tax.

We have examined an executed Bond and in our opinion, the form of said Bond and its execution are regular and proper.

We express no opinion as to any other federal, state or local tax consequences arising with respect to the Bonds, or the ownership or disposition thereof, except as stated in paragraphs 3 and 4 above. We render our opinion under existing statutes and court decisions as of the date hereof, and assume no obligation to update, revise or supplement our opinion to reflect any action hereafter taken or not taken, any fact or circumstance that may hereafter come to our attention, any change in law or interpretation thereof that may hereafter occur, or for any other reason. We express no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, we express no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Bonds.

We render our opinion under existing statutes and court decisions as of the date of issuance of the Bonds, and we assume no obligation to update, revise or supplement this opinion after the issue date to reflect any action hereafter taken or not taken, or any facts or circumstances, or any change in law or in interpretations thereof, or otherwise, that may hereafter arise or occur, or for any other reason.

The foregoing opinions are qualified to the extent that the enforceability of the Bonds and the Indenture may be limited by bankruptcy, moratorium, insolvency or other laws affecting creditor’s rights or remedies and is subject to general principles of equity (regardless of whether such enforceability is considered in equity or at law), to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against governmental entities in the State of California.

This letter is furnished by us as Bond Counsel and is solely for your benefit and it is not to be used, circulated, quoted, or otherwise referred to for any purposes other than the issuance and delivery of the Bonds and may not be relied upon by any other person or entity without our express written permission,

except that references may be made to it in any list of closing documents pertaining to the delivery of the Bonds.

This opinion is issued as of the date hereof, and we assume no obligation to update, revise or supplement this opinion to reflect any action hereafter taken or not taken, or any facts or circumstances, or any changes in law or in interpretations thereof, that may hereafter arise or occur, or for any other reason.

Very truly yours,

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**FIRST AMENDMENT TO INDENTURE**

**between**

**TULARE COUNTY TRANSPORTATION AUTHORITY**

**and**

**ZIONS BANCORPORATION, NATIONAL ASSOCIATION,**

**as Trustee**

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**Dated as of April 1, 2020**

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**Relating to**

**Tulare County Transportation Authority  
Sales Tax Revenue Bonds (Limited Tax Bonds)**

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## **FIRST AMENDMENT TO INDENTURE**

This FIRST AMENDMENT TO INDENTURE (this “First Amendment to Indenture”), dated as of April 1, 2020, between the TULARE COUNTY TRANSPORTATION AUTHORITY, a local transportation authority duly established and existing under the laws of the State of California (the “Authority”), and ZIONS BANCORPORATION, NATIONAL ASSOCIATION, as trustee (the “Trustee”);

### **WITNESSETH:**

WHEREAS, the Authority is a local transportation authority duly organized and existing pursuant to the Local Transportation Authority and Improvement Act (constituting Division 19 of the Public Utilities Code of the State of California) (the “Act”);

WHEREAS, pursuant to Section 180050 of the Act, the Tulare County Association of Governments Transportation Planning Agency has been designated by the Board of Supervisors of the County of Tulare (the “County”) to serve as the Authority under the Act;

WHEREAS, the Authority is authorized by Section 180250 of the Act and by Ordinance No. 2006-01 entitled the 2006 Half-Cent Transportation Sales Tax Measure Expenditure Plan and Use Tax Ordinance (the “Ordinance”) to issue limited tax bonds from time to time secured by, and payable from, revenues of the Measure R Sales Tax (defined in Section 1.02 of the Original Indenture);

WHEREAS, the Authority and the Trustee entered into the Indenture, dated as of July 1, 2014 (the “Original Indenture”), pursuant to which the Authority has authorized its Sales Tax Revenue Bonds to be issued from time to time;

WHEREAS, pursuant to Section 9.01(B) of the Original Indenture, the Original Indenture may be modified without the consent of the Owners of the Bonds to cure any ambiguity or omission or to correct or core any defective provisions contained in the Original Indenture without the consent of the Owners of the Bonds;

WHEREAS, the Authority has determined to provide for certain amendments to the Original Indenture as provided in Section 9.01(B) of the Original Indenture; and

WHEREAS, the execution and delivery of this First Amendment to Indenture has in all respects been duly and validly authorized by the Authority; and

WHEREAS, the Authority has determined that all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and the entering into of this First Amendment to Indenture do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this First Amendment to Indenture;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants contained herein, and for other valuable consideration, the receipt of which is hereby acknowledged, the Original Indenture is hereby amended as follows:

ARTICLE I  
DEFINITIONS

Section 1.01. Definitions.

(A) Capitalized Terms. Capitalized terms used herein and not defined herein shall have the meanings ascribed to such terms in Section 1.02 of the Original Indenture.

(B) Additional Definitions. The following terms are added to the definitions in Section 1.02 of the Original Indenture:

“2018 County Treasury Loan” means the loan dated December 21, 2018 in the original principal amount of \$20,000,000 from the County of Tulare to the Authority payable from Measure R Sales Tax Revenues, as same may be amended or modified from time to time in accordance with its terms.

“County Treasury Loan” means the Prior Loan, the 2018 County Treasury Loan and any additional loan from the County of Tulare to the Authority payable from Measure R Sales Tax Revenues, as the same may be amended or modified from time to time in accordance with its terms.

(C) Changed Definitions. The following terms replace the existing definitions in Section 1.02 of the Original Indenture:

“Authorized Representative” means the Chairperson of the Board of Governors, the Executive Director and the Finance Director of the Authority, or such other person as may be designated to act on behalf of the Authority by a written certificate furnished to the Trustee containing the specimen signature of such person and signed on behalf of the Authority by an Authorized Representative.

“Debt Service,” (A) when used with respect to Parity Obligations, means, as of any date of calculation and with respect to any Fiscal Year, the sum of (1) the interest due on the Parity Obligations during such Fiscal Year and (2) the principal payments required with respect to the Parity Obligations during such Fiscal Year based on the assumption that no portion of Parity 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) if any Parity Obligations bear, or if any Parity Obligations proposed to be issued on a parity with Bonds will bear, interest at a variable interest rate, the interest rate on such variable interest rate Parity Obligations shall be calculated at the average Tulare County Treasury Pool annual earnings rate for the twelve months preceding the issuance of the Parity Obligations plus 50 basis points;

(b) in determining the principal amount due in each Fiscal Year with respect to a County Treasury Loan, the payment of principal shall be treated as if it was due based upon a level amortization of such principal over two (2) years commencing two (2) years

prior to the maturity of such County Treasury Loan; provided that if a different amortization schedule is set forth in such County Treasury Loan then such amortization schedule shall apply; and provided, further, that if the term of a County Treasury Loan is less than three (3) years then principal shall be treated as if it was due based upon a level amortization of principal over the term of such County Treasury Loan;

(c) in determining the principal amount due in each Fiscal Year with respect to Parity Obligations other than a County Treasury Loan, the payment of principal shall be treated as if it was due based upon a level amortization of such principal over the term of the Parity Obligations (unless a different amortization schedule is set forth in the issuance document for the Parity Obligations, in which case such amortization schedule shall apply); and

(d) principal and interest payments on Parity 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 (B) when used with respect to any Series of Bonds, means, as of any date of calculation and with respect to any Fiscal Year, the sum of (1) the interest due on Bonds of such Series during such Fiscal Year and (2) the principal or Mandatory Sinking Account Payments required with respect to Bonds of such Series during such Fiscal Year based on the assumption that no portion of Bonds of such Series 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) if twenty percent (20%) or more of the principal of the Bonds of such Series is not due until the Maturity Date of the Bonds of such Series, principal and interest on such Bonds may, at the option of the Authority, be treated as if such principal and interest were due based upon a level amortization of such principal and interest over the term of the Bonds of such Series; and

(b) principal and interest payments on Bonds of a Series 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 to be paid from the proceeds of Bonds of such Series held by the Trustee or other fiduciary as capitalized interest specifically to pay such interest or are to be paid from Pledged Revenues then held on deposit by the Trustee.

“Parity Obligations” means any indebtedness, installment sale obligation, lease obligation or other obligation of the Authority for borrowed money secured by a pledge of Pledged Revenues on a parity with the pledge for the Bonds, including a County Treasury Loan.

“Prior Loan” means the loan dated August 1, 2010 in the original principal amount of \$20,000,000 from the County of Tulare to the Authority payable from Measure R Sales Tax Revenues, as same may be amended or modified from time to time in accordance with its terms.

## ARTICLE II

### AMENDMENTS TO ORIGINAL INDENTURE

Section 2.01. Amendment to Section 5.01(A) of the Original Indenture. Section 5.01(A) of the Original Indenture is replaced with the following:

The Bonds and the Parity Obligations authorized and issued hereunder shall be secured by Pledged Revenues and the Authority, by execution of this Indenture, does hereby grant such pledge and first lien on the Pledged Revenues to secure the Bonds and the Parity Obligations. The Authority hereby represents and states that it has not previously created any charge or lien on the Pledged Revenues, except for the County Treasury Loan, and the Authority covenants that, until all the Bonds and the Parity Obligations authorized and issued under the provisions of this Indenture and principal of and interest thereon shall have been paid or are deemed to have been paid, the Authority will not grant any prior or parity pledge of the Pledged Revenues or create or permit to be created any charge or lien on the Pledged Revenues ranking prior to the charge or lien of the Bonds issued pursuant to this Indenture and the Parity Obligations authorized by this Indenture. The Pledged Revenues pledged to the payment the Bonds and the Parity Obligations shall be applied without priority or distinction of one over the other and the Pledged Revenues shall constitute a trust fund for the security and payment of the Bonds and Parity Obligations.

Section 2.02. Amendment to Section of the Original Indenture. Sections 5.02(A)(1) and (2) of the Original Indenture are replaced with the following:

The Trustee shall, on each day that Pledged Revenues are deposited in the Revenue Fund, as provided in Section 5.01(B), withdraw from the Revenue Fund an amount sufficient, with any other funds, if any, provided to the Trustee, to make the deposits described in clauses (1) through (3), inclusive, below and deposit such sum so withdrawn to the credit of the following funds and accounts: The Trustee shall establish, maintain and hold in trust for the benefit of Owners of the applicable Series of Bonds and the holders of Parity Obligations the respective funds and accounts described in this Section 5.02.

(1) Interest Fund. The Interest Fund, and within the Interest Fund an Interest Account in respect of each Series of Bonds and Parity Obligations, are hereby created. Following deposit of Pledged Revenues into the Revenue Fund, the Trustee shall transfer to and deposit in the applicable Interest Account established within the Interest Fund as soon as practicable in such month (a) the amount of interest required to be set aside pursuant to each instrument authorizing the Parity Obligations, as set forth on the Parity Obligation Allocation Certificate, which certificate shall be delivered by the Authority to the Trustee (i) at least quarterly so long as any Parity Obligation is Outstanding and (ii) upon any change in the maturity date or interest payment schedule of any Parity Obligation, commencing on the date of issuance of a Series of Bonds, and (b) an amount equal to one-sixth of the aggregate half-yearly amount of interest becoming due and payable on the Outstanding Bonds of the applicable Series during the next ensuing six (6) months (excluding any interest for which there are moneys deposited in such Interest Account from the proceeds of any Series of Bonds or other source and reserved as capitalized interest to pay such interest during said next ensuing six (6) months), until the requisite amount of

interest on all such Outstanding Bonds of such Series for the next interest payment is on deposit in such account; provided, that if sufficient Pledged Revenues are not on deposit in the Revenue Fund for the Trustee to make the full monthly deposit required by this Section 5.02(A)(1), the Trustee shall deposit as soon as possible thereafter the amount of Pledged Revenues required for the period from the last monthly deposit for which sufficient Pledged Revenues were actually deposited to the date of such late deposit.

No deposit need be made into the respective Interest Account if the amount contained therein is at least equal to the interest to become due and payable on the succeeding interest payment date as set forth in each instrument authorizing the Parity Obligations and the Interest Payment Dates falling within the next six (6) months upon all of the Bonds of the applicable Series then Outstanding and on February 1 of each year any excess amounts in the respective Interest Account not needed to pay interest on such date (and not held to pay interest on the Parity Obligations having interest payment dates other than February 1 and August 1) shall be transferred to the Authority (but excluding, in each case, any moneys on deposit in the Interest Account from the proceeds of any Series of Bonds or other source and reserved as capitalized interest to pay interest on any future Interest Payment Dates following such Interest Payment Dates).

(2) Principal Fund; Sinking Accounts. The Principal Fund, and within the Principal Fund a Principal Account and a Sinking Account in respect of each Series of Bonds and Parity Obligations, are hereby created. Following deposit of the Pledged Revenues in to the Revenue Fund, the Trustee shall transfer to and deposit in the applicable Principal Account established within the Principal Fund as soon as practicable in such month an amount equal to at least (a) the amount of principal required to be set aside pursuant to each instrument authorizing the Parity Obligations, as set forth on the Parity Obligation Allocation Certificate, which certificate shall be delivered by the Authority to the Trustee (i) at least quarterly so long as any Parity Obligation is Outstanding and (ii) upon any change in the maturity date or principal payment schedule of any Parity Obligation, commencing on the date of issuance of a Series of Bonds, provided that the amount of principal to be set aside with respect to a County Treasury Loan shall be 1/24 of the principal amount thereof, commencing 24 months prior to the maturity of such County Treasury Loan, unless and until the Authority instructs the Trustee otherwise as set forth in a Parity Obligation Allocation Certificate, and (b) (i) one-twelfth of the aggregate annual amount of Bond Obligation becoming due and payable on the Outstanding Bonds of the applicable Series that are Serial Bonds having maturity dates within the next twelve (12) months until the requisite amount for the next payment is on deposit in such Principal Account, plus (ii) 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 Bonds that are 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 sufficient Pledged Revenues are not on deposit in the Revenue Fund for the Trustee to make the full monthly deposit required by this Section 5.02(A)(2), the Trustee shall deposit as soon as possible thereafter the amount of Pledged Revenues required for the period from the last monthly deposit for which sufficient Pledged Revenues were actually deposited to the date of such late deposit. All of the aforesaid deposits made

in connection with future Mandatory Sinking Account Payments shall be made without priority of any payment into any one such Sinking Account over any other such payment.

If the Pledged Revenues shall not be sufficient to make the required deposits, then such moneys shall be applied on a Proportionate Basis and in such proportion as such Serial Bonds, Term Bonds and Parity Obligations shall bear to each other, after first deducting for such purposes from Term Bonds any of such Term Bonds required to be redeemed annually as shall have been redeemed during the preceding 12-month period. If the Pledged 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 such 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 for such Bonds.

No deposit need be made into a Principal Account so long as there shall be in such account (i) moneys sufficient to pay the principal amount of all Bonds that are Serial Bonds issued hereunder and then Outstanding and maturing by their terms within the next twelve (12) months, (ii) the aggregate of all Mandatory Sinking Account Payments required to be made in such 12-month period and (iii) moneys sufficient to pay the principal amount of all Parity Obligations then Outstanding and maturing by their terms within the next twelve months.

On February 1 of each year or as soon as practicable thereafter, any excess amounts in the Principal Fund not needed to pay principal of the Bonds on such date shall be transferred to the Authority. On any given date of each year specified by the Authority, any excess amounts in the Principal Fund not needed to pay principal of a County Treasury Loan within 24 months of such date, or such shorter or longer amortization period as may be specified in any amendment or modification to such County Treasury Loan subsequent to the execution of this Indenture, shall be transferred to the Authority; provided that any excess amounts in the Principal Fund not needed to be set aside to pay principal of any other Parity Obligation pursuant to the principal amortization schedule of such Parity Obligation shall be transferred to the Authority.

### ARTICLE III

#### MISCELLANEOUS PROVISIONS

Section 3.01. Terms Subject to the Original Indenture. Except as otherwise amended in this First Amendment to Indenture, every term and condition contained in the Original Indenture shall apply to this First Amendment to Indenture and to the Series 2020 Bonds with the same force and effect as if the same were herein set forth. This First Amendment to Indenture and all the terms and provisions herein contained shall form part of the Original Indenture as fully and with the same effect as if all such terms and provisions had been set forth in the Original Indenture.

Section 3.02. Effective Date of First Amendment to the Indenture. This First Amendment to Indenture shall take effect upon its execution and delivery.

Section 3.03. Execution in Counterparts. This First Amendment to 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 3.04. Governing Law. This First Amendment to Indenture shall be governed by and construed in accordance with the laws of the State of California.

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

TULARE COUNTY ASSOCIATION OF  
GOVERNMENTS,  
in its capacity as the  
TULARE COUNTY TRANSPORTATION  
AUTHORITY

By: \_\_\_\_\_  
Chairperson

ZIONS BANCORPORATION, NATIONAL  
ASSOCIATION, as Trustee

By: \_\_\_\_\_  
Authorized Officer

**NOTICE OF INTENTION TO SELL BONDS**

**[\$[Principal Amount]\*  
Tulare County Transportation Authority  
Sales Tax Revenue Bonds  
(Limited Tax Bonds), Series 2020**

NOTICE IS HEREBY GIVEN that the Tulare County Transportation Authority (the “Authority”) intends to offer for public sale on

**[Sale Date]**

at 8:30 a.m. (California Time), \$[Principal Amount]\* aggregate principal amount of bonds of the Authority designated “Tulare County Transportation Authority Sales Tax Revenue Bonds (Limited Tax Bonds), Series 2020” (the “Bonds”) subject to the terms and conditions of the Notice Inviting Bids from broker-dealers and dealer banks through Ipreo LLC’s Parity® electronic bid submission system (“Parity”). The Bonds will be dated their date of delivery and will mature in varying amounts on February 1 in the years 2021\* through 2037\* or upon the earlier redemption thereof.

Further information about Parity, including any fee charged, may be obtained from PARITY, 1395 Broadway, 2nd Floor, New York, New York, 10018, Attention: Customer Support (212) 849-5021 or at <https://www.newissuehome.i-deal.com>. Copies of the Notice Inviting Bids and the Preliminary Official Statement relating to the Bonds are available only by electronic means at [www.munios.com](http://www.munios.com). Any questions regarding these documents may be directed to the Authority’s Municipal Advisor, KNN Public Finance, 1300 Clay Street, Suite 1000, Oakland, California, 94612-1926, Tel: 510-208-8299, Fax: 510-208-8282.

Dated: \_\_\_\_\_, 2020

**Tulare County Association of Governments  
in its capacity as the  
Tulare County Transportation Authority**

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\* Preliminary, subject to change.

HDW Draft—2/18/20

**\$(Principal Amount)**  
**TULARE COUNTY TRANSPORTATION AUTHORITY**  
**SALES TAX REVENUE BONDS**  
**(LIMITED TAX BONDS), SERIES 2020**

**CERTIFICATE OF AWARD**

The undersigned, as the duly qualified and acting Executive Director of the Tulare County Transportation Authority (the “Authority”), in accordance with the Notice Inviting Bids dated \_\_\_\_\_, 2020 and attached hereto as Exhibit 1 (as modified, the “Notice Inviting Bids”) with respect to the referenced Bonds, hereby certifies as follows:

1. The referenced Bonds (the “Bonds”) were offered on [Sale Date] for sale as provided in the Notice Inviting Bids and are expected to be available for delivery to the Winning Bidder referenced in Paragraph 3 below on or about [Closing Date].

2. All bids were received as provided in the Notice Inviting Bids and publicly opened, examined and read at the time and place fixed for the opening of bids for the Bonds.

3. Subject to the terms and conditions of the Notice Inviting Bids, the Executive Director of the Authority, for and on behalf of the Authority, accepts on the date hereof the Bid of \_\_\_\_\_ (the “Winning Bidder”) attached hereto as Exhibit 2 (the “Bid”), which Bid is the bid that produces the lowest true interest cost on the Bonds, as provided in the Notice Inviting Bids. Any irregularities or informalities in the Bid are hereby waived. All bids for the Bonds other than the one accepted in this Paragraph 3 are attached hereto as Exhibit 3 and are hereby rejected.

4. A good faith deposit (the “Good Faith Deposit”) of the Winning Bidder in the form of a federal funds wire transfer in the amount of \$\_\_\_\_\_ as provided in the Notice Inviting Bids will be satisfied by 3:30 p.m. (Pacific Time) on \_\_\_\_\_, 2020. In the event the Winning Bidder fails to honor its accepted bid, the Good Faith Deposit shall be retained by the Authority.

Dated: \_\_\_\_\_, 2020

TULARE COUNTY ASSOCIATION OF  
GOVERNMENTS, in its capacity as the  
TULARE COUNTY TRANSPORTATION  
AUTHORITY

By: \_\_\_\_\_  
Theodore Smalley  
Executive Director

Agreed to and Acknowledged by:

[UNDERWRITER]

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**HDW Draft – 3/2/20**

## **ESCROW INSTRUCTIONS**

These Escrow Instructions, dated as of April 1, 2020 (these “Escrow Instructions”), are directed to the ZIONS BANCORPORATION, NATIONAL ASSOCIATION, as escrow agent (the “Escrow Agent”), from TULARE COUNTY TRANSPORTATION AUTHORITY (the “Authority”) with reference to the following facts.

### **RECITALS**

A. The Authority previous entered into the 2018 County Treasury Loan, dated as of December 21, 2018 (the “2018 County Treasury Loan”), by and between the Authority and the Tulare County Tax Collector-Treasurer, pursuant to which the Authority borrowed \$20,000,000.

B. The Authority is a local transportation authority organized and existing under the Constitution and the laws of the State of California.

C. The Authority has determined to issue its Sales Tax Revenue Bonds (Limited Tax Bonds), Series 2020 (the “Series 2020 Bonds”) pursuant to the Master Indenture dated as of July 1, 2014 (the “Original Indenture”), as amended by the First Amendment to Indenture, dated as of April 1, 2020 (the “First Amendment to Indenture” and, collectively with the Original Indenture, the “Master Indenture”), as supplemented by the Second Supplemental Indenture, dated as of April 1, 2020 (the “Second Supplemental Indenture” and, together with the Master Indenture, the “Indenture”), each by and between the Authority and Zions First National Bank, now known as Zions Bancorporation, National Association, as trustee thereunder (the “Trustee”) for the purpose of, among other things, providing funds which will be sufficient to prepay \$20,000,000 of the outstanding principal amount of the 2018 County Treasury Loan on \_\_\_\_\_, 2020 (the “Prepayment Date”).

D. To provide for the payment of the 2018 Country Treasury Loan on the Prepayment Date, a portion of the proceeds of the Series 2020 Bonds will be set aside and held in the Escrow Fund (as hereinafter defined) to pay the outstanding principal amount of the Loan on the Prepayment Date, with interest due and to become due on the Prepayment Date to be paid from available moneys of the Authority.

## **ARTICLE I**

### **INSTRUCTIONS**

The Authority hereby directs and instructs the Escrow Agent as follows:

Section 1. Establishment of Escrow Fund. There is hereby established in trust a special fund designated as the “Escrow Fund” (the “Escrow Fund”), which fund shall be held by the Escrow Agent and which shall be kept separate and apart from all other funds and monies held by the Escrow Agent. The Escrow Agent shall maintain the Escrow Fund until all principal

of the 2018 Country Treasury Loan has been paid as provided in these Escrow Instructions. The Escrow Agent shall administer the Escrow Fund as provided herein. As of the effective date of these Escrow Instructions, and subject to Section 4 of this Article I, all securities, investments and monies in the Escrow Fund shall have been irrevocably pledged by the Authority to secure the payment of the principal of the 2018 Country Treasury Loan on the Prepayment Date.

Section 2. Funding and Investment of Escrow Fund. On the date of delivery of the Series 2020 Bonds, the Authority shall cause to be deposited in the Escrow Fund proceeds of the Series 2020 Bonds in an amount equal to \$20,000,000. The Escrow Agent shall deposit in the Escrow Fund such amounts and use all of such amounts to purchase the Investment Securities described in Exhibit A attached hereto.

Section 3. Payment of the 2018 Country Treasury Loan.

(A) The Escrow Agent shall collect and deposit in the Escrow Fund the principal of and interest on all investments held for the account of the Escrow Fund promptly as such principal matures and such interest becomes due and shall apply such principal and interest, together with any other monies on deposit in the Escrow Fund, in accordance with these Escrow Instructions, to pay the principal of the 2018 Country Treasury Loan as set forth in Paragraph C of the Recitals above.

(B) Upon determining or being informed that the monies in the Escrow Fund will not be sufficient to make all payments required by this Section 3 of this Article I, the Escrow Agent shall, as soon as reasonably practicable, notify the Authority in writing of such fact, and provide the amount of such deficiency and the reason therefor. Upon receipt of notice from the Escrow Agent, the Authority shall deposit in the Escrow Fund from any legally available monies of the Authority such additional amount as may be necessary to make the payments required by this Section 3 of this Article I as the same become due. In the event the Authority fails to make any such additional deposit, the Escrow Agent shall not be responsible for any default arising from the deficiency. In no event shall the fees of and the costs incurred by the Escrow Agent hereunder be deducted from, or constitute a lien against, the Escrow Fund.

Section 4. Excess Monies. After the final payment required by Section 3 of this Article I is made by the Escrow Agent, any monies remaining on deposit in the Escrow Fund shall be transferred by the Escrow Agent to the Trustee for the Series 2020 Bonds for deposit into the Revenue Fund established and maintained under the Indenture for use as set forth in the Indenture.

Section 5. Termination. These Escrow Instructions shall terminate immediately following the later to occur of (i) the payment of all amounts required to be paid pursuant to Section 3 of Article I hereof, (ii) the payment of the Escrow Agent's fees and costs and (iii) the transfer of any excess funds to the Trustee pursuant to Section 4 of Article I hereof.

Section 6. Severability. If any section, paragraph, sentence, clause or provision of these Escrow Instructions shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, sentence, clause or provision shall not affect any of the remaining provisions of these Escrow Instructions.

Section 7. Governing Law. These Escrow Instructions shall be construed in accordance with and governed by the laws of the State of California.

Section 8. Counterparts. These Escrow Instructions may be executed and acknowledged in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

## ARTICLE II

### IMMUNITIES AND LIABILITIES OF THE ESCROW AGENT

Section 1. No Implied Duties. The Escrow Agent undertakes to perform only such duties as are expressly and specifically set forth in these Escrow Instructions and no implied duties or obligations shall be read into these Escrow Instructions against the Escrow Agent.

Section 2. Liabilities. The Escrow Agent shall not have any liability hereunder except to the extent of its own negligence or willful misconduct. In no event shall the Escrow Agent be liable for any special, indirect or consequential damages. The obligation of the Escrow Agent to make the transfers required by Section 3 of Article I hereof shall be limited to the monies and Federal Securities in the Escrow Fund. The Escrow Agent shall not be liable for the accuracy of any calculations provided as to the sufficiency of the monies or Federal Securities deposited with it to pay the principal, interest, or premiums, if any, coming due and payable on the 2018 Country Treasury Loan on the appropriate Prepayment Date; provided, however, the Escrow Agent shall notify the Authority of any insufficiency pursuant to Section 3(C) of Article I hereof. The Escrow Agent shall have no liability or responsibility for any loss resulting from any investment made in accordance with the provisions of these Escrow Instructions.

Section 3. Recitals and Representations. The Escrow Agent shall not be responsible for any of the recitals or representations contained herein.

Section 4. Indemnification. To the extent permitted by law, the Authority covenants to indemnify and hold harmless the Escrow Agent against any loss, liability or expense, including legal fees, incurred in connection with the performance of any of its duties hereunder, except the Escrow Agent shall not be indemnified against any loss, liability or expense resulting from its negligence or willful misconduct. The indemnity contained herein shall survive the termination of these Escrow Instructions or the resignation or removal of the Escrow Agent.

Section 5. Reliance on Certificates. Whenever in the administration of these Escrow Instructions the Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of negligence or willful misconduct on the part of the Escrow Agent, be deemed to be conclusively proved and established by a certificate of an authorized representative of the Authority, and such certificate shall, in the absence of negligence or willful misconduct on the part of the Escrow Agent, be full

warrant to the Escrow Agent for any action taken or suffered by it under the provisions of these Escrow Instructions.

Section 6. No Risk of Own Funds. No provision of these Escrow Instructions shall require the Escrow Agent to expend or risk its own funds or otherwise incur any financial liability in the performance or exercise of any of its duties hereunder, or in the exercise of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

Section 7. Notices. All notices required or authorized to be given to the Authority or the Escrow Agent pursuant to these Escrow Instructions shall be in writing and shall be hand delivered, sent by facsimile transmission, or sent by first-class mail (postage prepaid), to the following addresses or to such other addresses as may from time to time be furnished to the parties, effective upon the receipt of notice thereof.

to the Authority, to:

Tulare County Transportation Authority  
210 North Church Street, Suite B  
Visalia, California 93291  
Attention: Finance Director

to the Escrow Agent, to:

Zions Bancorporation, National Association  
500 South Hope Street, Suite 2875  
Los Angeles, California 90071  
Attention: Corporate Trust Department

Wiring Instructions:

Zions Bancorporation, National Association  
Salt Lake City, UT  
ABA No. 124000054  
A/C No. 080000318  
Trust & Investment Management  
Ref: Tulare County Transportation Authority – Sales Tax Revenue  
Attn: Pathricia O'Connor 213-593-3157

IN WITNESS WHEREOF, the Authority has delivered these Escrow Instructions to the Escrow Agent, and the Escrow Agent has acknowledged receipt of the same and acceptance of its duties hereunder as of the day and year first above written.

TULARE COUNTY ASSOCIATION OF  
GOVERNMENTS, in its capacity as the  
TULARE COUNTY TRANSPORTATION  
AUTHORITY

By: \_\_\_\_\_  
Theodore Smalley  
Executive Director

Acknowledged and Accepted By:

ZIONS BANCORPORATION, NATIONAL ASSOCIATION,  
as Escrow Agent

By: \_\_\_\_\_  
Authorized Officer

**EXHIBIT A**

**DESCRIPTION OF INVESTMENT SECURITIES**

<b><u>Investment Securities</u></b>	<b><u>Rate</u></b>	<b><u>Maturity</u></b>	<b><u>Principal Amount</u></b>
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**SECOND SUPPLEMENTAL INDENTURE**

**between**

**TULARE COUNTY TRANSPORTATION AUTHORITY**

**and**

**ZIONS BANCORPORATION, NATIONAL ASSOCIATION,**

**as Trustee**

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**Dated as of April 1, 2020**

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**Relating to**

**\$(Principal Amount) Principal Amount of  
Tulare County Transportation Authority  
Sales Tax Revenue Bonds (Limited Tax Bonds), Series 2020**

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This Second Supplemental Indenture, dated as of April 1, 2020 (this “Supplemental Indenture”), between the Tulare County Transportation Authority (the “Authority”) and Zions Bancorporation, National Association, as trustee;

## W I T N E S S E T H:

WHEREAS, this Supplemental Indenture is supplemental to the Indenture, dated as of July 1, 2014 (the “Original Indenture”), as amended by the First Amendment to Indenture, dated as of April 1, 2020 (the “First Amendment to Indenture” and, collectively with the Original Indenture, the “Master Indenture”), as supplemented by the Supplemental Indenture, dated as of April 1, 2020 (as so amended and supplemented, the “Indenture”), each by and between the Authority and Zions First National Bank, now known as Zions Bancorporation, National Association, as trustee (the “Trustee”);

WHEREAS, the Master Indenture provides that the Authority may issue Bonds from time to time as authorized by a Supplemental Indenture;

WHEREAS, in accordance with the Act and pursuant to Article III of the Master Indenture, the Authority has determined to issue its Tulare County Transportation Authority Sales Tax Revenue Bonds (Limited Tax Bonds), Series 2020 (the “Series 2020 Bonds”), in the aggregate principal amount of \$[Principal Amount], to finance the cost of the Series 2020 Project;

WHEREAS, the Authority has duly authorized the execution and delivery of this Supplemental Indenture and the issuance of the Series 2020 Bonds by resolution duly passed and adopted by the governing body of the Authority as required by Section 180252 of the Act;

WHEREAS, the Authority hereby determines that the provisions of the Master Indenture relating to the issuance of the Series 2020 Bonds have been complied with; and

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and the entering into of this Supplemental Indenture do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this Supplemental Indenture;

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

## ARTICLE I

### DEFINITIONS

#### Section 1.01. Definitions.

(A) Definitions. Capitalized terms used herein and not defined herein shall have the meanings ascribed to such terms in Section 1.02 of the Master Indenture.

(B) Additional Definitions. Unless the context otherwise requires, the following terms shall, for all purposes of this Supplemental Indenture, have the following meanings:

“Authorized Denomination” means \$5,000 or any integral multiple thereof.

“2018 County Treasury Loan” means the loan dated December 21, 2018 in the original principal amount of \$20,000,000 from the County of Tulare to the Authority payable from Measure R Sales Tax Revenues, as same may be amended or modified from time to time in accordance with its terms.

“County Treasury Loan” means the Prior Loan, the 2018 County Treasury Loan and any additional loan from the County of Tulare to the Authority payable from Measure R Sales Tax Revenues, as same may be amended or modified from time to time in accordance with its terms.

“Escrow Instructions” means the Escrow Instructions, dated as of April 1, 2020, from the Authority to the Trustee for payment of the County Treasury Loan.

“Series 2020 Costs of Issuance Fund” means the fund by that name established pursuant to Section 2.05 hereof.

“Series 2020 Interest Account” means the Interest Account by that name established within the Interest Fund pursuant to Section 2.11 hereof.

“Series 2020 Interest Payment Date” means each February 1 and August 1, commencing [FIPD].

“Series 2020 Principal Account” means the Principal Account by that name established within the Principal Fund pursuant to Section 2.12 hereof.

“Series 2020 Project” means a component of the Project funded with the proceeds of the Series 2020 Bonds and more fully described in Exhibit D hereto, as each such component may be substituted or changed by the Authority from time to time and approved by Bond Counsel.

“Series 2020 Project Fund” means the fund by that name established pursuant to Section 2.06 hereof.

“Series 2020 Record Date” means the fifteenth day of the calendar month prior to the calendar month in which a Series 2020 Interest Payment Date occurs, whether or not such day is a Business Day.

“Series 2020 Redemption Account” means the account by that name established within the Redemption Fund pursuant to Section 2.13 hereof.

## ARTICLE II

### TERMS OF SERIES 2020 BONDS

Section 2.01. Authorization and Terms of Series 2020 Bonds. (A) The Authority hereby authorizes the creation and issuance of a Series of Bonds, such Series of Bonds to be current interest bonds entitled the “Tulare County Transportation Authority Sales Tax Revenue Bonds (Limited Tax Bonds), Series 2020,” and to be issued in the aggregate principal amount of

[\$[Principal Amount]] in accordance with the Act and pursuant to the Indenture for the purpose of financing the costs of the Series 2020 Project.

(B) The Series 2020 Bonds shall be issued in fully registered form, in Authorized Denominations and shall be initially registered in the name of “Cede & Co.,” as nominee of the Securities Depository. The Trustee shall assign a letter or number or letter and number, or a combination thereof to each Series 2020 Bond to distinguish it from other Series 2020 Bonds. Registered ownership of the Series 2020 Bonds, or any portion thereof, may not thereafter be transferred except as set forth in Section 2.05 of the Master Indenture, or if the use of a Securities Depository is discontinued, in accordance with the provisions set forth in Section 2.10 of the Master Indenture.

The Series 2020 Bonds shall be dated as of their date of delivery, shall bear interest from their date of delivery at the following rates per annum and shall mature on February 1 in the following years in the following amounts:

Maturity Date (February 1)	Principal Amount	Interest Rate
2021	\$	%
2022		
2023		
2024		
2025		
2026		
2027		
2028		
2029		
2030		
2031		
2032		
2033		
2034		
2035		
2037		

Interest on the Series 2020 Bonds shall be calculated on the basis of a 360-day year consisting of twelve 30-day months and shall be payable on each Series 2020 Interest Payment Date by check mailed by first class mail on such Series 2020 Interest Payment Date to the Owner thereof as of the close of business on the Series 2020 Record Date or, upon the written request of any Owner of \$1,000,000 or more in aggregate principal amount of Series 2020 Bonds who has provided the Trustee with wire transfer instructions, by wire transfer to an account within the United States on each Series 2020 Interest Payment Date, to the Owner thereof as of the close of business on the Series 2020 Record Date. 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 pursuant by such Securities Depository.

Principal on the Series 2020 Bonds shall be payable when due upon presentation and surrender thereof at the Corporate Trust Office of the Trustee in lawful money of the United States of America.

Section 2.02. Form of Series 2020 Bonds. The Series 2020 Bonds and the certificates of authentication to be executed thereon shall be in substantially such form as is set forth as Exhibit A to this Supplemental Indenture. The Series 2020 Bond numbers, maturity dates and interest rates shall be inserted therein in conformity with Section 2.01 hereof.

Section 2.03. Issuance of the Series 2020 Bonds. The Authority may execute and the Trustee shall authenticate and deliver the Series 2020 Bonds in an aggregate principal amount of \$[Principal Amount] upon the order of the Authority.

Section 2.04. Application of Proceeds of the Series 2020 Bonds. The proceeds of the sale of the Series 2020 Bonds, being \_\_\_\_\_ (comprised of \$[Principal Amount] aggregate principal amount, plus original issue premium of \$\_\_\_\_\_, less an underwriter's discount of \$\_\_\_\_\_), shall be deposited with the Trustee and shall be held in trust and set aside or transferred by the Trustee as follows:

(A) the Trustee shall deposit in the Series 2020 Costs of Issuance Fund, which is established pursuant to Section 2.05 hereof, the sum of \$ \_\_\_\_\_ ;

(B) the Trustee shall deposit in the Series 2020 Project Fund, which is established pursuant to Section 2.06 hereof, the sum of \$ \_\_\_\_\_ ; and

(C) the Trustee shall transfer \$20,000,000 for payment of the outstanding amount of the 2018 County Treasury Loan.

Section 2.05. Establishment and Application of the Series 2020 Costs of Issuance Fund. There is hereby established and maintained with the Trustee a fund designated as the "Series 2020 Costs of Issuance Fund." Amounts in the Series 2020 Costs of Issuance Fund shall be disbursed by the Trustee to pay for Costs of Issuance incurred in connection with issuance of the Series 2020 Bonds upon Requisition of the Authority, such Requisition to be in substantially such form as is set forth in Exhibit B hereto. Each Requisition shall be numbered sequentially and shall state the name and address of each payee, the amount for each payment and the purpose for each payment and shall further state that such costs have not previously been paid. Each such Requisition shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of such facts. Any amounts remaining in the Series 2020 Costs of Issuance Fund one hundred eighty (180) days after the date of issuance of the Series 2020 Bonds shall be transferred to the Series 2020 Project Fund, or if the Series 2020 Project Fund shall have been closed, to the Pledged Revenue Fund.

Section 2.06. Establishment and Application of the Series 2020 Project Fund. (A) There is hereby established and maintained with the Trustee a fund designated as the "Series 2020 Project Fund." The moneys in the Series 2020 Project Fund shall be used and withdrawn to pay costs of the Series 2020 Project.

(B) Before any payment from the Series 2020 Project Fund shall be made by the Trustee, the Authority shall file or cause to be filed with the Trustee a Requisition of the Authority, such Requisition to be in substantially such form as is set forth in Exhibit C hereto. Each such Requisition shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of such facts.

(C) When the Authority determines that the Series 2020 Project has been completed, a Certificate of the Authority shall be delivered to the Trustee by the Authority stating: (i) the fact and date of such completion; (ii) that all of the costs thereof have been determined and paid (or that all of such costs have been paid less specified claims which are subject to dispute and for which a retention in the Series 2020 Project Fund is to be maintained in the full amount of such claims until such dispute is resolved); and (iii) that the Trustee is to transfer the remaining balance in the Series 2020 Project Fund, less the amount of any such retention, to the Pledged Revenue Fund.

Section 2.07. [Reserved].

Section 2.08. Optional Redemption of Series 2020 Bonds. The Series 2020 Bonds maturing on or prior to February 1, 202\_ shall not be subject to redemption prior to their respective stated maturities. The Series 2020 Bonds maturing on or after February 1, 202\_ shall be subject to redemption prior to their respective stated maturities, at the option of the Authority, from any source of available funds, as a whole or in part in Authorized Denominations on any date, on or after February 1, 202\_, at a redemption price equal to 100% of the principal amount thereof, together with interest accrued thereon to the date fixed for redemption, without premium.

Section 2.09. Selection of Series 2020 Bonds to be Redeemed. The Series 2020 Bonds are subject to redemption in such order of maturity as the Authority may direct and by lot within maturity selected in such manner as the Trustee (or The Depository Trust Company, so long as The Depository Trust Company is the Securities Depository for the Series 2020 Bonds), deems appropriate.

Section 2.10. Mandatory Redemption. The Series 2020 Bonds maturing on February 1, 2037 (the "Term Bonds") are subject to redemption prior to their stated maturity date, in part, at the principal amount thereof plus accrued interest to the date fixed for redemption, without premium, and shall be paid at maturity from mandatory sinking account payments in the amounts and on the dates set forth in the following table:

**Series 2020 Bonds Maturing February 1, 2037**

**Mandatory Sinking  
Account Payment Date  
(February 1)**

**Principal Amount  
Redeemed  
\$**

2037<sup>†</sup>

<sup>†</sup> Maturity Date.

In the event of optional redemption of less than all of the Term Bonds, the mandatory sinking account payments for the Term Bonds are to be reduced at the direction of the Authority. In the absence of such direction, and, in the case of a partial extraordinary redemption of the Term Bonds, the mandatory sinking account payments for such Bonds will be reduced ratably.

Section 2.11. Establishment of the Series 2020 Interest Account and Application of the Series 2020 Interest Account. There is hereby established and maintained with the Trustee an account to be designated as the “Series 2020 Interest Account” established under the Interest Fund that shall be administered by the Trustee pursuant to Section 5.02(A)(1) of the Master Indenture. Amounts in the Series 2020 Interest Account shall be applied pursuant to Section 5.03 of the Master Indenture.

Section 2.12. Establishment of the Series 2020 Principal Account. There is hereby established and maintained with the Trustee an account to be designated as the “Series 2020 Principal Account” established under the Principal Fund that shall be administered by the Trustee pursuant to Section 5.02(A)(2) of the Master Indenture. Amounts in the Series 2020 Principal Account shall be applied pursuant to Section 5.04 of the Master Indenture.

Section 2.13. Establishment of the Series 2020 Redemption Account. There is hereby established and maintained with the Trustee an account to be designated as the “Series 2020 Redemption Account” established under the Redemption Fund that shall be administered by the Trustee pursuant to Section 5.06 of the Master Indenture. Amounts in the Series 2020 Redemption Account shall be applied pursuant to Section 5.06 of the Master Indenture.

### ARTICLE III

#### MISCELLANEOUS PROVISIONS

Section 3.01. Terms of Series 2020 Bonds Subject to the Master Indenture. Except as otherwise amended in this Supplemental Indenture, every term and condition contained in the Master Indenture shall apply to this Supplemental Indenture and to the Series 2020 Bonds with the same force and effect as if the same were herein set forth.

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 3.02. Effective Date of Supplemental Indenture. This Supplemental Indenture shall take effect upon its execution and delivery.

Section 3.03. 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.

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

TULARE COUNTY ASSOCIATION OF GOVERNMENTS,  
in its capacity as the  
TULARE COUNTY TRANSPORTATION AUTHORITY

By: \_\_\_\_\_  
Chairperson

ZIONS BANCORPORATION, NATIONAL  
ASSOCIATION, as Trustee

By: \_\_\_\_\_  
Authorized Officer  
Zions Bank Division

**Exhibit A**

**Form of Series 2020 Bond**

Unless this Bond is presented by an authorized representative of The Depository Trust Company to the Authority 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.

No. \_\_\_\_\_

**TULARE COUNTY TRANSPORTATION AUTHORITY  
SALES TAX REVENUE BOND (LIMITED TAX BOND),  
SERIES 2020**

<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Dated Date</u>	<u>CUSIP Number</u>
February 1, _____	_____%	_____, 20__	

**Registered Owner:** CEDE & CO.

**Principal Amount:** \$

TULARE COUNTY TRANSPORTATION AUTHORITY, a local transportation authority duly established and existing under and pursuant to the laws of the State of California (the “Authority”), for value received, hereby promises to pay to the registered holder named above or registered assigns, on the maturity date specified above (unless this Bond shall have been called for redemption and payment of the redemption price made or provided for), the principal amount specified above, together with interest thereon from the dated date specified above until the principal hereof shall have been paid, at the interest rate per annum specified above, payable on [FIPD], and semiannually thereafter on February 1 and August 1 in each year (each, an “Interest Payment Date”), but only out of the Pledged Revenues and other assets pledged therefor as specified in the Indenture, dated as of July 1, 2014 (the “Original Indenture”), as amended by the First Amendment to Indenture, dated as of April 1, 2020 (the “First Amendment to Indenture” and, collectively with the Original Indenture, the “Master Indenture”), as supplemented by the Second Supplemental Indenture, dated as of April 1, 2020 (the “Second Supplemental Indenture” and, together with the Master Indenture, the “Indenture”), each by and between the Authority and Zions First National Bank, now known as Zions Bancorporation, National Association, as trustee (the “Trustee”). All capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in the Indenture.

Interest hereon is payable in lawful money of the United States of America by check mailed by first-class mail on each Interest Payment Date to the registered holder as of the close of business

on the applicable Record Date. The principal hereof is payable when due in lawful money of the United States of America upon presentation hereof at the 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 pursuant by such Securities Depository.

This Bond is one of a duly authorized issue of Tulare County Transportation Authority Sales Tax Revenue Bonds (Limited Tax Bonds), Series 2020 (the “Bonds”) issued pursuant to the provisions of the Local Transportation Authority and Improvement Act, constituting Division 19 of the California Public Utilities Code, as amended from time to time (the “Act”), and the Indenture. Said authorized issue of Bonds is not limited in aggregate principal amount, except as otherwise provided in the Indenture, 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, all issued or to be issued pursuant to the Indenture.

Reference is hereby made to the Indenture and to the Act for a description of the terms on which the Bonds are issued and to be issued, the provisions with regard to the nature and extent of the pledge of Pledged Revenues and the rights of the registered holders of the Bonds. All the terms of the Indenture and the Act are hereby incorporated herein and constitute a contract between the Authority and the registered holders from time to time of this Series 2020 Bond, and to all the provisions thereof the registered holder of this Series 2020 Bond, by such registered holder’s acceptance hereof, consents and agrees. Additional Bonds may be issued, and other indebtedness may be incurred, on a parity with the Bonds, including the Series 2020 Bonds, but only subject to the conditions and limitations contained in the Indenture.

The Bonds and the interest thereon (to the extent set forth in the Indenture), together with any Parity Obligations hereafter issued or incurred by the Authority, and the interest thereon, are payable from, and are secured by a charge and lien on the Pledged Revenues. All of the Bonds and Parity Obligations are equally secured by a pledge of, and charge and lien upon, all of the Pledged Revenues, and the Pledged Revenues constitute a trust fund for the security and payment of the interest on and principal of the Bonds, but nevertheless out of Pledged Revenues certain amounts may be applied for other purposes as provided in the Indenture.

The Bonds are limited obligations of the Authority and are payable solely, both as to principal and interest and as to any redemption premiums upon the redemption thereof, from the Pledged Revenues and certain funds held by the Trustee under the Indenture and the Authority is not obligated to pay the Bonds except from such Pledged Revenues and such funds. The general fund of the Authority is not liable, and the credit or taxing power (other than as described above) of the Authority 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 Authority or any of its income or receipts, except the Pledged Revenues and certain funds held under the Indenture.

The Series 2020 Bonds are subject to redemption prior to their respective stated maturities on the dates, at the prices and upon such notice as are set forth in the Indenture.

The Series 2020 Bonds are issuable as fully registered Bonds in Authorized Denominations. Subject to the limitations and conditions and upon payment of the charges, if any, as provided in the Indenture, this Series 2020 Bond may be exchanged for a like aggregate principal amount of Series 2020 Bonds of other Authorized Denominations of the same tenor, maturity and interest rate.

The Authority and the Trustee may deem and treat the registered holder hereof as the absolute owner hereof for all purposes, and the Authority and the Trustee shall not be affected by any notice to the contrary.

The rights and obligations of the Authority and of the registered 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 notice to, the registered holders of Bonds.

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 Series 2020 Bond, and in the issuing of this Series 2020 Bond, do exist, have happened and have been performed in due time, form and manner, as required by the Constitution and statutes of the State of California, and that this Series 2020 Bond, together with all other indebtedness of the Authority pertaining to the Pledged Revenues, is within every debt and other limit prescribed 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 Series 2020 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 signed by the Trustee.

IN WITNESS WHEREOF, the TULARE COUNTY TRANSPORTATION AUTHORITY has caused this Series 2020 Bond to be executed in its name and on its behalf by the manual or facsimile signature of the Chairperson of the Board of Directors of the Tulare County Transportation Authority and the manual or facsimile signature of the Finance Director of the Tulare County Transportation Authority and has caused this Series 2020 Bond to be dated the date set forth above.

TULARE COUNTY ASSOCIATION OF GOVERNMENTS  
in its capacity as the  
TULARE COUNTY TRANSPORTATION AUTHORITY

By: \_\_\_\_\_  
Chairperson

By: \_\_\_\_\_  
Finance Director

#### CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within-mentioned Indenture and authenticated on the date set forth below.

Dated: \_\_\_\_\_.

ZIONS BANCORPORATION, NATIONAL  
ASSOCIATION, as Trustee

By: \_\_\_\_\_  
Authorized Officer

## 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 Authority 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 guarantee shall be made by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program as shall be acceptable to the Trustee.

**Exhibit B**

**Form of Requisition – Series 2020 Costs of Issuance Fund**

**REQUISITION NO. \_\_\_\_\_**

**Series 2020 Costs of Issuance Fund**

The undersigned, \_\_\_\_\_, hereby certifies as follows:

1. I am \_\_\_\_\_ of the Tulare County Transportation Authority, a local transportation authority duly established and existing under the laws of the State of California (the “Authority”).

2. Pursuant to the provisions of the Indenture, dated as of July 1, 2014 (the “Original Indenture”), as amended by the First Amendment to Indenture, dated as of April 1, 2020 (the “First Amendment to Indenture” and, collectively with the Original Indenture, the “Master Indenture”), as supplemented by the Second Supplemental Indenture, dated as of April 1, 2020 (the “Second Supplemental Indenture” and, together with the Master Indenture, the “Indenture”), each by and between the Authority and Zions First National Bank, now known as Zions Bancorporation, National Association, as trustee (the “Trustee”), I am an Authorized Representative (as such term is defined in the Indenture) of the Authority and I am delivering this Requisition on behalf of the Authority.

3. The undersigned hereby requests that the Trustee pay from the Series 2020 Costs of Issuance Fund established pursuant to Section 2.05 of the Second Supplemental 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 Authority and are presently due and payable; (ii) each item is a proper charge against the Series 2020 Costs of Issuance Fund; and (iii) each item has not been previously paid from the Series 2020 Costs of Issuance Fund.

Dated: \_\_\_\_\_.

TULARE COUNTY ASSOCIATION OF GOVERNMENTS  
in its capacity as the  
TULARE COUNTY TRANSPORTATION AUTHORITY

By: \_\_\_\_\_  
Authorized Representative

**Schedule I**

**Series 2020 Costs of Issuance Fund**

<b>To</b>	<b>Amount</b>	<b>Purpose</b>	<b>Wire or Payment Instructions</b>
	\$		

**Exhibit C**

**Form of Requisition – Series 2020 Project Fund**

**REQUISITION NO. \_\_\_\_**

**Series 2020 Project Fund**

The undersigned, \_\_\_\_\_ hereby certifies as follows:

1. I am the \_\_\_\_\_ of the Tulare County Transportation Authority, a local transportation authority duly established and existing under the laws of the State of California (the “Authority”).

2. Pursuant to the provisions of the Indenture, dated as of July 1, 2014 (the “Original Indenture”), as amended by the First Amendment to Indenture, dated as of April 1, 2020 (the “First Amendment to Indenture” and, collectively with the Original Indenture, the “Master Indenture”), as supplemented by the Second Supplemental Indenture, dated as of April 1, 2020 (the “Second Supplemental Indenture” and, together with the Master Indenture, the “Indenture”), each by and between the Authority and Zions First National Bank, now known as Zions Bancorporation, National Association, as trustee (the “Trustee”), I am an Authorized Representative (as such term is defined in the Indenture) of the Authority and I am delivering this Requisition on behalf of the Authority.

3. The undersigned, acting on behalf of the Authority, does hereby request disbursement of funds from the Series 2020 Project Fund, created pursuant to Section 2.06 of the Second Supplemental Indenture, in connection with the payment of the costs of the Series 2020 Project (as such term is defined in the Indenture).

TOTAL DISBURSEMENT AMOUNT REQUESTED: \$ \_\_\_\_\_

4. The undersigned, acting on behalf of the Authority, hereby certifies that: (a) the costs of the Series 2020 Project in the amount set forth herein have been incurred by the Authority and are presently due and payable; and (b) that each item is a proper charge against the Series 2020 Project Fund and has not been previously paid from the Series 2020 Project Fund.

5. The undersigned, acting on behalf of the Authority, hereby certifies that there has not been filed with or served upon the Authority notice of any lien, right to lien, or attachment upon, or claim affecting the right to receive payment of, any of the amounts payable to any of the parties identified on Schedule I to this Requisition, which has not been released or will not be released simultaneously with the payment of such obligation, other than materialmen’s or mechanics’ liens accruing by mere operation of law.

6. This Requisition is authorized and acknowledged by the Authority as evidenced by the signature of \_\_\_\_\_, an Authorized Representative of the Authority authorized to execute this Requisition on behalf of the Authority.

7. Payment should be made in accordance with the instructions set forth on Schedule I hereto.

Dated: \_\_\_\_\_.

TULARE COUNTY ASSOCIATION OF GOVERNMENTS  
in its capacity as the  
TULARE COUNTY TRANSPORTATION AUTHORITY

By: \_\_\_\_\_  
Authorized Representative

**Schedule I**

**Series 2020 Project Fund**

<b>Party to be Paid</b>	<b>Payment Amount</b>	<b>Nature of Expenditure</b>	<b>Payment Instructions</b>
	\$		

## **Exhibit D**

### **2020 Project Description**

The Series 2020 Project consists of the following components:

- City of Tulare Commercial Interchange, consisting of a new over-crossing and access ramps to SR 99.
- Caldwell Avenue/SR 99 Interchange, consisting of improving an over-40 year old interchange with roundabouts and reconfiguring the interchange to standard geometrics.
- Caldwell Avenue and Avenue 280 widening Projects, consisting of widening approximately 6 miles within the Cities of Visalia and Farmersville and the unincorporated area of the County.
- City of Porterville SR 190 Corridor Improvements, consisting of the construction of three roundabouts, interchange ramp improvements and auxiliary lanes.
- City of Visalia SR 198 Corridor Improvements, consisting of upgrading the interchanges at Akers Avenue/SR 198 and Lovers Lane/SR 198.

Proceeds of the Series 2020 Bonds may also be used to finance part or all of certain other regional capital projects approved by the Authority, which may include all or a portion of the following, among other projects:

- Lindsay Spruce Mitigation Project. The first mitigation project is a roundabout at Tulare Avenue and SR 65 in the City of Lindsay.
- Porterville Rehabilitation Program. The City of Porterville would use approximately \$4,000,000 of Measure R funding to advance costs for 5-8 miles of road rehabilitation.
- Firebaugh/Rocky Hill street improvements in the City of Exeter, consisting of upgrading pavement conditions, widening lanes to current standards and adding sidewalks and bicycle lanes.
- Dinuba/Woodlake Roundabouts. Measure R funds would be used if significant cost increases occur that are not funded with state and local funds.
- Farmersville Blvd. corridor improvements, including the widening of Farmersville Blvd. from SR 198 to Walnut Avenue (approximately one mile) in the City of Farmersville.

- County Bridge Improvement Program. Approximately \$300,000-500,000 of Measure R funding will be provided annually to provide a match for federal bridge funding for repairs of the County bridges.
- Harvest Road improvement project, consisting of improving one mile of a county road to full standards, including sidewalks.
- County Road Rehabilitation Program. Approximately \$10,000,000 of Measure R funding will be used for 15-25 miles of road rehabilitation in the County.
- Riggin Avenue improvements, consisting of widening to four lanes the connection from Riggin Avenue to Betty Drive in the City of Visalia.

Subject to approval by the Authority in accordance with the Expenditure Plan and Measure R Strategic Work Plan procedures and Bond Counsel, additional or alternative projects may be financed in whole or part with proceeds of the 2020 Series Bonds. See “THE MEASURE R SALES TAX - Measure R Strategic Work Plan” herein.



Tulare County Transportation Authority

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**TULARE COUNTY TRANSPORTATION AUTHORITY  
DISCLOSURE PROCEDURES**

**210 N. Church Street, Suite B  
Visalia, CA 93291  
Phone: (559) 623-0450  
Fax: (559) 733-6720  
*[www.tularecog.org](http://www.tularecog.org)***

**Adopted 6-12-14 and revised 3-16-20**

**TULARE COUNTY TRANSPORTATION AUTHORITY  
DISCLOSURE PROCEDURES**

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## **ARTICLE I DEFINITIONS AND RULES OF CONSTRUCTION**

### **Section 1.     Definitions.**

The following capitalized terms shall have the following meanings in these Procedures:

“Annual Report” shall mean any annual report to be filed by the Authority in connection with its obligations under a Continuing Disclosure Certificate executed in accordance with Rule 15c2-12 under the Securities Exchange Act of 1934.

“Authority” shall mean the Tulare County Transportation Authority.

“Bonds” shall mean any bonds, certificates of participation, notes or any other evidence of indebtedness issued by or on behalf of the Authority.

“Bond Insurer” shall mean an issuer of a financial guaranty insurance or municipal bond insurance policy guaranteeing the scheduled payment of principal of and interest on an outstanding issue of Bonds when due.

“Continuing Disclosure Certificate” shall mean each continuing disclosure certificate, undertaking or agreement executed and delivered by the Authority in connection with an issue of Bonds.

“County Counsel” shall mean an attorney within the Office of the County Counsel of the County of Tulare, California.

“Disclosure Manager” shall mean the Authority’s Finance Director or any person or persons in the Authority designated by the Executive Director to assist him or her in taking such action necessary or desirable to comply with this policy and the terms of each Continuing Disclosure Certificate of the Authority, as provided in Article III hereof.

“Disclosure Counsel” shall mean a law firm of nationally recognized standing in matters pertaining to the disclosure obligations under Rule 15c2-12 of the Securities and Exchange Commission of the United States of America, duly admitted to the practice of law before the highest court of any state of the United States of America.

“Disclosure Documents” shall mean any (a) bond offering documents for any of the Authority’s Bonds (e.g., preliminary official statements and official statements), (b) Annual Reports and other continuing disclosures, including, but not limited to, Event Notices and other notices posted on EMMA, (c) the Authority’s financial statements, including the Authority’s audited financial statements, and (d) any other documents that are intended or reasonably can be expected to be relied upon by investors and potential investors of the Authority’s Bonds.

“EMMA” shall mean the MSRB’s Electronic Municipal Market Access system or any other successor thereto as designated by the SEC or the MSRB.

“Event Notice” shall mean any notice of the occurrence of a Listed Event.

“Listed Event” shall mean any event described in Article IV hereof.

“Municipal Advisor” shall mean a person or firm that is registered with the SEC and provides advice to or on behalf of the Authority, or an obligated person, with respect to municipal financial products or the issuance of Bonds, including advice with respect to the structure, timing, terms, and other similar matters concerning such financial products or issues.

“MSRB” shall mean Municipal Securities Rulemaking Board.

“Official Statement” shall mean any Preliminary Official Statement, final Official Statement or any other disclosure document that the Authority prepared in connection with the issuance and sale of any Bonds.

“Procedures” shall mean these Disclosure Procedures.

“Rating Agency” shall mean each of Moody’s Investor’s Service, Fitch Ratings Inc. and Standard & Poor’s Rating Services, a Standard & Poor’s Financial Services LLC business.

“Rule 15c2-12” shall mean Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” shall mean the United States Securities and Exchange Commission.

“Trustee” shall mean the bank, trust company, national banking association or other financial institution appointed as a trustee for an issue of Bonds.

Section 2. **Rules of Construction.** The singular form of any word used herein, including the terms defined in this Section II, shall mean and include the plural number and vice versa, unless the context otherwise requires. Words of the masculine gender shall mean and include correlative words of the feminine and neuter genders. The headings or titles of the several Articles and Sections hereof shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof. Each Exhibit shall be amended or supplemented from time to time as Bonds mature or are redeemed and as Bonds are issued. Reference to each Exhibit hereto shall refer to such Exhibit as it may be so amended and supplemented.

## **ARTICLE II GENERAL PRINCIPLES**

The Authority is committed to complete and accurate market disclosure in accordance with the disclosure requirements under the federal securities laws, including rules and regulations promulgated by the SEC and the MSRB, as those rules may be amended from time to time. These Procedures are approved by the Authority’s Governing Board in order to achieve this objective and, in accordance therewith, may be amended and supplemented by the Governing Board from time to time. These Procedures shall be evaluated and revised from time to time as necessary or desirable.

## **ARTICLE III DISCLOSURE MANAGER**

Section 1. **Appointment of Disclosure Manager.** The Executive Director shall appoint a Disclosure Manager to fulfill the duties set forth in Section 2 of this Article III. The Disclosure Manager may work with other employees of the Authority, County Counsel, and the Authority’s Disclosure Counsel and Municipal Advisor in order to effectively comply with the objectives of these Procedures.

Section 2. **Duties of the Disclosure Manager.**

- (A) The Disclosure Manager shall:
- (i) monitor and maintain compliance by the Authority with each Continuing Disclosure Certificate and these Procedures;
  - (ii) serve as the main contact for staff of the Authority to communicate issues and information that may be included in an Event Notice or an Annual Report;
  - (iii) review and approve all proposed Disclosure Documents and filings and reports for Bond Insurers, Rating Agencies and Trustees;
  - (iv) confer with County Counsel and Disclosure Counsel regarding the Authority's continuing disclosure undertakings and procedures;
  - (v) maintain the lists attached hereto as Exhibit A, Exhibit B, Exhibit C and Exhibit D;
  - (vi) take such other action as may be necessary or useful to achieve the objectives of these Procedures and to comply with all applicable federal securities laws;
  - (vii) maintain correspondence regarding possible Listed Events (as described in Article IV) and other reports which the Authority determines may be reasonably expected to be relied upon by investors in the Authority's Bonds;
  - (viii) keep informed regarding all of the Authority's public disclosures, including disclosures to the Bond Insurers, the Rating Agencies and the Trustees and other reports which the Authority determines may be reasonably expected to be relied upon by investors in the Authority's Bonds;
  - (ix) file or direct the dissemination agent, if any, to file any required documents; and
  - (x) document the Authority's continuing disclosure filings by retaining the documents set forth in Article VIII hereof.

(B) In addition to the duties set forth above in clause (A), the Disclosure Manager shall review the list of Listed Events regularly to determine whether an event has occurred that may require a filing of an Event Notice. The Disclosure Manager shall regularly check the websites of and subscribe to communications (*e.g.*, news alerts, press releases, etc.) from each Rating Agency and Bond Insurer in order to be aware of any rating change as described in each Continuing Disclosure Certificate. The Disclosure Manager shall contact relevant staff of the Authority on a regular basis to ascertain whether any events have occurred which would constitute Listed Events under each Continuing Disclosure Certificate.

#### **ARTICLE IV EVENT NOTICE REQUIREMENTS**

The Continuing Disclosure Certificates which the Authority has entered into in connection with the outstanding Bonds are attached hereto as Exhibit C and include the provisions that require notices of Listed Events relating to such Bonds. Pursuant to the Continuing Disclosure Certificates, the Authority shall file an Event Notice no later than 10 business days after the occurrence of a Listed Event (as set forth in each Continuing Disclosure Certificate). The Disclosure Manager shall file each Event Notice as required pursuant to each Continuing Disclosure Certificate and in accordance with Article VI hereof.

#### **ARTICLE V ANNUAL REPORT REQUIREMENTS**

Pursuant to the Continuing Disclosure Certificates entered into in connection with the outstanding Bonds, the Authority must file its Annual Report regarding the prior fiscal year by July 1 of each year. The Annual Report shall include the financial information and other operating data set forth in the respective Continuing Disclosure Certificate as summarized in Exhibit C attached hereto. The Disclosure Manager shall file each Annual Report as required pursuant to each Continuing Disclosure Certificate and in accordance with Article VI hereof.

In accordance with the Continuing Disclosure Certificates, if audited financial statements are not available by the date the Annual Report is required to be filed, unaudited financial statements are to be included in such Annual Report and audited financial statements shall be filed when such statements become available. In addition, in accordance with the applicable Continuing Disclosure Certificate, the Authority shall file a notice of any failure to provide its Annual Report on or before the date specified in a Continuing Disclosure Certificate.

#### **ARTICLE VI FILING REQUIREMENTS**

The Disclosure Manager shall submit all filings of Annual Reports and Listed Events through EMMA or any other repository so designated by the MSRB or the SEC, unless the Authority is otherwise advised by a written opinion of Disclosure Counsel.

The Disclosure Manager shall file each notice required to be given to any Bond Insurer, Rating Agency, or Trustee as set forth in Exhibit D attached hereto. The Disclosure Manager shall submit to each Rating Agency such financial and other information it may request to obtain or maintain a rating on the Bonds.

#### **ARTICLE VII DISCLOSURE STANDARDS FOR DISCLOSURE DOCUMENTS**

The duties of the Disclosure Manager to review and approve each Disclosure Document before it is completed and filed on EMMA or the Authority's web site, and the duties of other officials of the Authority to review the Disclosure Documents shall be in accordance with applicable federal securities laws.

## **ARTICLE VIII VOLUNTARY DISCLOSURES**

The Authority's policy is to only file annual financial information and operating data and Event Notices that are required under each Continuing Disclosure Certificate and applicable federal securities laws. The Disclosure Manager may determine to file voluntary disclosure information that is not required under a Continuing Disclosure Certificate.

## **ARTICLE IX TRAINING**

The Authority shall ensure that training regarding the Authority's disclosure obligations will be conducted periodically for Authority officers and employees who participate in preparing and reviewing Disclosure Documents.

## **ARTICLE X DOCUMENT RETENTION POLICY**

In accordance with Article III hereof, the Disclosure Manager shall maintain the following materials for a period ending 6 years after the final maturity of an issue of Bonds:

- A. Continuing Disclosure Certificate;
- B. Annual Reports, including any EMMA transmittal letters and EMMA filing receipts;
- C. Event Notices, including any EMMA transmittal letters and EMMA filing receipts;
- D. Rating reports;
- E. Final copies of the all of the Authority's Disclosure Documents for an issue of Bonds; and
- F. Such other information as the Disclosure Manager determines necessary or useful in accordance with each Continuing Disclosure Certificate.

## **ARTICLE XI INSTRUCTIONS FOR REVIEWING INFORMATION ON THE RATING AGENCIES' WEBSITES**

Attached hereto as Exhibit E are the instructions for reviewing information on the Rating Agencies' websites.

## **EXHIBIT A**

### **AUTHORITY'S OUTSTANDING DEBT**

<u><b>Bond Issue</b></u>	<u><b>Base CUSIP</b></u>	<u><b>CUSIP Suffix</b></u>	<u><b>Issue Date</b></u>	<u><b>Maturity Date</b></u>	<u><b>Principal Amount</b></u>
<b>Tulare County Transportation Authority Sales Tax Revenue Bonds (Limited Tax Bonds), Series 2014</b>	89915C	AD2	July 29, 2014	Feb. 1, 2021	\$ 2,470,000
	89915C	AE0	July 29, 2014	Feb. 1, 2022	2,590,000
	89915C	AF7	July 29, 2014	Feb. 1, 2023	2,720,000
	89915C	AG5	July 29, 2014	Feb. 1, 2024	2,860,000
	89915C	AH3	July 29, 2014	Feb. 1, 2025	3,000,000
	89915C	AJ9	July 29, 2014	Feb. 1, 2026	3,150,000
	89915C	AK6	July 29, 2014	Feb. 1, 2027	3,310,000
	89915C	AL4	July 29, 2014	Feb. 1, 2028	3,475,000
	89915C	AM2	July 29, 2014	Feb. 1, 2029	3,650,000
	89915C	AN0	July 29, 2014	Feb. 1, 2030	3,830,000
	89915C	AP5	July 29, 2014	Feb. 1, 2031	4,020,000
	89915C	AQ3	July 29, 2014	Feb. 1, 2032	4,220,000
	89915C	AR1	July 29, 2014	Feb. 1, 2033	4,390,000
	89915C	AS9	July 29, 2014	Feb. 1, 2034	4,565,000
	89915C	AT7	July 29, 2014	Feb. 1, 2035	4,750,000
	89915C	AU4	July 29, 2014	Feb. 1, 2037	10,070,000
<b>Tulare County Transportation Authority Sales Tax Revenue Bonds (Limited Tax Bonds), Series 2020</b>	89915C		[April __, 2020]	Feb. 1, 2021	\$
	89915C		[April __, 2020]	Feb. 1, 2022	
	89915C		[April __, 2020]	Feb. 1, 2023	
	89915C		[April __, 2020]	Feb. 1, 2024	
	89915C		[April __, 2020]	Feb. 1, 2025	
	89915C		[April __, 2020]	Feb. 1, 2026	
	89915C		[April __, 2020]	Feb. 1, 2027	
	89915C		[April __, 2020]	Feb. 1, 2028	
	89915C		[April __, 2020]	Feb. 1, 2029	
	89915C		[April __, 2020]	Feb. 1, 2030	
	89915C		[April __, 2020]	Feb. 1, 2031	
	89915C		[April __, 2020]	Feb. 1, 2032	
	89915C		[April __, 2020]	Feb. 1, 2033	
	89915C		[April __, 2020]	Feb. 1, 2034	
	89915C		[April __, 2020]	Feb. 1, 2035	
	89915C		[April __, 2020]	Feb. 1, 2037	

**EXHIBIT B**

**RATING HISTORY FOR AUTHORITY'S OUTSTANDING DEBT**

Bond Issue	Issue Date	Underlying					
		Moody's		Fitch		S&P	
		Date	Rating	Date	Rating	Date	Rating
Tulare County Transportation Authority Sales Tax Revenue Bonds (Limited Tax Bonds), Series 2014	7/29/2014	--	--	--	--	7/2/14	AA-
Tulare County Transportation Authority Sales Tax Revenue Bonds (Limited Tax Bonds), Series 2020	[4/__/2020]						

## **EXHIBIT C**

### **REQUIRED INFORMATION FOR ANNUAL REPORTS AND LISTED EVENTS FOR OUTSTANDING DEBT**

- Annual Financial Information to be submitted to EMMA (Annual Report):
  - Pursuant to the Authority's Continuing Disclosure Certificates, the Authority shall provide to the MSRB no later than March 31 of each year:
    - Audited Financial Statements of the Authority for the most recently ended Fiscal Year;
    - To the extent not included in the Audited Financial Statements of the Authority, Annual Reports must include the following tables from the Official Statement for Authority's Sales Tax Revenue Bonds, Series 2014 and Series 2020, updated for the most recently ended Fiscal Year (table numbers being the same in each document except where noted):
      - Table 1 – Measure R Sales Tax Revenues
      - Table 3 – Measure R Sales Tax Revenues and Debt Service Coverage; and
      - Table 4 – Governmental Fund Revenues, Expenditures and Changes in Fund Balance. (This data is in Table 3 of the Official Statement for the Series 2014 Bonds).
- Listed Events:
  - Pursuant to its Continuing Disclosure Certificates, the Authority shall provide or cause to be provided to the MSRB, within 10 business days, notice of the occurrence of any Listed Event.
  - A "Listed Event" means any of the following with respect to any outstanding Bonds of the Authority, except where noted:
    1. principal and interest payment delinquencies;
    2. non-payment related defaults, if material;
    3. modifications to rights of holders, if material;
    4. Bond calls, if material and tender offers;
    5. defeasances;
    6. rating changes;
    7. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (Internal Revenue Service Form 5701-TEB) or other material notices or determinations with respect to

the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

8. unscheduled draws on the debt service reserves reflecting financial difficulties;
9. unscheduled draws on the credit enhancements reflecting financial difficulties;
10. release, substitution or sale of property securing repayment of the Bonds, if material;
11. bankruptcy, insolvency, receivership or similar event of the Authority (such event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Authority in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under State or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Authority, 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 Authority);
12. substitution of credit or liquidity providers, or their failure to perform;
13. the consummation of a merger, consolidation, or acquisition involving the Authority or the sale of all or substantially all of the assets of the Authority, 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, if material;
15. incurrence of a Financial Obligation of the Authority, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Authority, any of which affect security holders, if material; and; (This Listed Event does not need to be reported for the Series 2014 Bonds) and
16. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Authority, any of which reflect financial difficulties. (This Listed Event does not need to be reported for the Series 2014 Bonds).

**Exhibit C-1**

**Continuing Disclosure Certificate relating to the  
Tulare County Transportation Authority  
Sales Tax Revenue Bonds (Limited Tax Bonds), Series 2014**

[As Follows]

## CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Certificate") is dated and made as of July 1, 2014 by the Tulare County Transportation Authority (the "Authority") in connection with the issuance of the Authority's \$69,795,000 principal amount of Tulare County Transportation Authority Sales Tax Revenue Bonds (Limited Tax Bonds), Series 2014 (the "Bonds"). Capitalized terms used in this Certificate which are not otherwise defined in the herein shall have the meanings ascribed thereto in the Indenture, dated as of July 1, 2014 (the "Master Indenture"), as supplemented by the First Supplemental Indenture, dated as of July 1, 2014 (the "First Supplemental Indenture" and, together with the Master Indenture, the "Indenture"), each by and between the Authority and Zions First National Bank, as trustee thereunder (the "Trustee"). The Authority agrees as follows:

### ARTICLE I

#### THE UNDERTAKING

Section 1.1. Purpose. This Certificate shall constitute a written undertaking for the benefit of the holders of the Bonds, and is being executed and delivered to assist the Underwriter in complying with subsection (b)(5) of the Rule.

Section 1.2. Annual Financial Information. (a) The Authority shall provide Annual Financial Information with respect to each fiscal year of the Authority, commencing with fiscal year 2013-14, by no later than March 31 of each year, to the MSRB.

(b) The Authority shall provide, in a timely manner, notice of any failure of the Authority to provide the Annual Financial Information by the date specified in subsection (a) above to the MSRB.

Section 1.3. Audited Financial Statements. If not provided as part of Annual Financial Information by the date required by Section 1.2(a) hereof, the Authority shall provide Audited Financial Statements, when and if available, to the MSRB.

Section 1.4. Listed Event Notices. (a) If a Listed Event (defined herein) occurs, the Authority shall provide or cause to be provided, in a timely manner not in excess of ten (10) Business Days after the occurrence of such Listed Event, notice of such Listed Event to the MSRB.

Section 1.5. Additional Disclosure Obligations. The Authority acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933, as amended, and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, as amended, may apply to the Authority, and that under some circumstances compliance with this Certificate, without additional disclosures or other action as may be additionally required under such other state or federal securities laws, may not fully discharge all duties and obligations of the Authority under such laws.

Section 1.6. Additional Information. Nothing in this Certificate shall be deemed to prevent the Authority from disseminating any other information, using the means of dissemination set forth in this Certificate or any other means of communication, or including any

other information in any Listed Event Notice, in addition to that which is required by this Certificate. If the Authority chooses to include any information in any Listed Event Notice in addition to that which is specifically required by this Certificate, the Authority shall have no obligation under this Certificate to update such information or include it in any future Listed Event Notice.

Section 1.7. No Previous Non-Compliance. The Authority represents that in the previous five years it has not failed to comply in all material respects with any previous undertaking in a written contract or agreement specified in paragraph (b)(5)(i) of the Rule.

## ARTICLE II

### OPERATING RULES

Section 2.1. Reference to Other Filed Documents. It shall be sufficient for purposes of Section 1.2 hereof if the Authority provides Annual Financial Information by specific reference to documents (i) available to the public on the MSRB Internet Web site (currently, [www.emma.msrb.org](http://www.emma.msrb.org)) or (ii) filed with the SEC. The provisions of this Section shall not apply to Listed Event Notices pursuant to Section 1.4 hereof.

Section 2.2. Listed Event Notices. Each Listed Event Notice shall be so captioned and shall prominently state the title, date and CUSIP numbers of the Bonds.

Section 2.3. Transmission of Information and Notices. Annual Financial Information may be set forth or provided in one document or a set of documents, and at one time or in part from time to time. Unless otherwise required by law and, in the Authority's sole determination, subject to technical and economic feasibility, the Authority shall employ such methods of information and notice transmission as shall be requested or recommended by the herein-designated recipients of the Authority's information and notices.

Section 2.4. Filing with Certain Dissemination Agents. The Authority may from time to time designate an agent to act on its behalf in providing or filing notices, documents and information as required of the Authority under this Certificate, and revoke or modify any such designation.

Section 2.5. Transmission of Information. (a) Unless otherwise required by the MSRB or the SEC, all notices, documents and information provided to the MSRB shall be provided to the MSRB's EMMA system, the current internet address of which is <http://emma.msrb.org>.

(b) All notices, documents and information provided to the MSRB shall be provided in an electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

Section 2.6. Fiscal Year. (a) The Authority's current fiscal year is July 1 to June 30. The Authority shall promptly file a notice with the MSRB of each change in its fiscal year.

(b) Annual Financial Information shall be provided at least annually notwithstanding any fiscal year that may be longer than 12 calendar months.

### ARTICLE III

#### TERMINATION, AMENDMENT AND ENFORCEMENT

Section 3.1. Effective Date; Termination. (a) This Certificate and the provisions hereof shall be effective upon the execution and delivery of the Bonds.

(b) The Authority's obligations under this Certificate shall terminate upon a legal defeasance, prior redemption or payment in full of all of the Bonds.

(c) This Certificate, or any provision hereof, shall be null and void in the event that the Authority (1) receives an opinion of Hawkins Delafield & Wood LLP or other nationally recognized bond counsel or counsel expert in federal securities laws, addressed to the Authority, to the effect that those portions of the Rule which require this Certificate, or any of the provisions hereof, do not or no longer apply to the Bonds, whether because such portions of the Rule are invalid, have been repealed, or otherwise, as shall be specified in such opinion, and (2) delivers copies of such opinion to the MSRB through its EMMA system within ten (10) Business Days from the execution thereof.

Section 3.2. Amendment. (a) This Certificate may be amended by the Authority without the consent of the holders of the Bonds (except to the extent required under clause 3.2(a)(4)(ii) below), if all of the following conditions are satisfied:

(1) such amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of the Authority or the type of business conducted thereby;

(2) this Certificate as so amended would have complied with the requirements of the Rule as of the date of this Certificate, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances;

(3) the Authority shall have received an opinion of Hawkins Delafield & Wood LLP or other nationally recognized bond counsel or counsel expert in federal securities laws, addressed to the Authority, to the same effect as set forth in clause 3.2(a)(2) above;

(4) either (i) the Authority shall have received an opinion of Hawkins Delafield & Wood LLP or other nationally recognized bond counsel or counsel expert in federal securities laws, addressed to the Authority, to the effect that the amendment does not materially impair the interests of the holders of the Bonds or (ii) the holders of the Bonds consent to the amendment to this Certificate pursuant to the same procedures as are required for amendments to the Indenture with consent of holders of the Bonds pursuant to the terms of the Indenture as in effect on the date of this Certificate; and

(5) the Authority shall have delivered copies of such opinion and amendment to the MSRB through its EMMA system within ten (10) Business Days from the execution thereof.

(b) In addition to subsection 3.2(a) above, this Certificate may be amended and any provision of this Certificate may be waived, by written certificate of the Authority, without the consent of the holders of the Bonds, if all of the following conditions are satisfied: (1) an amendment to the Rule is adopted, or a new or modified official interpretation of the Rule is issued, after the effective date of this Certificate which is applicable to this Certificate, (2) the Authority shall have received an opinion of Hawkins Delafield & Wood LLP or other nationally recognized bond counsel or counsel expert in federal securities laws, addressed to the Authority, to the effect that performance by the Authority under this Certificate as so amended or giving effect to such waiver, as the case may be, will not result in a violation of the Rule, and (3) the Authority shall have delivered copies of such opinion and amendment to the MSRB through its EMMA system.

(c) To the extent any amendment to this Certificate results in a change in the type of financial information or operating data provided pursuant to this Certificate, the first Annual Financial Information provided thereafter shall include a narrative explanation of the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

(d) If an amendment is made pursuant to Section 3.2(a) hereof to the accounting principles to be followed by the Authority in preparing its financial statements, the Annual Financial Information for the fiscal year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a qualitative and, to the extent reasonably feasible, quantitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information.

Section 3.3. Benefit; Third-Party Beneficiaries; Enforcement. (a) The provisions of this Certificate shall constitute a contract with and inure solely to the benefit of the holders of the Bonds, except that beneficial owners of Notes shall be third-party beneficiaries of this Certificate.

Except as expressly provided in this subsection (a) and in (b) below, the provisions of this Certificate shall create no rights in any person or entity.

(b) The obligations of the Authority to comply with the provisions of this Certificate shall be enforceable, in the case of enforcement of obligations to provide notices, by any holder of Bonds. Such holders' rights to enforce the provisions of this Certificate shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the Authority's obligations under this Certificate. In consideration of the third-party beneficiary status of beneficial owners of Bonds pursuant to subsection (a) of this Section, beneficial owners shall be deemed to be holders of Bonds for purposes of this subsection (b).

(c) Any failure by the Authority to perform in accordance with this Certificate shall not constitute a default under the Indenture or the Bonds.

(d) This Certificate shall be construed and interpreted in accordance with the laws of the State; provided, however, that to the extent this Certificate addresses matters of federal securities laws, including the Rule, this Certificate shall be construed in accordance with such federal securities laws and official interpretations thereof. If any party initiates any legal or equitable action to enforce the terms of this Certificate, to declare the rights of any party under this Certificate or which relates to this Certificate in any manner, each such party agrees that the place of making and for performance of this Certificate shall be the County of Tulare, State of California, and the proper venue for any such action is the Superior Court of the State of California, in and for the County of Tulare.

## ARTICLE IV

### DEFINITIONS

Section 4.1. Definitions. The following terms used in this Certificate shall have the following respective meanings:

(a) “Annual Financial Information” means, collectively, (i) to the extent not included in the Audited Financial Statements, updated versions of the following financial information and operating data contained in the Official Statement, for the most recently fiscal year of the Authority, as follows:

- (1) Table 1 – Measure R Sales Tax Revenues;
- (2) Table 2 – Measure R Sales Tax Revenues and Debt Service Coverage; and
- (3) Table 3 – Governmental Fund Revenues, Expenditures and Changes in Fund Balance.

and (ii) the information regarding amendments to this Agreement required pursuant to Sections 3.2(c) and (d) of this Agreement. Annual Financial Information shall include Audited Financial Statements, if available, or Unaudited Financial Statements.

The descriptions contained in Section 4.1(a) hereof of financial information and operating data constituting Annual Financial Information are of general categories of financial information and operating data. When such descriptions include information that no longer can be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be provided in lieu of such information. Any Annual Financial Information containing modified financial information or operating data shall explain, in narrative form, the reasons for the modification and the impact of the modification on the type of financial information or operating data being provided.

(b) “Audited Financial Statements” means the annual financial statements, if any, of the Authority, audited by such auditor as shall then be required or permitted by State law or the Resolution. Audited Financial Statements shall be prepared in accordance with GAAP; provided, however, that pursuant to Sections 3.2(a) and (d) hereof, the Authority may from time

to time, if required by Federal or State legal requirements, modify the accounting principles to be followed in preparing its financial statements. The notice of any such modification required by Section 3.2(a) hereof shall include a reference to the specific Federal or State law a regulation describing such accounting principles, or other description thereof.

(c) “Business Day” means any day other than (a) a Saturday or Sunday, or (b) a day on which the Authority is required by law to close.

(d) “EMMA” means the MSRB’s Electronic Municipal Market Access system or any other repository so designated by the MSRB or the SEC.

(e) “GAAP” means generally accepted accounting principles as prescribed from time to time for governmental units by the Governmental Accounting Standards Board, the Financial Accounting Standards Board, or any successor to the duties and responsibilities of either of them.

(f) “Listed Event” means any of the following events with respect to the Bonds:

- i. principal and interest payment delinquencies;
- ii. non-payment related defaults, if material;
- iii. modifications to rights of holders, if material;
- iv. Bond calls, if material and tender offers;
- v. defeasances;
- vi. rating changes;
- vii. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (Internal Revenue Service Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- viii. unscheduled draws on the debt service reserves reflecting financial difficulties;
- ix. unscheduled draws on the credit enhancements reflecting financial difficulties;
- x. release, substitution or sale of property securing repayment of the Bonds, if material;
- xi. bankruptcy, insolvency, receivership or similar event of the Authority (such event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Authority in a proceeding under the U.S.

Bankruptcy Code or in any other proceeding under State or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Authority, 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 Authority);

xii. substitution of credit or liquidity providers, or their failure to perform;

xiii. the consummation of a merger, consolidation, or acquisition involving the Authority or the sale of all or substantially all of the assets of the Authority, 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; and

xiv. appointment of a successor or additional trustee or the change of name of a trustee, if material.

(g) “Listed Event Notice” means written or electronic notice of a Listed Event.

(h) “MSRB” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended, or any successor thereto or to the functions of the MSRB contemplated by this Certificate.

(i) “Official Statement” means the “final official statement,” as defined in paragraph (f)(3) of the Rule, relating to the Bonds.

(j) “Rule” means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 CFR Part 240, §240.15c2-12), as in effect on the date of this Certificate, including any official interpretations thereof.

(k) “SEC” means the Securities and Exchange Commission of the United States of America.

(l) “Unaudited Financial Statements” means the same as Audited Financial Statements, except that they shall not have been audited.

(m) “State” means the State of California.

IN WITNESS WHEREOF, the undersigned has duly authorized, executed and delivered this Certificate as of the date first written above.

TULARE COUNTY ASSOCIATION OF GOVERNMENTS,  
in its capacity as the  
TULARE COUNTY TRANSPORTATION AUTHORITY

By: \_\_\_\_\_

A handwritten signature in black ink, consisting of a stylized 'A' followed by a 'G'.

Chairperson

**Exhibit C-2**

**Continuing Disclosure Certificate relating to the  
Tulare County Transportation Authority  
Sales Tax Revenue Bonds (Limited Tax Bonds), Series 2020**

[As Follows]

## CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Certificate”) is dated and made as of April 1, 2020 by the Tulare County Transportation Authority (the “Authority”) in connection with the issuance of the Authority’s \$\_\_\_\_\_ principal amount of Tulare County Transportation Authority Sales Tax Revenue Bonds (Limited Tax Bonds), Series 2020 (the “Bonds”). Capitalized terms used in this Certificate which are not otherwise defined in the herein shall have the meanings ascribed thereto in the Indenture, dated as of July 1, 2014 (the “Original Indenture”), as amended by the First Amendment to the Indenture, dated as of April 1, 2020 (the “First Amendment to the Indenture” and, collectively with the Original Indenture, the “Master Indenture”), as supplemented by the Second Supplemental Indenture, dated as of April 1, 2020 (the “Supplemental Indenture” and, together with the Master Indenture, the “Indenture”), each by and between the Authority and Zions First National Bank, now known as Zions Bancorporation, National Association, as trustee thereunder (the “Trustee”). The Authority agrees as follows:

### ARTICLE I

#### THE UNDERTAKING

Section 1.1. Purpose. This Certificate shall constitute a written undertaking for the benefit of the holders of the Bonds, and is being executed and delivered to assist the Underwriter in complying with subsection (b)(5) of the Rule.

Section 1.2. Annual Financial Information. (a) The Authority shall provide Annual Financial Information with respect to each fiscal year of the Authority, commencing with fiscal year 2019-20 by no later than March 31 of each year, to the MSRB.

(b) The Authority shall provide, in a timely manner, notice of any failure of the Authority to provide the Annual Financial Information by the date specified in subsection (a) above to the MSRB.

Section 1.3. Audited Financial Statements. If not provided as part of Annual Financial Information by the date required by Section 1.2(a) hereof, the Authority shall provide Audited Financial Statements, when and if available, to the MSRB.

Section 1.4. Listed Event Notices. (a) If a Listed Event (defined herein) occurs, the Authority shall provide or cause to be provided, in a timely manner not in excess of ten (10) Business Days after the occurrence of such Listed Event, notice of such Listed Event to the MSRB.

Section 1.5. Additional Disclosure Obligations. The Authority acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933, as amended, and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, as amended, may apply to the Authority, and that under some circumstances compliance with this Certificate, without additional disclosures or other action as may be additionally required under such other state or federal securities laws, may not fully discharge all duties and obligations of the Authority under such laws.

Section 1.6. Additional Information. Nothing in this Certificate shall be deemed to prevent the Authority from disseminating any other information, using the means of dissemination set forth in this Certificate or any other means of communication, or including any other information in any Listed Event Notice, in addition to that which is required by this Certificate. If the Authority chooses to include any information in any Listed Event Notice in addition to that which is specifically required by this

Certificate, the Authority shall have no obligation under this Certificate to update such information or include it in any future Listed Event Notice.

Section 1.7. No Previous Non-Compliance. The Authority represents that in the previous five years it has not failed to comply in all material respects with any previous undertaking in a written contract or agreement specified in paragraph (b)(5)(i) of the Rule.

## ARTICLE II

### OPERATING RULES

Section 2.1. Reference to Other Filed Documents. It shall be sufficient for purposes of Section 1.2 hereof if the Authority provides Annual Financial Information by specific reference to documents (i) available to the public on the MSRB Internet Web site (currently, [www.emma.msrb.org](http://www.emma.msrb.org)) or (ii) filed with the SEC. The provisions of this Section shall not apply to Listed Event Notices pursuant to Section 1.4 hereof.

Section 2.2. Listed Event Notices. Each Listed Event Notice shall be so captioned and shall prominently state the title, date and CUSIP numbers of the Bonds.

Section 2.3. Transmission of Information and Notices. Annual Financial Information may be set forth or provided in one document or a set of documents, and at one time or in part from time to time. Unless otherwise required by law and, in the Authority's sole determination, subject to technical and economic feasibility, the Authority shall employ such methods of information and notice transmission as shall be requested or recommended by the herein-designated recipients of the Authority's information and notices.

Section 2.4. Filing with Certain Dissemination Agents. The Authority may from time to time designate an agent to act on its behalf in providing or filing notices, documents and information as required of the Authority under this Certificate, and revoke or modify any such designation.

Section 2.5. Transmission of Information. (a) Unless otherwise required by the MSRB or the SEC, all notices, documents and information provided to the MSRB shall be provided to the MSRB's EMMA system, the current internet address of which is <http://emma.msrb.org>.

(b) All notices, documents and information provided to the MSRB shall be provided in an electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

Section 2.6. Fiscal Year. (a) The Authority's current fiscal year is July 1 to June 30. The Authority shall promptly file a notice with the MSRB of each change in its fiscal year.

(b) Annual Financial Information shall be provided at least annually notwithstanding any fiscal year that may be longer than 12 calendar months.

## ARTICLE III

### TERMINATION, AMENDMENT AND ENFORCEMENT

Section 3.1. Effective Date; Termination. (a) This Certificate and the provisions hereof shall be effective upon the execution and delivery of the Bonds.

(b) The Authority's obligations under this Certificate shall terminate upon a legal defeasance, prior redemption or payment in full of all of the Bonds.

(c) This Certificate, or any provision hereof, shall be null and void in the event that the Authority (1) receives an opinion of Hawkins Delafield & Wood LLP or other nationally recognized bond counsel or counsel expert in federal securities laws, addressed to the Authority, to the effect that those portions of the Rule which require this Certificate, or any of the provisions hereof, do not or no longer apply to the Bonds, whether because such portions of the Rule are invalid, have been repealed, or otherwise, as shall be specified in such opinion, and (2) delivers copies of such opinion to the MSRB through its EMMA system within ten (10) Business Days from the execution thereof.

Section 3.2. Amendment. (a) This Certificate may be amended by the Authority without the consent of the holders of the Bonds (except to the extent required under clause 3.2(a)(4)(ii) below), if all of the following conditions are satisfied:

(1) such amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of the Authority or the type of business conducted thereby;

(2) this Certificate as so amended would have complied with the requirements of the Rule as of the date of this Certificate, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances;

(3) the Authority shall have received an opinion of Hawkins Delafield & Wood LLP or other nationally recognized bond counsel or counsel expert in federal securities laws, addressed to the Authority, to the same effect as set forth in clause 3.2(a)(2) above;

(4) either (i) the Authority shall have received an opinion of Hawkins Delafield & Wood LLP or other nationally recognized bond counsel or counsel expert in federal securities laws, addressed to the Authority, to the effect that the amendment does not materially impair the interests of the holders of the Bonds or (ii) the holders of the Bonds consent to the amendment to this Certificate pursuant to the same procedures as are required for amendments to the Indenture with consent of holders of the Bonds pursuant to the terms of the Indenture as in effect on the date of this Certificate; and

(5) the Authority shall have delivered copies of such opinion and amendment to the MSRB through its EMMA system within ten (10) Business Days from the execution thereof.

(b) In addition to subsection 3.2(a) above, this Certificate may be amended and any provision of this Certificate may be waived, by written certificate of the Authority, without the consent of the holders of the Bonds, if all of the following conditions are satisfied: (1) an amendment to the Rule is adopted, or a new or modified official interpretation of the Rule is issued, after the effective date of this Certificate which is applicable to this Certificate, (2) the Authority shall have received an opinion of Hawkins Delafield & Wood LLP or other nationally recognized bond counsel or counsel expert in federal securities laws, addressed to the Authority, to the effect that performance by the Authority under this Certificate as so amended or giving effect to such waiver, as the case may be, will not result in a violation of the Rule, and (3) the Authority shall have delivered copies of such opinion and amendment to the MSRB through its EMMA system.

(c) To the extent any amendment to this Certificate results in a change in the type of financial information or operating data provided pursuant to this Certificate, the first Annual Financial Information provided thereafter shall include a narrative explanation of the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

(d) If an amendment is made pursuant to Section 3.2(a) hereof to the accounting principles to be followed by the Authority in preparing its financial statements, the Annual Financial Information for the fiscal year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a qualitative and, to the extent reasonably feasible, quantitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information.

Section 3.3. Benefit; Third-Party Beneficiaries; Enforcement. (a) The provisions of this Certificate shall constitute a contract with and inure solely to the benefit of the holders of the Bonds, except that beneficial owners of Notes shall be third-party beneficiaries of this Certificate.

Except as expressly provided in this subsection (a) and in (b) below, the provisions of this Certificate shall create no rights in any person or entity.

(b) The obligations of the Authority to comply with the provisions of this Certificate shall be enforceable, in the case of enforcement of obligations to provide notices, by any holder of Bonds. Such holders' rights to enforce the provisions of this Certificate shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the Authority's obligations under this Certificate. In consideration of the third-party beneficiary status of beneficial owners of Bonds pursuant to subsection (a) of this Section, beneficial owners shall be deemed to be holders of Bonds for purposes of this subsection (b).

(c) Any failure by the Authority to perform in accordance with this Certificate shall not constitute a default under the Indenture or the Bonds.

(d) This Certificate shall be construed and interpreted in accordance with the laws of the State; provided, however, that to the extent this Certificate addresses matters of federal securities laws, including the Rule, this Certificate shall be construed in accordance with such federal securities laws and official interpretations thereof. If any party initiates any legal or equitable action to enforce the terms of this Certificate, to declare the rights of any party under this Certificate or which relates to this Certificate in any manner, each such party agrees that the place of making and for performance of this Certificate shall be the County of Tulare, State of California, and the proper venue for any such action is the Superior Court of the State of California, in and for the County of Tulare.

## ARTICLE IV

### DEFINITIONS

Section 4.1. Definitions. The following terms used in this Certificate shall have the following respective meanings:

(a) "Annual Financial Information" means, collectively, (i) to the extent not included in the Audited Financial Statements, updated versions of the following financial information and operating data contained in the Official Statement, for the most recently fiscal year of the Authority, as follows:

- (1) Table 1 – Measure R Sales Tax Revenues;
- (2) Table 3 – Measure R Sales Tax Revenues and Debt Service Coverage; and
- (3) Table 4 – Governmental Fund Revenues, Expenditures and Changes in Fund Balance.

and (ii) the information regarding amendments to this Certificate required pursuant to Sections 3.2(c) and (d) of this Certificate. Annual Financial Information shall include Audited Financial Statements, if available, or Unaudited Financial Statements.

The descriptions contained in Section 4.1(a) hereof of financial information and operating data constituting Annual Financial Information are of general categories of financial information and operating data. When such descriptions include information that no longer can be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be provided in lieu of such information. Any Annual Financial Information containing modified financial information or operating data shall explain, in narrative form, the reasons for the modification and the impact of the modification on the type of financial information or operating data being provided.

(b) “Audited Financial Statements” means the annual financial statements, if any, of the Authority, audited by such auditor as shall then be required or permitted by State law or the Resolution. Audited Financial Statements shall be prepared in accordance with GAAP; provided, however, that pursuant to Sections 3.2(a) and (d) hereof, the Authority may from time to time, if required by Federal or State legal requirements, modify the accounting principles to be followed in preparing its financial statements. The notice of any such modification required by Section 3.2(a) hereof shall include a reference to the specific Federal or State law a regulation describing such accounting principles, or other description thereof.

(c) “Business Day” means any day other than (a) a Saturday or Sunday, or (b) a day on which the Authority is required by law to close.

(d) “EMMA” means the MSRB’s Electronic Municipal Market Access system or any other repository so designated by the MSRB or the SEC.

(e) “Financial Obligation” 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) a guarantee of (i) or (ii). Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB pursuant to the Rule.

(f) “GAAP” means generally accepted accounting principles as prescribed from time to time for governmental units by the Governmental Accounting Standards Board, the Financial Accounting Standards Board, or any successor to the duties and responsibilities of either of them.

(g) “Listed Event” means any of the following events with respect to the Bonds:

- i. principal and interest payment delinquencies;
- ii. non-payment related defaults, if material;
- iii. modifications to rights of holders, if material;
- iv. Bond calls, if material and tender offers;

- v. defeasances;
  - vi. rating changes;
  - vii. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (Internal Revenue Service Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
  - viii. unscheduled draws on the debt service reserves reflecting financial difficulties;
  - ix. unscheduled draws on the credit enhancements reflecting financial difficulties;
  - x. release, substitution or sale of property securing repayment of the Bonds, if material;
  - xi. bankruptcy, insolvency, receivership or similar event of the Authority (such event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Authority in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under State or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Authority, 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 Authority);
  - xii. substitution of credit or liquidity providers, or their failure to perform;
  - xiii. the consummation of a merger, consolidation, or acquisition involving the Authority or the sale of all or substantially all of the assets of the Authority, 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;
  - xiv. appointment of a successor or additional trustee or the change of name of a trustee, if material; and
  - xv. incurrence of a Financial Obligation of the Authority, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Authority, any of which affect security holders, if material; and
  - xvi. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Authority, any of which reflect financial difficulties.
- (h) “Listed Event Notice” means written or electronic notice of a Listed Event.
- (i) “MSRB” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended, or any successor thereto or to the functions of the MSRB contemplated by this Certificate.
- (j) “Official Statement” means the “final official statement,” as defined in paragraph (f)(3) of the Rule, relating to the Bonds.

(k) “Rule” means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 CFR Part 240, §240.15c2-12), as in effect on the date of this Certificate, including any official interpretations thereof.

(l) “SEC” means the Securities and Exchange Commission of the United States of America.

(m) “Unaudited Financial Statements” means the same as Audited Financial Statements, except that they shall not have been audited.

(n) “State” means the State of California.

IN WITNESS WHEREOF, the undersigned has duly authorized, executed and delivered this Certificate as of the date first written above.

TULARE COUNTY ASSOCIATION OF GOVERNMENTS  
in its capacity as the  
TULARE COUNTY TRANSPORTATION AUTHORITY

By: \_\_\_\_\_

## **EXHIBIT D**

### **REQUIRED NOTICES TO TRUSTEE**

- Annual Reporting Requirements:
  - Section 6.06(B) of the Master Indenture: The Authority will furnish to the Trustee, by March 31 following the end of each Fiscal Year the Audited Financial Statements of the Authority, including the financial statements relating to the Measure R Sales Tax Fund, together with the report of an independent certified public accountant stating that the financial statements have been prepared in accordance with generally accepted auditing standards and a Certificate of the Chair of the Authority stating that no event which constitutes an Event of Default under the Master Indenture has occurred and is continuing as of the end of such Fiscal Year, or specifying the nature of such event and the actions taken and proposed to be taken by the Authority to cure such default.

## **EXHIBIT E**

### **INSTRUCTIONS FOR REVIEWING INFORMATION ON THE RATING AGENCIES' WEBSITES**

Registered users can access and obtain rating information for financings from rating agencies' websites.

- Fitch: <http://www.fitchratings.com/site/home>
- Moody's: <http://www.moodys.com/>
- Standard & Poor's: <https://www.globalcreditportal.com/ratingsdirect/Login.do>

#### **Steps to obtain rating information:**

##### **1. Procedure to obtain rating information from Fitch.**

- a. Navigate to the website for Fitch at <http://www.fitchratings.com/site/home>
- b. Using the search box, input the CUSIP number or the Issuer/Bond name and then click "Search" red button, or press "Enter".
- c. There are two ways to retrieve rating information and history
- d. First, the entity name will be listed in the "Entities" tab. Once, user clicks on the entity name a popup window will open listing additional information, such as summary, ratings, issuer content, sector content, disclosures, other issuers/ credits, and premium features (Fitch Connect – which is a pay subscription product).
- e. Select "Ratings", use the accordion navigation to show the rating history of multiple issues.
- f. The second alternative is to click on "Issues" tab in the search result page, to list all the ratings associated with an issuer, or the rating of the specific researched CUSIP. Select "All ratings" under the view ratings to view the rating history, or select LTR/STR to view the current Long Term Ratings and the Short Term Ratings.

*Notes: Users can use additional search filters (text search, market sector, geography, rating types, ratings ranges and actions, as well as date range).*

*The rating key table is displayed underneath the rating content.*

##### **2. Procedure to obtain rating information from Moody's.**

- a. Navigate to the website for Moody's at: <http://www.moodys.com/>;
- b. Select "Log In" on the upper right-hand corner and input user information;
- c. Simply type in the CUSIP number or the name of organization (i.e. Tulare County) in the search box on the top of the homepage then select the "Ratings" tab. Then you can sort the financings by the description, sale date, or sale amount;

- d. Select the “Research” tab to view the research reports and press releases associated with the issuer.
- e. Select the “Ratings” tab to view sale data, issuer ratings, and issuer outlook. You can sort the sale data by the sale description, sale date or sale amount. As you select the financing, the selection will be yellow high-lighted and the rating detail and all CUSIPs of the selected financing will appear on the bottom of the page.
- f. You must be a Moody’s client to export data, and access certain data, analytics and research.

### **3. Procedure to obtain rating information from Standard & Poor’s.**

- a. Navigate to the website for Standard & Poor’s at:  
<https://www.globalcreditportal.com/ratingsdirect/Login.do>
- b. Input user information on the upper left-hand corner;
- c. Once logged-in, rating search can be done by inputting CUSIP of the financing on the top of the page;
- d. On the very top of the page, select CUSIP from the drop-down menu and input the CUSIP number in the search box to the right;
- e. The maturity and rating information by CUSIP will appear on the screen;
- f. Select the “History” tab on the upper left-hand corner of the window to see detail of the all rating changes;
- g. The selected data can be export into a Microsoft Excel file by click on the “Microsoft Excel” right-hand side of the window;
- h. The selected issuance can be added to the portfolio by checking the “Add” button on the top of the current tab page to facilitate and expedite the process of obtain the rating information for the same issuance in the future.

Tulare County Association of Governments  
Sitting as the Tulare County Transportation Authority

**AGENDA ITEM IV-B**

**March 16, 2020**

**Prepared by Leslie Davis, TCAG Staff**

**SUBJECT:**

**Information:** Measure R Revenue for February 2020

**BACKGROUND:**

On November 7, 2006, the voters of Tulare County approved Measure R, imposing a ½-cent sales tax for transportation within the incorporated and unincorporated area of Tulare County through 2037. The transportation sales tax funds are spent in accordance with the Expenditure Plan that resulted from a joint effort among all the cities and the County of Tulare. The Expenditure Plan reflects the transportation needs of the residents of Tulare County. The plan includes funding for Regional Projects, Local Programs, Transit/Bike/Environmental Programs and Administration. The funds are distributed as follows:

1. Regional Projects (50%)
2. Local Programs (35%)
3. Transit/Bike/Environmental (14%)
4. Administration and Planning Program (1%)

Measure R revenue collection began on April 1, 2007. Monthly Measure R advancements are received by TCAG from the State Board of Equalization followed by quarterly clean-up disbursements. In total, TCAG receives eight advancements and four clean-up disbursements throughout a fiscal year.

The Measure R 2018 Strategic Work Plan was approved by the Authority on June 18, 2018 with Resolution No. 2018-102. The Work Plan serves as a guide for the delivery of Measure R projects in the upcoming five-year period. The 2018 Strategic Work Plan was amended on March 18, 2019 with Resolution No. 2019-104 and on April 15, 2019 with Resolution No. 2019-105.

**DISCUSSION:**

**Status of Measure R Revenues**

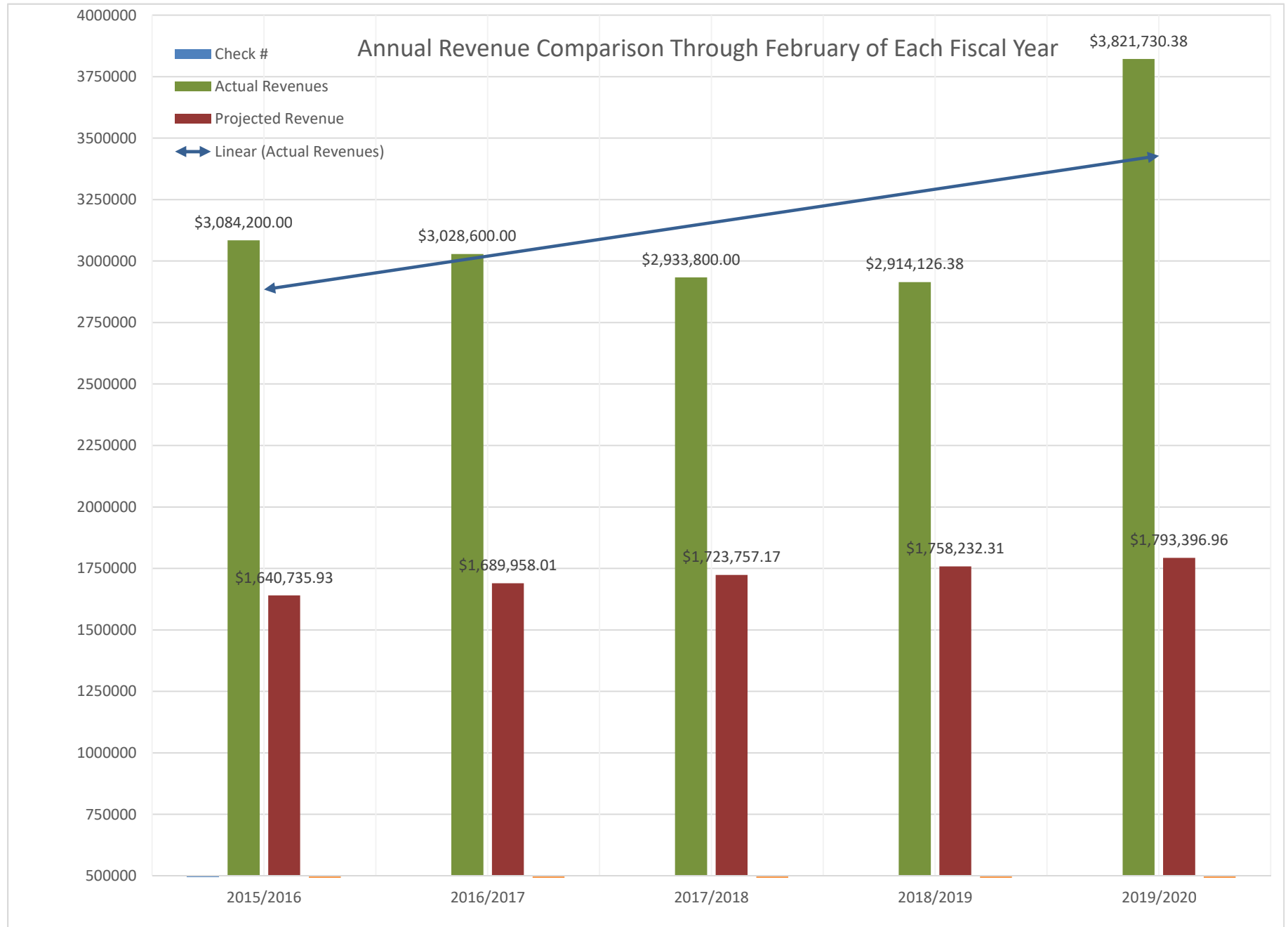
Fiscal Year 2019/2020 - Measure R allocations have been received, payment requested and distribution made through February 2020. The allocation for the month of February is \$3,821,730 compared to \$2,914,126. for the same period last year. The year to date amount is \$24,389,967 compared to \$22,813,393 for the same period last year, representing a 6.9% increase for the fiscal year.

See attached revenue chart covering fiscal years 2015/2016, 2016/2017, 2017/2018, 2018/2019 and 2019/2020 year to date.

**ATTACHMENT:**

1. Annual Revenue Comparison through February of Each Fiscal Year

# Attachment 1



Tulare County Association of Governments  
Sitting as the Tulare County Transportation Authority

**AGENDA ITEM IV-C**

**March 16, 2020**

**Prepared by Leslie Davis, TCAG Staff**

**SUBJECT:**

**Information:** Member Agency Measure R Audit Year Ending June 30, 2019

**BACKGROUND:**

The Member Agencies audit was completed for the year ending June 30, 2019 and issued February of 2020. The audited financial statements of the governmental activities and the major funds of the Member Agencies can be found at <http://www.tularecog.org/budget/>. The audit was conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Controller General of the United States.

The Member Agency audit by Brown Armstrong Certified Public Accounts did not identify any instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

**DISCUSSION:**

Member Agencies: The City of Porterville and City of Tulare audit are complete. There are no findings or material weaknesses. The City of Dinuba, City of Exeter, City of Farmersville, City of Woodlake, County of Tulare, and the City of Visalia Measure R audits have not been completed.

**ATTACHMENT:**

None