

## PRELIMINARY OFFICIAL STATEMENT DATED \_\_\_\_\_, 2025

## NEW ISSUE - FULL BOOK-ENTRY

RATINGS: Moody's: "\_\_\_\_\_"

S&amp;P: "\_\_\_\_\_"

See "RATINGS" herein

*In the opinion of Jones Hall LLP, Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. Interest on the Bonds may be subject to the corporate alternative minimum tax. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "LEGAL MATTERS – Tax Exemption."*

\$ \_\_\_\_\_ \*

## CITY OF SANTA CLARA

(County of Santa Clara, California)

Election of 2024 General Obligation Bonds,  
2026 Series A

\$ \_\_\_\_\_ \*

## CITY OF SANTA CLARA

(County of Santa Clara, California)

Election of 2024 General Obligation Bonds,  
2026 Series B  
(Qualified 501(c)(3) Bonds)

Dated: Date of Delivery

Due: August 1, as shown on inside cover

**Cover Page.** This cover page contains information for quick reference only. It is not a summary of all the provisions of the Bonds. Investors must read the entire official statement to obtain information essential to making an informed investment decision.

**Authority and Purpose.** The above-captioned Election of 2024 General Obligation Bonds, 2026 Series A (the "Series A Bonds") and the Election of 2024 General Obligation Bonds, 2026 Series B (Qualified 501(c)(3) Bonds) (the "Series B Bonds" and, together with the Series A Bonds, the "Bonds"), are being issued by the City of Santa Clara (the "City") pursuant to certain provisions of the California Government Code, a resolution of the City Council of the City adopted on \_\_\_\_\_, 2025, and a Paying Agent Agreement by and between the City and U.S. Bank Trust Company, National Association, as paying agent for the Bonds (the "Paying Agent"), dated as of February 1, 2026 (the "Paying Agent Agreement"). The Bonds were authorized at an election of the registered voters of the City held on November 5, 2024, which authorized the issuance of \$400,000,000 principal amount of general obligation bonds for the purpose of providing funds for certain municipal improvements within the City. The Series A Bonds and the Series B Bonds are the first and second series of bonds, respectively, to be used under the Bond Measure (as defined herein). See "THE BONDS – Authority for Issuance" and "THE FINANCING PLAN" herein.

**Security.** The Bonds are general obligations of the City, payable solely from ad valorem property taxes levied by the City and collected by Santa Clara County (the "County"). The City Council is empowered and is obligated to annually levy *ad valorem* property taxes for the payment of interest on, and principal of, the Bonds upon all property subject to taxation by the City, without limitation of rate or amount (except certain personal property that is taxable at limited rates). See "SECURITY FOR THE BONDS."

**Payments.** The Bonds are dated the date of delivery set forth below and accrue interest at the rates set forth on the inside cover page hereof, payable semiannually on each February 1 and August 1 until maturity, commencing August 1, 2026. Payments of principal of and interest on the Bonds will be paid by the Paying Agent, the designated paying agent, registrar and transfer agent, to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Bonds. See "THE BONDS - Description of the Bonds."

**Redemption.\*** The Bonds are subject to optional redemption and mandatory sinking fund redemption prior to maturity as described herein. See discussion of redemption under the heading "THE BONDS."

**Book-Entry Only.** The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. Purchasers will not receive physical certificates representing their interests in the Bonds. See APPENDIX E for additional information about the book-entry only system.

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**Maturity Schedules**  
(See inside cover)

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*The Bonds will be sold and awarded through two separate competitive bidding processes both to be held on \_\_\_\_\_, 2026, as set forth in the two separate Official Notices of Sale for the Bonds. The Bonds are offered when, as and if issued, subject to the approval as to their legality by Jones Hall LLP, Bond Counsel. Certain legal matters also will be passed upon for the City by Jones Hall LLP, as Disclosure Counsel. It is anticipated that the Bonds, in book-entry form, will be available for delivery through the facilities of DTC, on or about February 4, 2026\*.*

The date of this Official Statement is January \_\_, 2026.

\* Preliminary; subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

**MATURITY SCHEDULES\***

\$ \_\_\_\_\_\*  
**CITY OF SANTA CLARA**  
(County of Santa Clara, California)  
**Election of 2024 General Obligation Bonds,**  
**2026 Series A**  
(Base CUSIP†: 801400)

\$ \_\_\_\_\_ Serial Bonds

<b>Maturity Date (August 1)</b>	<b>Principal Amount</b>	<b>Interest Rate</b>	<b>Yield</b>	<b>Price</b>	<b>CUSIP†</b>
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\$ \_\_\_\_\_ % Term Bonds maturing August 1, 20\_\_; Yield: \_\_%;  
CUSIP†: \_\_\_\_

*[Continued on the next page]*

\_\_\_\_\_  
\*Preliminary; subject to change.  
† CUSIP® is a registered trademark of the American Bankers Association. All rights reserved. CUSIP data herein is provided by CUSIP Global Services, managed by FactSet Research Systems Inc on behalf of The American Bankers Association. CUSIP numbers are provided for convenience of reference only. Neither the City nor the Series A Bonds Purchaser take any responsibility for the accuracy of the CUSIP data.

MATURITY SCHEDULES\*

[Continued from Previous Page]

\$ \_\_\_\_\_\*  
CITY OF SANTA CLARA  
(County of Santa Clara, California)  
Election of 2024 General Obligation Bonds,  
2026 Series B  
(Qualified 501(c)(3) Bonds)  
(Base CUSIP†: 801400)

\$ \_\_\_\_\_ Serial Bonds

Maturity Date (August 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP†
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\$ \_\_\_\_\_ % Term Bonds maturing August 1, 20\_\_; Yield: \_\_\_\_%;  
CUSIP†: \_\_\_\_

\*Preliminary; subject to change.

† CUSIP® is a registered trademark of the American Bankers Association. All rights reserved. CUSIP data herein is provided by CUSIP Global Services, managed by FactSet Research Systems Inc on behalf of The American Bankers Association. CUSIP numbers are provided for convenience of reference only. Neither the City nor the Series B Bonds Purchaser take any responsibility for the accuracy of the CUSIP data.

## GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

**Use of Official Statement.** This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not a contract between any bond owner and the City or the Purchasers.

**No Offering Except by This Official Statement.** No dealer, broker, salesperson or other person has been authorized by the City or the Purchasers to give any information or to make any representations relating other than those contained in this Official Statement and, if given or made, such other information or representation must not be relied upon as having been authorized by the City or the Purchasers.

**No Unlawful Offers or Solicitations.** This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor may there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

**Information in Official Statement.** The information set forth in this Official Statement has been furnished by the City and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness.

**Estimates and Forecasts.** When used in this Official Statement and in any continuing disclosure by the City, in any press release and in any oral statement made with the approval of an authorized officer of the City or any other entity described or referenced herein, the words or phrases “will likely result,” “are expected to,” “will continue,” “is anticipated,” “estimate,” “project,” “forecast,” “expect,” “intend” and similar expressions identify “forward looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, give rise to any implication that there has been no change in the affairs of the City or any other entity described or referenced herein since the date hereof.

**Stabilization of and Changes to Offering Prices.** The Purchasers may overallocate or take other steps that stabilize or maintain the market prices of the Bonds at levels above those that might otherwise prevail in the open market. If commenced, the Purchasers may discontinue such market stabilization at any time. The Purchasers may offer and sell the Bonds to certain securities dealers, dealer banks and banks acting as agent at prices lower than the public offering prices stated on the inside cover page of this Official Statement, and those public offering prices may be changed from time to time by the Purchasers.

**Document Summaries.** All summaries of the Paying Agent Agreement or other documents referred to in this Official Statement are made subject to the provisions of such documents and qualified in their entirety to reference to such documents, and do not purport to be complete statements of any or all of such provisions.

**No Securities Laws Registration.** The Bonds have not been registered under the Securities Act of 1933, as amended, in reliance upon exceptions therein for the issuance and sale of municipal securities. The Bonds have not been registered or qualified under the securities laws of any state.

**Effective Date.** This Official Statement speaks only as of its date, and the information and expressions of opinion contained in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Bonds will, under any circumstances, give rise to any implication that there has been no change in the affairs of the City, or the other parties described in this Official Statement, or the condition of the property within the City since the date of this Official Statement.

**Website.** The City maintains a website. However, the information presented on the website is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Bonds.

**CITY OF SANTA CLARA  
(SANTA CLARA COUNTY, CALIFORNIA)**

**MEMBERS OF THE CITY COUNCIL**

Lisa M. Gillmor, Mayor  
Kelly G. Cox, Vice Mayor  
Albert Gonzalez, Councilmember  
Raj Chahal, Councilmember  
Karen Hardy, Councilmember  
Kevin Park, Councilmember  
Sudhanshu Jain, Councilmember

**CITY OFFICIALS AND STAFF**

Jōvan Grogan, City Manager  
Bob O'Keefe, City Clerk  
Glen R. Googins, City Attorney  
Kenn Lee, Director of Finance

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**PROFESSIONAL SERVICES**

**BOND COUNSEL AND DISCLOSURE COUNSEL**

Jones Hall LLP  
San Mateo, California

**MUNICIPAL ADVISOR**

PFM Financial Advisors LLC  
San Francisco, California

**BOND REGISTRAR, TRANSFER AGENT, AND PAYING AGENT**

U.S. Bank Trust Company, National Association  
San Francisco, California

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APPENDIX C - PROPOSED FORMS OF OPINIONS OF BOND COUNSEL

APPENDIX D - FORMS OF CONTINUING DISCLOSURE CERTIFICATES

APPENDIX E - DTC AND THE BOOK-ENTRY ONLY SYSTEM

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## OFFICIAL STATEMENT

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**CITY OF SANTA CLARA**  
(County of Santa Clara, California)  
**Election of 2024 General Obligation Bonds,  
2026 Series A**

\$ \_\_\_\_\_ \*

**CITY OF SANTA CLARA**  
(County of Santa Clara, California)  
**Election of 2024 General Obligation Bonds,  
2026 Series B  
(Qualified 501(c)(3) Bonds)**

The purpose of this Official Statement, which includes the cover page, inside cover page and attached appendices, is to set forth certain information concerning the sale and delivery of (i) Election of 2024 General Obligation Bonds, 2026 Series A (the “**Series A Bonds**”), and (ii) Election of 2024 General Obligation Bonds, 2026 Series B (Qualified 501(c)(3) Bonds) (the “**Series B Bonds**” and, together with the Series A Bonds, the “**Bonds**”) by the City of Santa Clara (the “**City**”).

### INTRODUCTION

*This Introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Bonds to potential investors is made only by means of the entire Official Statement.*

#### The City

The City is located in Santa Clara County (the “**County**”) at the southern end of the San Francisco Bay, approximately 45 miles southeast of San Francisco and three miles west of downtown San José. Encompassing a total area of approximately 18.28 square miles within northern Santa Clara County, the City is situated in the heart of “Silicon Valley” and is surrounded by the Diablo Mountain Range to the east and the Santa Cruz mountains to the west. The City is a charter city and is comprised of a mix of residential, office and commercial retail businesses. The City regularly hosts large events, and is scheduled to host the Superbowl and FIFA World Cup games in 2026. For more information regarding the City and its finances, see APPENDIX A and APPENDIX B.

#### Source of Payment for the Bonds

The Bonds are general obligations of the City payable solely from *ad valorem* property taxes levied by the City and collected by the County. The City Council is empowered and obligated to annually levy *ad valorem* property taxes for the payment of interest on, and principal of, the Bonds upon all property subject to taxation by the City, without limitation of rate or amount (except



with respect to certain personal property that is taxable at limited rates). See “SECURITY FOR THE BONDS” and “PROPERTY TAXATION.”

### **Purposes for Issuance**

The net proceeds of the Bonds will be used to finance the costs of acquiring and constructing certain public capital improvements within the City, as approved at an election of the City’s voters, and to pay costs of issuing the Bonds. See “THE FINANCING PLAN.”

### **Authority for Issuance**

The Bonds are being issued under the provisions of Article 4.5 (commencing with Section 53506) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the “**Bond Law**”), and pursuant to and consistent with a resolution adopted by the City Council of the City on \_\_\_\_\_, 2026 (the “**Bond Resolution**”), and a Paying Agent Agreement by and between the City and U.S. Bank Trust Company, National Association, as Paying Agent (the “**Paying Agent**”), dated as of February 1, 2026 (the “**Paying Agent Agreement**”).

See “THE BONDS - Authority for Issuance.”

### **Description of the Bonds**

**Generally.** The Bonds will be issued as current interest bonds, will be dated their date of delivery (the “**Dated Date**”) and will be issued as fully registered bonds, without coupons, in the denominations of \$5,000 or any integral multiple thereof. The Bonds will mature on August 1 in the years indicated on the inside cover page hereof. The Bonds will accrue interest from the Dated Date, which is payable semiannually on February 1 and August 1 of each year, commencing August 1, 2026. See “THE BONDS – Description of the Bonds” and APPENDIX E.

**Redemption.\*** The Bonds are subject to redemption prior to maturity as described under the heading “THE BONDS – Redemption.”

### **Legal Matters**

Issuance of the Bonds is subject to the approving opinions of Jones Hall LLP, San Mateo, California, as bond counsel (“**Bond Counsel**”), to be delivered in substantially the respective forms attached hereto as APPENDIX C. Jones Hall LLP, San Mateo, California, will also serve as disclosure counsel to the City (“**Disclosure Counsel**”).

### **Tax Matters**

In the opinion of Bond Counsel, interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. Interest on the Bonds may be subject to the corporate alternative minimum tax. In the further opinion of Bond Counsel, such interest is exempt from State of California (the “**State**”) personal income taxes. See “LEGAL MATTERS – Tax Exemption” for additional information, and APPENDIX C for the forms of Bond Counsel’s opinions to be delivered concurrently with the Bonds.

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\* Preliminary; subject to change.

## **Offering and Delivery of the Bonds**

The Bonds are offered when, as and if issued and received by the Purchasers, subject to approval as to the legality by Bond Counsel. It is anticipated that the Bonds will be available for delivery through the facilities of DTC on or about the date set forth on the front cover.

## **Continuing Disclosure**

The City has covenanted and agreed that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificates with respect to the Series A Bonds and the Series B Bonds. The forms of the Continuing Disclosure Certificates are included in APPENDIX D. See also "CONTINUING DISCLOSURE."

## **Cyber Risks**

The City, like other governmental and business entities, faces risks relating to the use and application of computer software and hardware for operational and management purposes. The City collects, processes, and distributes a large amount of private, protected and personal information and, as the custodian of such information, may face cybersecurity threats, attacks or incidents. No assurance can be given that future cyber threats or attacks against the City or third-party entities or service providers will not directly or indirectly impact the City or the owners of the Bonds, including the possibility of impacting the timely payments of debt service on the Bonds or timely filings pursuant to the City's continuing disclosure undertakings, described in more detail herein. See APPENDIX A "FINANCIAL INFORMATION – Disclaimer Regarding Cyber Risks."

## **Other Information**

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Copies of documents referred to in this Official Statement and information concerning the Bonds are available from the City of Santa Clara City Clerk, 1500 Warburton Avenue, Santa Clara, California 95050, (408) 615-2220. The City may impose a charge for copying, mailing and handling.

This Official Statement is not to be construed as a contract between any bond owner and the City or the Purchasers. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. The summaries and references to documents, statutes and constitutional provisions referred to herein do not purport to be comprehensive or definitive, and are qualified in their entirety by reference to each of such documents, statutes and constitutional provisions.

The information set forth herein has been obtained from official sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the City. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

## THE FINANCING PLAN

### Purpose of Issue

The proceeds of the Bonds will be used to finance projects approved by more than the requisite two-thirds of City voters that voted at an election held in the City on November 5, 2024 (the “**Bond Election**”), and to pay the costs of issuing the Bonds. The abbreviated form of the ballot measure, labeled Measure I (the “**Bond Measure**”), is set forth below:

*“To improve 911 emergency response; fix streets to reduce potholes and provide safer roads and routes for drivers, pedestrians, and cyclists; upgrade storm drains/pipes to prevent flooding/sinkholes; and renovate/replace recreation, library and other community facilities; shall the City of Santa Clara's measure authorizing \$400,000,000 in bonds, funded by levying an estimated \$19 per \$100,000 of assessed value while bonds are outstanding, generating approximately \$21,674,000 annually, with annual audits and citizen oversight of spending, be adopted?”*

The Series A Bonds and the Series B Bonds will be the first and second series of bonds, respectively, issued pursuant to the authority received at the Bond Election. Following the issuance of the Bonds, \$\_\_\_\_\_ of unissued capacity will remain under the Bond Election.

In addition to the abbreviated statement of the ballot measure, as part of the sample ballot materials, in accordance with the requirements of California law, City voters were presented with a full text of the ballot measure, which, among other items, included an expenditure plan identifying to City voters the types of projects eligible for funding from proceeds of bonds approved at the Bond Election (the “**Bond Measure Expenditure Plan**”).

The City expects to use net proceeds of the Bonds to make capital improvements to City facilities, including: streets and transportation; fire stations and emergency response facilities; public facilities; parks, library, senior center and aquatic facilities; storm drain systems; and historic buildings (collectively, the “**Project**”).

The City makes no representation as to the specific application of the proceeds of the Bonds attributable to the Bond Measure, the completion of any projects listed on the Bond Measure Expenditure Plan, or whether bonds authorized by the Bond Measure will provide sufficient funds to complete any particular project listed in the Bond Measure Expenditure Plan.

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\* Preliminary; subject to change.

## SOURCES AND USES OF FUNDS

The estimated sources and uses of funds with respect to the Bonds are as follows:

<u>Sources of Funds</u>	<u>Series A Bonds</u>	<u>Series B Bonds</u>	<u>Total</u>
Principal Amount of Bonds			
Plus: [Net] Original Issue Premium			
<b>Total Sources</b>			
 <u>Uses of Funds</u>			
Deposit to Series A Project Fund			
Deposit to Series B Project Fund			
Deposit to Debt Service Fund			
Costs of Issuance*			
<b>Total Uses</b>			

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*\*All estimated costs of issuance including, but not limited to, Purchasers' discount, printing costs, and fees of Bond Counsel, Disclosure Counsel, the Municipal Advisor, the Paying Agent and the rating agency.*

## THE BONDS

### Authority for Issuance

The Bonds will be issued under the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with Section 53506 thereof, the Bond Resolution and the Paying Agent Agreement.

### Description of the Bonds

**Book-Entry Form.** The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("**DTC**"). Purchasers of the Bonds (the "**Beneficial Owners**") will not receive physical certificates representing their interest in the Bonds. Payments of principal of and interest on the Bonds will be paid by the Paying Agent to DTC for subsequent disbursement to DTC Participants which will remit such payments to the Beneficial Owners of the Bonds.

As long as DTC's book-entry method is used for the Bonds, the Paying Agent will send any notice of prepayment or other notices to owners only to DTC. Any failure of DTC to advise any DTC Participant, or of any DTC Participant to notify any Beneficial Owner, of any such notice and its content or effect will not affect the validity or sufficiency of the proceedings relating to the prepayment of the Bonds called for prepayment or of any other action premised on such notice.

None of the Paying Agent, the City, or the Purchasers have no responsibility or liability for any aspects of the records relating to or payments made on account of beneficial ownership, or for maintaining, supervising or reviewing any records relating to beneficial ownership, of interests in the Bonds. See APPENDIX E for additional information.

**Interest.** Interest on the Bonds is payable semiannually on February 1 and August 1 of each year (the "**Interest Payment Dates**"), commencing August 1, 2026.

Interest on the Bonds is payable from the Interest Payment Date next preceding the date of authentication thereof unless:

1. a Bond is authenticated as of an Interest Payment Date, in which event it will bear interest from such date,
2. a Bond is authenticated prior to an Interest Payment Date and after the close of business on the 15th day of the month preceding the Interest Payment Date (each, a "**Record Date**"), in which event it will bear interest from such Interest Payment Date,
3. a Bond is authenticated on or before July 15, 2026, in which event it shall bear interest from the Closing Date, or
4. at the time of authentication of a Bond, interest is in default thereon, in which event it will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

Interest on the Bonds will be calculated on the basis of a 360-day year comprised of twelve 30-day months.

**Denominations and Maturity.** The Bonds shall be issued in the denomination of \$5,000 each or any integral multiple of \$5,000. The Bonds mature on August 1 in the years and amounts set forth on the inside cover page hereof.

See the maturity schedule on the inside cover page hereof and “DEBT SERVICE SCHEDULE” below.

## **Payment**

Interest on the Bonds (including the final interest payment upon maturity or earlier redemption) is payable by check of the Paying Agent mailed on the applicable Interest Payment Date to the owner thereof at such owner’s address as it appears on the Registration Books (as defined below) maintained by the Paying Agent at the close of business on the preceding Record Date, or at such other address as the Owner may have filed with the Paying Agent for that purpose; provided that an owner of \$1,000,000 or more aggregate principal amount of Bonds, or the owner of all of the Bonds at the time outstanding, shall, at his or her option, receive payment of interest by wire transfer to an account in the United States of America designated by such owner to the Paying Agent no later than the 15 day of the month immediately preceding the applicable Interest Payment Date.

Principal of the Bonds is payable in lawful money of the United States of America at the Principal Office of the Paying Agent.

## **Redemption\***

**Optional Redemption – Series A Bonds.** The Series A Bonds maturing on or before August 1, 20\_\_, are not subject to redemption prior to their respective maturity dates. The Series A Bonds maturing on or after August 1, 20\_\_, are subject to redemption prior to their respective maturity dates, at the option of the City, on any date on and after August 1, 20\_\_, at a redemption price equal to the principal amount of the Series A Bonds to be redeemed, plus accrued interest to the date of redemption, without premium.

**Optional Redemption – Series B Bonds.** The Series B Bonds maturing on or before August 1, 20\_\_, are not subject to redemption prior to their respective maturity dates. The Series B Bonds maturing on or after August 1, 20\_\_, are subject to redemption prior to their respective maturity dates, at the option of the City, on any date on and after August 1, 20\_\_, at a redemption price equal to the principal amount of the Series B Bonds to be redeemed, plus accrued interest to the date of redemption, without premium.

**Mandatory Sinking Fund Redemption – Series A Bonds.** The Series A Bonds maturing on August 1, 20\_\_ (the “**Series A Term Bonds**”), are subject to mandatory sinking payment redemption in part on August 1, 20\_\_, and on each August 1 thereafter to maturity, by lot, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date fixed for redemption, without premium, from sinking payments as follows:

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\* Preliminary; subject to change.

**Series A Term Bonds Maturing August 1, 20\_\_**

<b>Redemption Date (August 1)</b>	<b>Sinking Payments</b>
---------------------------------------	-----------------------------

20\_\_ (maturity)

The amounts in the foregoing table shall be reduced as a result of any prior partial optional redemption of the Series A Bonds as specified in writing by an Authorized Officer to the Paying Agent.

***Mandatory Sinking Fund Redemption – Series B Bonds.*** The Series B Bonds maturing on August 1, 20\_\_ (the “**Series B Term Bonds**”), are subject to mandatory sinking payment redemption in part on August 1, 20\_\_, and on each August 1 thereafter to maturity, by lot, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date fixed for redemption, without premium, from sinking payments as follows:

**Series B Term Bonds Maturing on August 1, 20\_\_**

<b>Redemption Date (August 1)</b>	<b>Sinking Payments</b>
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20\_\_ (maturity)

The amounts in the foregoing table shall be reduced as a result of any prior partial optional redemption of the Series B Bonds as specified in writing by an Authorized Officer to the Paying Agent.

***Redemption Procedure.*** The Paying Agent will cause notice of any redemption to be mailed by first class mail, postage prepaid, at least 20 days but not more than 60 days prior to the date fixed for redemption, to the respective registered owners of any Bonds designated for redemption, at their addresses appearing on the Bond registration books in the principal office of the Paying Agent; but such mailing shall not be a condition precedent to such redemption and failure to mail or to receive any such notice, or any defect therein, shall not affect the validity of the proceedings for the redemption of such Bonds.

The City may rescind any optional redemption of the Bonds and notice thereof, for any reason on any date prior to the date fixed for such redemption by causing written notice of the rescission to be given to the owners of the Bonds so called for redemption. Notice of rescission of redemption will be given in the same manner in which notice of redemption was originally given. The actual receipt by the owner of any Bond of notice of such rescission will not be a condition precedent to rescission, and failure to receive such notice or any defect in such notice will not affect the validity of the rescission. Neither the City nor the Paying Agent will have any liability to

the owner of any Bonds, or any other party, as a result of the City's decision to rescind a redemption of any Bonds under the Paying Agent Agreement.

A redemption notice will (i) state the series of Bonds to be redeemed and the redemption date and the redemption price and, if less than all of the then outstanding Bonds are to be called for redemption, shall designate the CUSIP numbers and Bond numbers of the Bonds to be redeemed by giving the individual CUSIP number and Bond number of each Bond to be redeemed or shall state that all Bonds between two stated Bond numbers, both inclusive, are to be redeemed or that all of the Bonds of one or more maturities have been called for redemption; (ii) state as to any Bond called in part the principal amount thereof to be redeemed; (iii) require that the Bonds be then surrendered at the principal office of the Paying Agent for redemption at the said redemption price or such other place of payment as may be designated in said notice; (iv) state that further interest on the Bonds will not accrue from and after the redemption date; and (v) for optional redemption state whether the notice is conditioned on the availability of funds.

Upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall, to the extent practicable, bear the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

***Partial Redemption.*** Upon surrender of Bonds redeemed in part only, the City will execute and the Paying Agent will authenticate and deliver to the owner, at the expense of the City, a new Bond or Bonds, of the same maturity, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Bond or Bonds.

***Effect of Redemption.*** From and after the date fixed for redemption, if funds available for the payment of the principal of, and interest and premium, if any, on the Bonds so called for redemption have been duly provided, such Bonds so called will cease to be entitled to any benefit under the Paying Agent Agreement other than the right to receive payment of the redemption price, and no interest will accrue thereon on or after the redemption date specified in such notice.

## **Registration, Transfer and Exchange of Bonds**

If the book-entry system as described above and in APPENDIX E is no longer used with respect to the Bonds, the following provisions will govern the registration, transfer, and exchange of the Bonds.

***Registration Books.*** The Paying Agent will keep or cause to be kept sufficient books for the registration and transfer of the Bonds (the "**Registration Books**"), which will at all times be open to inspection by the City upon reasonable notice; and, upon presentation for such purpose, the Paying Agent shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, the Bonds.

***Transfer.*** Any Bond may, in accordance with its terms, be transferred, upon the Registration Books, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation at the principal office of the Paying Agent, accompanied by delivery of a written instrument of transfer in a form approved by the Paying Agent, duly executed. The City may charge a reasonable sum for each new Bond issued upon any transfer.



Whenever any Bond or Bonds are surrendered for transfer, the City will execute and the Paying Agent will authenticate and deliver a new Bond or Bonds, for like aggregate principal amount.

**Exchange.** Bonds may be exchanged at the principal office of the Paying Agent for a like aggregate principal amount of Bonds of authorized denominations and of the same maturity. The Paying Agent will require the payment by the owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

## **Defeasance**

The City has the option to pay and discharge the entire indebtedness on all or any portion of the outstanding Bonds in any one or more of the following ways:

- (a) by paying or causing to be paid the principal of, and interest and any premium on, such Bonds outstanding, as and when the same become due and payable;
- (b) by depositing with the Paying Agent or other agent designated by the City, in trust, at or before maturity, money which, together with, in the event of a discharge of all of the Bonds, the amounts then on deposit in the funds and accounts provided for in the Paying Agent Agreement is fully sufficient to pay such Bonds outstanding, including all principal, interest and redemption premiums; or
- (c) by irrevocably depositing with the Paying Agent or other agent designated by the City, in trust, cash and Federal Securities (as defined below) in such amount as the City shall determine as confirmed by an independent certified public accountant will, together with the interest to accrue thereon and, in the event of a discharge of all of the Bonds, moneys then on deposit in the fund and accounts provided for in the Paying Agent Agreement, be fully sufficient to pay and discharge the indebtedness on such Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates.

**“Federal Securities”** means United States Treasury notes, bonds, bills or certificates of indebtedness, or any other obligations the timely payment of which is directly or indirectly guaranteed by the faith and credit of the United States of America.

## DEBT SERVICE SCHEDULES

**The Series A Bonds.** The following table shows the debt service schedule with respect to the Series A Bonds, assuming no optional redemptions.

**CITY OF SANTA CLARA**  
**Annual Debt Service Schedule**  
**Election of 2024 General Obligation Bonds, 2026 Series A**

Bond Year Ending August 1	Principal	Interest	Total Debt Service
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Total

**The Series B Bonds.** The following table shows the debt service schedule with respect to the Series B Bonds, assuming no optional redemptions.

**CITY OF SANTA CLARA**  
**Annual Debt Service Schedule**  
**Election of 2024 General Obligation Bonds,**  
**2026 Series B**  
**(Qualified 501(c)(3) Bonds)**

[illegible]

## SECURITY FOR THE BONDS

### **Ad Valorem Taxes**

**Bonds Payable from Ad Valorem Property Taxes.** The Bonds are general obligations of the City, payable solely from *ad valorem* property taxes levied by the City and collected by the County. The City is empowered and is obligated, and under the Paying Agent Agreement has covenanted, to annually levy *ad valorem* property taxes for the payment of the Bonds and the interest thereon upon all property within the City subject to taxation by the City, without limitation of rate or amount (except certain personal property that is taxable at limited rates).

**Levy and Collection.** The City will levy and the County will collect such *ad valorem* property taxes in such amounts and at such times as is necessary to ensure the timely payment of debt service. Such taxes, when collected, will be deposited into a debt service fund for the Bonds, which is maintained by the City and which is irrevocably pledged for the payment of principal of and interest on the Bonds when due.

City property taxes are assessed and collected by the County in the same manner and at the same time, and in the same installments as other *ad valorem* property taxes on real property, and will have the same priority, become delinquent at the same times and in the same proportionate amounts, and bear the same proportionate penalties and interest after delinquency as do the other *ad valorem* property taxes on real property. As described below, the County has adopted a Teeter Plan and the City has elected to participate in the Teeter Plan. See “PROPERTY TAXATION – Alternative Method of Tax Apportionment – Teeter Plan.”

**Statutory Lien on Ad Valorem Tax Revenues.** Under California law, voter-approved general obligation bonds which are secured by *ad valorem* property tax collections, including the Bonds, are secured by a statutory lien on all revenues received pursuant to the levy and collection of the property tax imposed to service those bonds. Said lien attaches automatically and is valid and binding from the time the bonds are executed and delivered. The lien is enforceable against the City, its successors, transferees, and creditors, and all others asserting rights therein, irrespective of whether those parties have notice of the lien and without the need for any further act.

**Annual Tax Rates.** The amount of the annual *ad valorem* property tax levied by the City to repay the Bonds will be determined by the relationship between the assessed valuation of taxable property in the City and the amount of debt service due on the Bonds. Fluctuations in the annual debt service on the Bonds and the assessed value of taxable property in the City may cause the annual tax rate to fluctuate.

**Natural Disasters.** Economic and other factors beyond the City’s control, such as economic recession, deflation of property values, pandemics, a relocation out of the City or financial difficulty or bankruptcy by one or more major property taxpayers, or the complete or partial destruction of taxable property caused by, among other eventualities, earthquake, flood, fire, drought, climate change or other natural disaster, could cause a reduction in the assessed value within the City and necessitate a corresponding increase in the annual tax rate. See “PROPERTY TAXATION – Assessed Valuations – Certain Risk Factors Relating to Assessed Value.”

## **Debt Service Funds**

Pursuant to the Paying Agent Agreement, the City will establish a debt service fund for the Bonds (the “**Debt Service Fund**”), which will be held by the City as a separate fund, to be maintained distinct from all other funds of the City. All taxes levied by the County for the payment of the principal of and interest and premium (if any) on the Bonds, as directed by the City in the Paying Agent Agreements will be deposited in the Debt Service Fund by the City promptly upon receipt from the County. Alternatively, the City may direct the County to transfer such taxes, in whole or in part, directly to the Paying Agent for deposit in the Bond Fund (as defined below). The purpose of making payments of principal of and interest and premium (if any) on the Bonds.

The Debt Service Fund is pledged for the payment of the principal of and interest and premium (if any) on the Bonds, when and as the same become due.

At least 5 Business Days prior to each Interest Payment Date, the City will transfer to the Paying Agent moneys on deposit in the Debt Service Fund, for deposit by the Paying Agent in the Bond Fund, in an amount sufficient for the payment of principal of and interest on the Bonds on the next succeeding Interest Payment Date.

If, after payment in full of the Bonds, any amounts remain on deposit in the Debt Service Fund, the City shall transfer such amounts to its General Fund, to be applied solely in a manner that is consistent with the requirements of applicable state and federal tax law.

## **Bond Fund**

Pursuant to the Paying Agent Agreement, a separate fund is established as the Bond Fund (the “**Bond Fund**”), to be held by the Paying Agent. All moneys received by the Paying Agent from the City or the County under “SECURITY FOR THE BONDS – Debt Service Funds” above, shall be deposited into the Bond Fund. The moneys on deposit in the Bond Fund shall be used solely to pay principal and interest on the Bonds when due.

## **Limited Obligation**

The Bonds are payable solely from the proceeds of an *ad valorem* property tax levied by the City, and collected by the County, for the payment of principal and interest on the Bonds. Although the County is obligated to collect the *ad valorem* property tax for the payment of the Bonds, the Bonds are not a debt of the County.

## PROPERTY TAXATION

### Property Tax Collection Procedures

In California, property subject to *ad valorem* taxes is classified as “secured” or “unsecured.” The “secured roll” is that part of the assessment roll containing State-assessed utilities’ real property and other real property, the taxes on which create a lien on such property sufficient, in the opinion of the county assessor, to secure payment of the taxes. A tax levied on unsecured property does not become a lien against such unsecured property, but may become a lien on certain other property owned by the taxpayer. Every tax which becomes a lien on secured property has priority over all other liens arising pursuant to State law on such secured property, regardless of the time of the creation of the other liens. Secured and unsecured property are entered separately on the assessment roll maintained by the county assessor. The method of collecting delinquent taxes is substantially different for the two classifications of property.

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of each fiscal year. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent payment. In addition, property on the secured roll with respect to which taxes are delinquent is declared tax defaulted on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of the delinquent taxes and a delinquency penalty, plus a redemption penalty of 1.5% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is subject to sale by the County. The exclusive means of enforcing the payment of delinquent taxes in respect of property on the secured roll is the sale of the property securing the taxes for the amount of taxes which are delinquent.

Property taxes are levied for each fiscal year on taxable real and personal property situated in the taxing jurisdiction as of the preceding January 1. However, Senate Bill 813 (enacted by Statutes of 1983, Chapter 498) (“**SB 813**”), provided for the supplemental assessment and taxation of property as of the occurrence of a change of ownership or completion of new construction. Thus, this legislation eliminated delays in the realization of increased property taxes from new assessments. As amended, SB 813 provided increased revenue to taxing jurisdictions to the extent that supplemental assessments of new construction or changes of ownership occur subsequent to the January 1 lien date and result in increased assessed value.

Property taxes on the unsecured roll are due on the January 1 lien date and become delinquent, if unpaid on the following August 31st. A 10% penalty is also attached to delinquent taxes in respect of property on the unsecured roll, and further, an additional penalty of 1.5% per month accrues with respect to such taxes beginning the first day of the third month following the delinquency date. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the county recorder’s office, in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee.

## Taxation of State-Assessed Utility Property

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

### Assessed Valuation

**Assessed Valuation History.** The following is a table summarizing the historical assessed valuation of the taxable property in the City.

**Table 1**  
**CITY OF SANTA CLARA**  
**Assessed Valuations of All Taxable Property**  
**Fiscal Years 2015-16 to 2025-26**

<u>Fiscal Year</u>	<u>Local Secured</u>	<u>Utility</u>	<u>Unsecured</u>	<u>Total</u>	<u>Percent Change</u>
2015-16	\$27,766,247,318	\$4,183,382	\$5,157,346,239	\$32,927,776,939	14.5%
2016-17	30,777,228,941	4,183,382	5,856,884,904	36,638,297,227	11.3
2017-18	33,552,082,786	3,895,886	6,553,560,299	40,109,538,971	9.5
2018-19	36,697,967,976	354,176	7,266,591,589	43,964,913,741	9.6
2019-20	38,602,338,978	870,356	7,629,243,714	46,232,453,048	5.2
2020-21	42,145,591,340	870,356	7,972,492,749	50,118,954,445	8.4
2021-22	44,256,781,598	870,356	8,007,077,214	52,264,729,168	4.3
2022-23	48,237,113,081	870,356	8,688,804,267	56,926,787,704	8.9
2023-24	52,239,283,662	1,074,412	8,829,840,150	61,070,198,224	7.3
2024-25	56,510,487,489	1,074,412	9,026,762,852	65,538,324,753	7.3
2025-26	59,730,203,694	1,074,412	10,069,811,602	69,801,089,708	6.5

Source: California Municipal Statistics, Inc.

**Certain Risk Factors Relating to Assessed Value.** As indicated in the previous table, assessed valuations are subject to change in each year due to a variety of factors including but not limited to general economic conditions, supply and demand for real property in the area, government regulations such as zoning; and natural disasters, such as wildfires, earthquakes, droughts, floods, climate change and pandemics, among others. The City cannot predict or make any representations regarding the effects that natural disasters or other conditions have or may have on the value of taxable property within the City, or to what extent natural disasters might impact economic activity in the City or throughout the State.

**Wildfires.** In the State, fire season is starting earlier and ending later each year, with the increased length of the season corresponding to an increase in the extent of forest fires across the State. In addition to destroying land and structures, there have been human fatalities and negative impacts on air quality throughout the State. Fires in the State and neighboring states have threatened the region’s power grids, making some power lines unreliable. The Governor has

issued executive orders in the past suspending penalties, costs and interest on late property tax payments for properties impacted by wildfires. The City cannot predict or make any representations regarding the effects that wildfires and related conditions have or may have on the City, or to what extent wildfires might negatively impact economic activity and assessed valuation in the City or throughout the State

In August 2020, the Santa Clara Unit (the “**SCU**”) Lightning Complex fire was sparked by lightning from remnants of a tropical storm, as it moved northward through the bay area. The SCU Lightning Complex fire threatened certain of the City’s neighborhoods, and ultimately burned 396,624 acres, destroyed 222 buildings, and impacted six counties. The City itself did not experience damage from the SCU Lightning Complex Fire, although certain portions of the County were burned.

As an urban environment with a historically low level of wildfire risk, the City’s mitigation strategy focuses primarily on preventative measures, including vegetation management in urban green spaces, utility infrastructure safety, working with utility providers, and community preparedness are awareness campaigns.

Seismic Events. The City is located in a seismically active region. An earthquake of large magnitude could result in extensive damage to property within the City and could adversely affect the assessed valuation of property within the City, or more generally the region’s economy.

Drought. The State has experienced drought conditions in recent years, including a period of drought followed by record-level precipitation, which resulted in related severe flooding and mudslides in certain regions. As of October 9, 2025, the U.S. Drought Monitor indicates that the State is classified as abnormally dry and is experiencing moderate drought conditions in the central part of the State, and moderate and severe drought conditions in the southern part of the State, with pockets of extreme drought conditions on the southern border.

During 2021, the Governor of the State proclaimed a drought state of emergency for all counties in the State, culminating with an October 19, 2021, proclamation, urging Californians to step up their water conservation efforts. In January 2022, the State Water Board adopted emergency regulations aimed at saving water and raising drought awareness, with prohibitions focused on reducing outdoor water use, enforceable by local agencies and the State Water Board, generally with warning letters, mandatory water use audits, and fines. In January 2023, the State Water Board adopted its first five-year temporary groundwater recharge permit, in addition to adopting new statewide sanitary sewer orders and appointing eleven members to the Advisory Group on Safe Drinking Water Funding. Local agencies can impose and enforce their own drought conservation rules. The City cannot predict the future impacts of these statewide measures on its water or wastewater systems, or on the City more broadly.

Climate Change. In addition to the events described above, climate change caused by human activities may have adverse effects on the assessed value of property within the City. As greenhouse gas emissions continue to accumulate in the atmosphere as a result of economic activity, many scientists expect that climate change will intensify, increasing the frequency, severity and timing of extreme weather events such as coastal storm surges, drought, wildfires, floods, heat waves, and rising sea levels. Projections of the impact of global climate change are complex and depend on a variety of factors outside of the City’s control. The various scientific studies that forecast the amount and timing of adverse impacts of climate change are based on assumptions contained in such studies, but actual events may vary materially. In addition, the scientific understanding of climate change and its effects continues to evolve. Accordingly, the



City is unable to forecast with certainty when or if adverse impacts of climate change will occur or the extent of such impacts.

Public Health Emergencies. In recent years, public health authorities have warned of threats posed by outbreaks of disease and other public health threats. On February 11, 2020, the World Health Organization announced the official name for the outbreak of the disease known as COVID-19 (“**COVID-19**”), an upper respiratory tract illness, that spread across the world and materially impacted the global economy. While the national and global health emergencies have passed, there could be future COVID-19 outbreaks or other public health emergencies that could have material adverse effects on the City’s operations and finances. In addition, the City cannot predict whether future pandemics will occur and whether any such pandemics may impact its finances or operations. As of this date, several vaccines have been provided approval by federal health authorities and are widely available, and both the national emergency and state of emergency have officially ended, and the World Health Organization declared an end to the COVID-19 global health emergency.

***Property Tax Base Transfer Ballot Measure.*** On November 3, 2020, State voters approved a constitutional amendment entitled Property Tax Transfers, Exemptions and Revenue for Wildfire Agencies and Counties Amendment (“**Proposition 19**”), which: (i) expands special rules that give property tax savings to homeowners that are over the age of 55, severely disabled, or whose property has been impacted by a natural disaster or contamination, when they buy a different home; (ii) narrows existing special rules for inherited properties; and (iii) broadens the scope of legal entity ownership changes that trigger reassessment of properties. The City cannot make any assurance as to what effect the implementation of Proposition 19 will have on assessed valuation of real property in the City.

**Assessed Valuation by Land Use.** The following table shows the land use of parcels in the City, according to assessed valuation. As shown, the majority of land in the City is used for residential purposes.

**Table 2**  
**CITY OF SANTA CLARA**  
**Assessed Valuation and Parcels by Land Use**  
**Fiscal Year 2025-26**

	<b>2025-26 Assessed Valuation <sup>(1)</sup></b>	<b>% of Total</b>	<b>No. of Parcels</b>	<b>% of Total</b>
<b>Non-Residential:</b>				
Commercial/Office	\$12,208,155,933	20.44%	957	3.17%
Industrial/Manufacturing	14,537,820,804	24.34	941	3.11
Recreational	701,082,340	1.17	19	0.06
Government/Social/Institutional	48,337,655	0.08	196	0.65
Miscellaneous	<u>77,525,447</u>	<u>0.13</u>	<u>25</u>	<u>0.08</u>
Subtotal Non-Residential	\$27,572,922,179	46.16%	2,138	7.08%
<b>Residential:</b>				
Single Family Residence	\$16,239,609,235	27.19%	18,389	60.85%
Condominium/Townhouse	5,880,348,242	9.84	7,485	24.77
2-4 Residential Units	1,273,824,476	2.13	1,415	4.68
5+ Residential Units/Apartments	<u>7,809,174,231</u>	<u>13.07</u>	<u>612</u>	<u>2.03</u>
Subtotal Residential	\$31,202,956,184	52.24%	27,901	92.33%
<b>Vacant Parcels</b>	<u>\$954,325,331</u>	<u>1.60%</u>	<u>180</u>	<u>0.60%</u>
<b>Total</b>	\$59,730,203,694	100.00%	30,219	100.00%

(1) Local Secured Assessed Valuation; excluding tax-exempt property.

Source: California Municipal Statistics, Inc.

**Assessed Valuation of Single-Family Residential Parcels.** The following table shows a breakdown of the assessed valuations of improved single-family residential parcels in the City, according to assessed valuation.

**Table 3**  
**CITY OF SANTA CLARA**  
**Per Parcel 2025-26 Assessed Valuation**  
**of Single-Family Homes**

	<u>No. of Parcels</u>	<u>2025-26 Assessed Valuation</u>	<u>Average Assessed Valuation</u>	<u>Median Assessed Valuation</u>
Single Family Residential	18,389	\$16,239,609,235	\$883,115	\$774,498

<u>2025-26 Assessed Valuation</u>	<u>No. of Parcels <sup>(1)</sup></u>	<u>% of Total</u>	<u>Cumulative % of Total</u>	<u>Total Valuation</u>	<u>% of Total</u>	<u>Cumulative % of Total</u>
\$0 - \$99,999	1,630	8.864%	8.864%	\$ 123,565,566	0.761%	0.761%
\$100,000 - \$199,999	1,142	6.210	15.074	164,532,181	1.013	1.774
\$200,000 - \$299,999	1,009	5.487	20.561	253,250,392	1.559	3.334
\$300,000 - \$399,999	1,154	6.275	26.837	404,819,422	2.493	5.826
\$400,000 - \$499,999	1,177	6.401	33.237	529,400,462	3.260	9.086
\$500,000 - \$599,999	1,103	5.998	39.235	607,712,799	3.742	12.828
\$600,000 - \$699,999	1,076	5.851	45.087	699,045,896	4.305	17.133
\$700,000 - \$799,999	1,225	6.662	51.748	919,807,302	5.664	22.797
\$800,000 - \$899,999	1,111	6.042	57.790	942,105,903	5.801	28.598
\$900,000 - \$999,999	1,076	5.851	63.641	1,021,015,878	6.287	34.885
\$1,000,000 - \$1,099,999	814	4.427	68.068	852,450,206	5.249	40.135
\$1,100,000 - \$1,199,999	722	3.926	71.994	830,125,100	5.112	45.246
\$1,200,000 - \$1,299,999	585	3.181	75.175	730,475,004	4.498	49.744
\$1,300,000 - \$1,399,999	573	3.116	78.291	773,418,313	4.763	54.507
\$1,400,000 - \$1,499,999	598	3.252	81.543	867,570,439	5.342	59.849
\$1,500,000 - \$1,599,999	576	3.132	84.676	891,844,341	5.492	65.341
\$1,600,000 - \$1,699,999	538	2.926	87.601	887,359,890	5.464	70.805
\$1,700,000 - \$1,799,999	462	2.512	90.114	807,689,195	4.974	75.779
\$1,800,000 - \$1,899,999	432	2.349	92.463	798,078,710	4.914	80.693
\$1,900,000 - \$1,999,999	318	1.729	94.192	619,518,743	3.815	84.508
\$2,000,000 and greater	<u>1,068</u>	<u>5.808</u>	100.000	<u>2,515,823,493</u>	<u>15.492</u>	100.000
	18,389	100.000%		\$16,239,609,235	100.000%	

(1) Improved single family residential parcels. Excludes condominiums and parcels with multiple family units.

Source: California Municipal Statistics, Inc.

### Alternative Method of Tax Apportionment - Teeter Plan

The County Board of Supervisors approved an alternative method of distribution of tax levies and collections of tax sale proceeds (the “**Teeter Plan**”), as provided for in Section 4701 et seq. of the California Revenue and Taxation Code. Under the Teeter Plan taxing entities, including the City, receive 100% of their secured ad valorem property tax levy assessed by the County. The County funds current year delinquencies from certain moneys in its treasury, including, currently, tax payments from prior years’ delinquencies. The County then receives all future delinquent payments, penalties, and interest. The Teeter Plan will remain in effect unless the County orders its discontinuance or unless the County receives a petition for its discontinuance joined in by resolutions adopted by at least two-thirds of the participating revenue districts in the County, in which event the Board of Supervisors of the County shall order discontinuance of the Teeter Plan effective at the commencement of the subsequent fiscal year. Additionally, the County may discontinue the procedures under the Teeter Plan with respect to any political subdivision in the County if the rate of secured property tax

delinquency in that political subdivision in any year exceeds 3% of the total of all taxes and assessments levied on the secured rolls for that political subdivision. If the Teeter Plan is discontinued subsequent to its implementation, only those secured property taxes actually collected would be allocated to political subdivisions (including the City) for which the County acts as the tax-levying or tax-collecting agency. For further information, please see APPENDIX A – “FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION FOR THE CITY OF SANTA CLARA AND SANTA CLARA COUNTY – CITY FINANCIAL INFORMATION – Ad Valorem Property Taxes” herein.

There can be no assurance that the County will continue to utilize the Teeter Plan with respect to the tax levy for the Bonds or for the City. Further, the amounts expected to be available to the County may not be sufficient to fund all delinquencies in current tax levies, in which case the City may not receive the full amount required for the payment of debt service on the Bonds on a timely basis.

Property tax delinquencies may be impacted by economic and other factors beyond the City’s control or the control of the County, including the ability or willingness of property owners to pay property taxes during an economic recession or depression. An economic recession or depression could be caused by many factors outside the control of the City, including high interest rates, reduced consumer confidence, reduced real wages or reduced economic activity as a result of a pandemic or natural or manmade disaster.

Pursuant to Revenue and Taxation Code Section 4985.2, the Treasurer-Tax Collector of the respective County may cancel any penalty, costs or other charges resulting from tax delinquency upon a finding that the late payment is due to reasonable cause and circumstances beyond the taxpayer’s control, and occurred notwithstanding the exercise of ordinary care in the absence of willful neglect, provided the property taxes are paid within four fiscal years of such taxes coming due.

### **Reassessments and Appeals of Assessed Value**

There are general means by which assessed values can be reassessed or appealed that could adversely impact property tax revenues within the City.

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

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

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

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

Proposition 8 reductions may also be unilaterally applied by the County Assessor. The City cannot predict the changes in assessed values that might result from pending or future appeals by taxpayers or reductions initiated by the County Assessor. Any reduction in aggregate City assessed valuation due to appeals, as with any reduction in assessed valuation due to other causes, will cause the tax rate levied to repay the Bonds to increase accordingly, so that the fixed debt service on the Bonds (and other outstanding general obligation bonds, if any) may be paid.

## Tax Rates

The table below shows historical property tax rates within the City:

**Table 4**  
**CITY OF SANTA CLARA**  
**TYPICAL TAX RATE PER \$100 ASSESSED VALUATION**  
**(Tax Rate Area 7-014 – 2025-26 Assessed Valuation: \$36,600,075,154<sup>(1)</sup>)**

	Fiscal Year <u>2021-22</u>	Fiscal Year <u>2022-23</u>	Fiscal Year <u>2023-24</u>	Fiscal Year <u>2024-25</u>	Fiscal Year <u>2025-26</u>
General Tax Rate	\$1.00000	1.00000	\$1.00000	\$1.00000	\$1.00000
County Retirement Levy	.03880	.03880	.03880	.03880	.03880
County Hospital Bonds	.00610	.00630	.00550	.00550	.00520
County Housing Bonds	.01266	.01080	.00950	.00430	.00560
Santa Clara Unified School District	.10140	.08670	.08890	.08260	.08110
West Valley Community College District	.03040	.02830	.02580	.02590	.01920
Total All Property Tax Rate	\$1.18936	\$1.17090	\$1.16850	\$1.15710	\$1.14990
 Santa Clara Valley Water District State Water Project	 \$.00510	 \$.00440	 \$.00410	 \$.00410	 \$.00390
Total Land and Improvement Tax Rate	\$.00510	\$.00440	\$.00410	\$.00410	\$.00390

(1) 2025-26 assessed valuation of Tax Rate Area 7-014 is \$36,600,075,154, which is 52.43% of the City's total assessed valuation.

Source: California Municipal Statistics, Inc.

## Major Taxpayers

The following table shows the twenty largest taxpayers in the City as determined by their secured assessed valuations in fiscal year 2025-26.

**Table 5**  
**CITY OF SANTA CLARA**  
**Twenty Largest Local Secured Property Taxpayers**  
**Fiscal Year 2025-26**

	<u>Property Owner</u>	<u>Primary Land Use</u>	<u>2025-26 Assessed Valuation</u>	<u>% of Total <sup>(1)</sup></u>
1.	Santa Clara Square Office LLC	Office Building	\$ 1,878,426,320	3.14%
2.	Vantage Data Centers LLC	Industrial	1,697,226,732	2.84
3.	Intel Corporation	Manufacturing/Office	1,619,367,240	2.71
4.	SI LLC / Sobrato Interests	Office Building	1,311,070,708	2.19
5.	NVIDIA Corporation	Office Building	1,288,872,462	2.16
6.	Coresite Real Estate	Industrial	877,844,122	1.47
7.	Santa Clara Phase III EFH LLC	Office Building	758,740,333	1.27
8.	Forty Niners SC Stadium Company LLC	Stadium	577,526,170	0.97
9.	Applied Materials Inc.	Manufacturing/Office	532,989,194	0.89
10.	Augustine Bowers LLC	Office Building	528,782,983	0.89
11.	3515-3585 Monroe Street LLC	Apartments	521,016,241	0.87
12.	Lick Mill Creek Apartments	Apartments	478,877,330	0.80
13.	Xeres Ventures LLC	Industrial	471,890,176	0.79
14.	1220 Santa Clara Propco LLC	Industrial	388,682,572	0.65
15.	Santa Clara Holdco LLC	Industrial	381,785,998	0.64
16.	Intuitive Surgical Inc.	Industrial	368,980,875	0.62
17.	Columbia California Campus 3333 Office	Office Building	361,144,865	0.60
18.	Agilent Technologies Inc.	Industrial	334,348,298	0.56
19.	Exchange Santa Clara	Vacant/Undeveloped	328,974,479	0.55
20.	Innovation Commons Owner LLC	Vacant/Undeveloped	<u>301,752,322</u>	<u>0.51</u>
			<u>\$15,008,299,420</u>	<u>25.13%</u>

(1) 2025-26 local secured assessed valuation: \$59,730,203,694.

Source: California Municipal Statistics, Inc.

## Direct and Overlapping Debt

Set forth below is a direct and overlapping debt report (the “**Debt Report**”) prepared by California Municipal Statistics, Inc. for debt issued as of November 1, 2025. The Debt Report is included for general information purposes only. The City has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

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

The contents of the Debt Report are as follows: (1) the first column indicates the public agencies which have outstanding debt as of the date of the Debt Report and whose territory overlaps the City; (2) the second column shows the percentage that the City’s assessed valuation represents of the total assessed valuation of each public agency identified in the first column; and

(3) the third column is an apportionment of the dollar amount of each public agency's outstanding debt to property in the City, as determined by multiplying the total outstanding debt of each agency by the percentage of the City's assessed valuation represented in the second column.

**Table 6**  
**CITY OF SANTA CLARA**  
**STATEMENT OF DIRECT AND OVERLAPPING BONDED DEBT**  
**(Debt Issued as of November 1, 2025)**

**2025-26 Assessed Valuation:** \$69,801,089,708

<b>OVERLAPPING TAX AND ASSESSMENT DEBT:</b>	<b>% Applicable</b>	<b>Debt 11/1/25</b>
Santa Clara County	9.636%	\$ 113,276,480
Foothill-DeAnza Community College District	1.235	8,511,352
San Jose-Evergreen Community College District	0.049	443,465
West Valley Community College District	31.501	189,521,041
Santa Clara Unified School District	67.103	736,421,874
San Jose Unified School District	0.135	706,481
Campbell Union High School District	2.169	6,488,347
Fremont Union High School District	2.761	19,206,485
Campbell Union School District	4.659	10,224,144
Cupertino Union School District	5.075	14,149,268
El Camino Hospital District	1.877	1,790,240
Santa Clara Valley Water District Benefit Assessment District	9.636	2,403,218
<b>TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT</b>		<b>\$1,103,142,395</b>
<b>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</b>		
Santa Clara County General Fund Obligations	9.636%	\$ 96,343,130
Santa Clara County Pension Obligation Bonds	9.636	30,016,169
Santa Clara County Board of Education Certificates of Participation	9.636	1,163,260
San Jose-Evergreen Community College District OPEB Obligations	0.049	22,569
West Valley-Mission Community College District General Fund Obligations	31.501	793,825
Santa Clara Unified School District Certificates of Participation	67.103	7,051,854
Campbell Union High School District General Fund Obligations	2.169	271,125
Campbell Union School District General Fund Obligations	4.659	39,834
Cupertino Union School District General Fund Obligations	5.075	2,043,703
<b>City of Santa Clara General Fund Obligations</b>	<b>100.000</b>	<b>7,970,000<sup>(1)</sup></b>
<b>TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>		<b>\$145,715,469</b>
Less: Santa Clara County supported obligations		208,619
<b>TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>		<b>\$145,506,850</b>
<b>GROSS COMBINED TOTAL DEBT</b>		<b>\$1,248,857,864<sup>(2)</sup></b>
<b>NET COMBINED TOTAL DEBT</b>		<b>\$1,248,649,245</b>

**Ratios to 2025-26 Assessed Valuation:**

Total Overlapping Tax and Assessment Debt .....	1.58%
<b>Total Direct Debt (\$7,970,000) .....</b>	<b>0.01%</b>
Gross Combined Total Debt .....	1.79%
Net Combined Total Debt .....	1.79%

(1) Excludes the Bonds issued for sale hereunder.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.  
 Qualified Zone Academy Bonds are included based on principal due at maturity.

Source: California Municipal Statistics, Inc.

## **CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING CITY REVENUES AND APPROPRIATIONS**

Principal of and interest on the Bonds are payable from the proceeds of an *ad valorem* tax levied by the City for the payment thereof. See “THE BONDS” and “SECURITY FOR THE BONDS.” Articles XIII A, XIII B, XIII C and XIII D of the State Constitution, Propositions 62, 111 and 218 and 1A, and certain other provisions of law discussed below are included in this section to describe the potential effect of these Constitutional and statutory measures on the ability of the City to levy taxes and spend tax proceeds for operating and other purposes, and it should not be inferred from the inclusion of such materials that these laws impose any limitation on the ability of the City to levy taxes for payment of the Bonds. The tax levied by the City for payment of the Bonds was approved by the City’s voters in compliance with Article XIII A and all applicable laws.

### **Article XIII A of the State Constitution**

On June 6, 1978, California voters approved Proposition 13, which added Article XIII A to the State Constitution. Article XIII A, as amended, limits the amount of any *ad valorem* tax on real property to one percent of the full cash value thereof, except that additional *ad valorem* taxes may be levied to pay debt service (i) on indebtedness approved by the voters prior to July 1, 1978, (ii) on bonded indebtedness approved by a two-thirds vote on or after July 1, 1978, for the acquisition or improvement of real property or (iii) bonded indebtedness incurred by a school district, community college district or county office of education for the construction, reconstruction, rehabilitation or replacement of school facilities, including the furnishing and equipping of school facilities or the acquisition or lease of real property for school facilities, approved by 55 percent of the voters voting on the proposition. Article XIII A defines full cash value to mean “the county assessor’s valuation of real property as shown on the 1975-76 tax bill under ‘full cash value,’ or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment.” This full cash value may be increased at a rate not to exceed two percent per year to account for inflation.

Article XIII A has subsequently been amended to permit reduction of the “full cash value” base in the event of declining property values caused by damage, destruction or other factors, to provide that there would be no increase in the “full cash value” base in the event of reconstruction of property damaged or destroyed in a disaster, and in other minor or technical ways.

### **Legislation Implementing Article XIII A**

Legislation has been enacted and amended a number of times since 1978 to implement Article XIII A. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The one percent property tax is automatically levied by the County and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1989.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the two percent annual adjustment are allocated among the various jurisdictions in the “taxing area” based upon their respective “situs.” Any such allocation made to a local agency continues as part of its allocation in future years.



All taxable property is shown at full market value on the tax rolls. Consequently, the tax rate is expressed as \$1 per \$100 of taxable value. All taxable property value included in this Official Statement is shown at 100 percent of market value (unless noted differently) and all tax rates reflect the \$1 per \$100 of taxable value.

### **Article XIII B of the State Constitution**

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

The State and each local government entity have their own appropriations limits. Each year, the limit is adjusted to allow for changes, if any, in the cost of living, the population of the jurisdiction, and any transfer to or from another government entity of financial responsibility for providing services. Proposition 111 requires that each agency's actual appropriations be tested against its limit every two years.

If the aggregate "proceeds of taxes" for the preceding two-year period exceeds the aggregate limit, the excess must be returned to the agency's taxpayers through tax rate or fee reductions over the following two years.

The City has never exceeded its appropriations limit. Because the issuance of the Bonds has been approved by the voters, the tax levy that is required to pay debt service on the Bonds is not subject to the limitations of Article XIII B.

### **Articles XIII C and XIII D of the State Constitution**

On November 5, 1996, the voters of the State approved Proposition 218, known as the "Right to Vote on Taxes Act." Proposition 218 adds Articles XIII C and XIII D to the California Constitution and contains a number of interrelated provisions affecting the ability of the City to levy and collect both existing and future taxes, assessments, fees and charges. The interpretation and application of Proposition 218 will ultimately be determined by the courts with respect to a number of the matters discussed below, and it is not possible at this time to predict with certainty the outcome of such determination.

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

Article XIIID also adds several provisions making it generally more difficult for local agencies to levy and maintain property-related fees, charges, and assessments for municipal services and programs. These provisions include, among other things, (i) a prohibition against assessments which exceed the reasonable cost of the proportional special benefit conferred on a parcel, (ii) a requirement that assessments must confer a "special benefit," as defined in Article XIIID, over and above any general benefits conferred, (iii) a majority protest procedure for assessments which involves the mailing of notice and a ballot to the record owner of each affected parcel, a public hearing and the tabulation of ballots weighted according to the proportional financial obligation of the affected party, and (iv) a prohibition against fees and charges which are used for general governmental services, including police, fire or library services, where the service is available to the public at large in substantially the same manner as it is to property owners. If the City is unable to continue to collect these revenues, the services and programs funded with these revenues would have to be curtailed and/or the City's General Fund might have to be used to support them. The City is unable to predict whether or not in the future it will be able to continue all existing services and programs funded by the fees, charges and assessments in light of Proposition 218 or, if these services and programs are continued, which amounts (if any) would be used from the City's General Fund to continue to support these activities.

Article XIIIC also removes limitations on the initiative power in matters of reducing or repealing local taxes, assessments, fees or charges. No assurance can be given that the voters of the City will not, in the future, approve an initiative or initiatives which reduce or repeal local taxes, assessments, fees or charges currently comprising a substantial part of the City's General Fund.

## **Proposition 62**

Proposition 62 was adopted by the voters at the November 4, 1986, general election and (a) requires that any new or higher taxes for general governmental purposes imposed by local governmental entities such as the City be approved by a two-thirds vote of the governmental entity's legislative body and by a majority vote of the voters of the governmental entity voting in an election on the tax, (b) requires that any special tax (defined as taxes levied for other than general governmental purposes) imposed by a local governmental entity be approved by a two-thirds vote of the voters of the governmental entity voting in an election on the tax, (c) restricts the use of revenues from a special tax to the purposes or for the service for which the special tax was imposed, (d) prohibits the imposition of ad valorem taxes on real property by local governmental entities except as permitted by Article XIII A, (e) prohibits the imposition of transaction taxes and sales taxes on the sale of real property by local governmental entities, and (f) requires that any tax imposed by a local governmental entity on or after August 1, 1985, be ratified by a majority vote of the voters voting in an election on the tax within two years of the adoption of the initiative or be terminated by November 15, 1988.

California appellate court cases have overturned the provisions of Proposition 62 pertaining to the imposition of taxes for general government purposes. However, the California Supreme Court upheld Proposition 62 in its decision on August 28, 1995, in *Fresno County*

*Transportation Authority v. Guardino*. This decision reaffirmed the constitutionality of Proposition 62. Certain matters regarding Proposition 62 were not addressed in the Supreme Court's decision, such as what remedies exist for taxpayers subject to a tax not in compliance with Proposition 62, and whether the decision applies to charter cities. The City has not experienced any substantive adverse financial impact as a result of the passage of this initiative.

## **Proposition 1A**

Proposition 1A, proposed by the Legislature in connection with the State's fiscal year 2004-05 Budget, approved by the voters in November 2004 and generally effective in fiscal year 2006-07, provides that the State may not reduce any local sales tax rate, limit existing local government authority to levy a sales tax rate or change the allocation of local sales tax revenues, subject to certain exceptions. Proposition 1A generally prohibits the State from shifting to schools or community colleges any share of property tax revenues allocated to local governments for any fiscal year, as set forth under the laws in effect as of November 3, 2004. Any change in the allocation of property tax revenues among local governments within a county must to be approved by two-thirds of both houses of the Legislature. Proposition 1A provides, however, that beginning in fiscal year 2008-09, the State may shift to schools and community colleges up to 8% of local government property tax revenues, which amount must be repaid, with interest, within three years, if the Governor proclaims that the shift is needed due to a severe state financial hardship, the shift is approved by two-thirds of both houses and certain other conditions are met. The State may also approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also provides that if the State reduces the motor vehicle license fee rate currently in effect, 0.65 percent of vehicle value, the State must provide local governments with equal replacement revenues. Further, Proposition 1A requires the State, beginning July 1, 2005, to suspend State mandates affecting cities, counties and special districts, excepting mandates relating to employee rights, schools or community colleges, in any year that the State does not fully reimburse local governments for their costs to comply with such mandates.

Proposition 1A may result in increased and more stable City revenues. The magnitude of such increase and stability is unknown and would depend on future actions by the State. However, Proposition 1A could also result in decreased resources being available for State programs. This reduction, in turn, could affect actions taken by the State to resolve budget difficulties. Such actions could include increasing State taxes, decreasing spending on other State programs or other action, some of which could be adverse to the City.

## **Proposition 22**

Proposition 22, entitled "The Local Taxpayer, Public Safety and Transportation Protection Act," was approved by the voters of the State in November 2010. Proposition 22 amended the state Constitution to eliminate or reduce the State's authority to (i) temporarily shift property taxes from cities, counties and special districts to schools, (ii) use vehicle license fee revenues to reimburse local governments for State-mandated costs (the State will have to use other revenues to reimburse local governments), (iii) redirect property tax increment from redevelopment agencies to any other local government, (iv) use State fuel tax revenues to pay debt service on State transportation bonds, or (v) borrow or change the distribution of State fuel tax revenues. Notwithstanding the passage of Proposition 22, the State successfully dissolved redevelopment agencies.

## Possible Future Initiatives

Articles XIII A, XIII B, XIII C and XIII D and Propositions 62, 111, 218, 1A and 22 were 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 City or the City's ability to expend revenues. The nature and impact of these measures cannot be anticipated by the City.

## LEGAL MATTERS

### Tax Exemption

**Federal Tax Status.** In the opinion of Jones Hall LLP, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. Interest on the Bonds may be subject to the corporate alternative minimum tax.

The opinions set forth in the preceding paragraph are subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986, as amended (the "**Tax Code**") that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continues to be, excludable from gross income for federal income tax purposes of interest on obligations such as the Bonds. The City has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the Bonds.

In addition, Bond Counsel has relied on one or more certificates of the City regarding the qualifications of the current and future users of those portions of the Project to be financed with the proceeds of the Series B Bonds (the "**Series B Project**") as organizations described in Section 501(c)(3) of the Tax Code, and other matters. Bond Counsel has also relied upon representations of the City regarding the "unrelated trade or business" activities (as defined in Section 513(a) of the Tax Code) of the current and future users of the Series B Project. Bond Counsel has not given any opinion or assurance concerning Section 513(a) of the Tax Code and Bond Counsel can not give nor has given any opinion or assurance about the future activities of the current and future users of the Series B Project, or about the effect of future changes in the Tax Code, the applicable regulations, the interpretation thereof or the resulting changes in enforcement thereof by the Internal Revenue Service. Failure of any current or future users of the Series B Project to be organized and operated in accordance with the Internal Revenue Service's requirements for the maintenance of their respective status as organizations described in Section 501(c)(3) of the Tax Code or to operate the Series B Project in a manner that is substantially related to the charitable purpose of such current or future users of the Series B Project under Section 513(a) of the Tax Code may result in interest on the Series B Bonds being included in federal gross income, possibly from the date of original issuance of the Series B Bonds.

**Tax Treatment of Original Issue Discount and Premium.** If the initial offering price to the public at which a Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes "original issue discount" for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public at which a Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes "original

bond premium” for purposes of federal income taxes and State of California personal income taxes.

Under the Tax Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such Bond. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the Bonds who purchase the Bonds after the initial offering of a substantial amount of such maturity. Owners of such Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

Under the Tax Code, bond premium is amortized on an annual basis over the term of the Bond (said term being the shorter of the Bond's maturity date or its call date). The amount of bond premium amortized each year reduces the adjusted basis of the owner of the Bond for purposes of determining taxable gain or loss upon disposition. The amount of bond premium on a Bond is amortized each year over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized Bond premium is not deductible for federal income tax purposes. Owners of premium Bonds, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such Bonds.

**California Tax Status.** In the further opinion of Bond Counsel, interest on the Bonds is exempt from California personal income taxes.

**Other Tax Considerations.** Current and future legislative proposals, if enacted into law, clarification of the Tax Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Tax Code or court decisions may also affect the market price for, or marketability of, the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, such legislation would apply to bonds issued prior to enactment.

The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of such opinion, and Bond Counsel has expressed no opinion with respect to any proposed legislation or as to the tax treatment of interest on the Bonds, or as to the consequences of owning or receiving interest on the Bonds, as of any future date. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Owners of the Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may have federal or state tax consequences other

than as described above. Other than as expressly described above, Bond Counsel expresses no opinion regarding other federal or state tax consequences arising with respect to the Bonds, the ownership, sale or disposition of the Bonds, or the amount, accrual or receipt of interest on the Bonds.

**Forms of Opinions.** Copies of the proposed forms of opinions of Bond Counsel are attached hereto as Appendix C.

### **Continuing Disclosure**

The City will covenant for the benefit of owners of the Bonds to provide certain financial information and operating data relating to the City by not later than April 1 after the end of each fiscal year of the City (currently June 30), commencing with the report for the 2025-26 fiscal year (the “**Annual Report**”), and to provide notices of the occurrence of certain enumerated events.

The specific nature of the information to be contained in an Annual Report or the notices of enumerated events is set forth in the forms of Continuing Disclosure Certificates attached as APPENDIX D. These covenants will be made in order to assist the Purchasers (as defined below) in complying with Securities Exchange Commission Rule 15c2-12(b)(5) (the “**Rule**”).

The City and its related governmental entities have previously entered into numerous continuing disclosure undertakings under the Rule in connection with the issuance of long-term obligations, and have provided annual financial information and event notices in accordance with those undertakings. Based on a third-party compliance survey, during the past five years, the City and its related entities have never failed to comply in all material respects with their prior continuing disclosure undertakings.

Neither the County nor any other entity other than the City shall have any obligation or incur any liability whatsoever with respect to the performance of the City’s duties regarding continuing disclosure.

### **Absence of Material Litigation**

No litigation is pending or threatened concerning the validity of the Bonds, and a certificate to that effect will be furnished to the purchasers at the time of the original delivery of the Bonds. The City is not aware of any litigation pending or threatened questioning the political existence of the City or contesting the City’s ability to receive ad valorem taxes or to collect other revenues or contesting the City’s ability to issue and repay the Bonds.

## RATINGS

Upon issuance of the Bonds, Moody's Investors Service ("**Moody's**") will assign the Bonds a rating of "\_\_\_\_\_" and Standard & Poor's Financial Services LLC ("**S&P**"), will assign the Bonds a rating of "\_\_\_\_\_."

The City has furnished to Moody's and S&P information and material which has not been included in this Official Statement. Generally, rating agencies base their ratings on information and material so furnished and on investigations, studies and assumptions made by the rating agencies. The ratings reflect only the view of such organization and an explanation of the significance of such rating may be obtained from Moody's and S&P.

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

The City has covenanted in a Continuing Disclosure Certificate to file on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access website ("**EMMA**") notices of any ratings changes on the Bonds. See "APPENDIX D – FORMS OF CONTINUING DISCLOSURE CERTIFICATES" attached hereto. Notwithstanding such covenant, information relating to ratings changes on the Bonds may be publicly available from the rating agency prior to such information being provided to the City and prior to the date the City is obligated to file a notice of rating change on EMMA. Purchasers of the Bonds are directed to the rating agencies and their websites and official media outlets for the most current rating changes with respect to the Bonds after the initial issuance of the Bonds.

## MUNICIPAL ADVISOR

The City has retained PFM Financial Advisors LLC, San Francisco, California, as its municipal advisor (the "**Municipal Advisor**") in connection with the preparation of this Official Statement and with respect to the issuance of the 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. The Municipal Advisor is an independent registered municipal advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

The Municipal Advisor's compensation is contingent upon the delivery of the Bonds.

## COMPETITIVE SALE OF BONDS

The Bonds were sold pursuant to two separate competitive bidding processes held pursuant to the terms set forth in two separate Official Notices of Sale with respect to each series of the Bonds.

The Series A Bonds were awarded to \_\_\_\_\_ (the “**Series A Bond Purchaser**”), whose proposal represented the lowest combined true interest cost for the Series A Bonds as determined in accordance with the Official Notice of Sale for the Series A Bonds, at a purchase price of \$\_\_\_\_\_, which is equal to the initial principal amount of the Series A Bonds of \$\_\_\_\_\_, plus [net] original issue premium of \$\_\_\_\_\_, less a Purchaser’s discount of \$\_\_\_\_\_.

The Series B Bonds were awarded to \_\_\_\_\_ (the “**Series B Bond Purchaser**” and, together with the Series A Bond Purchaser, the “**Purchasers**”), whose proposal represented the lowest combined true interest cost for the Series B Bonds as determined in accordance with the Official Notice of Sale, at a purchase price of \$\_\_\_\_\_, which is equal to the initial principal amount of the Series B Bonds of \$\_\_\_\_\_, plus [net] original issue premium of \$\_\_\_\_\_, less a Purchaser’s discount of \$\_\_\_\_\_.



## **EXECUTION**

The execution of this Official Statement and its delivery have been approved by the City Council.

### **CITY OF SANTA CLARA**

By: \_\_\_\_\_  
City Manager

## APPENDIX A

### FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION FOR THE CITY OF SANTA CLARA AND SANTA CLARA COUNTY

#### Introduction

The City of Santa Clara (the "**City**") is located in Santa Clara County (the "**County**") at the southern end of the San Francisco Bay, approximately 45 miles southeast of San Francisco and three miles west of downtown San José. Encompassing a total area of approximately 18.28 square miles within northern Santa Clara County, the City is situated in the heart of "Silicon Valley" and is surrounded by the Diablo Mountain Range to the east and the Santa Cruz mountains to the west. The City is a charter city and is comprised of a mix of residential, office and commercial retail businesses. The City regularly hosts large events, and is scheduled to host the Superbowl and FIFA World Cup games in 2026. The City's population is approximately 134,587.

#### Population

Population figures for the City, County and State for the last five years are shown in the following table.

#### CITY OF SANTA CLARA Population Estimates As of January 1

Year	City of Santa Clara	County of Santa Clara	State of California
2021	129,747	1,913,594	39,369,530
2022	130,567	1,894,827	39,179,680
2023	133,469	1,915,165	39,228,444
2024	133,829	1,921,406	39,420,663
2025	134,587	1,922,259	39,529,101

*Source: State Department of Finance estimates as of January 1.*

#### History

The first inhabitants of the Santa Clara Valley were the Ohlone Indians. In the 1770's, Spanish adventurers and ranchers, impressed by the richness of the soil and mild climate, explored and settled the area. In 1777, Spanish Padres chose the area as the site of Mission Santa Clara de Asis, the eighth of 21 missions which stretch 600 miles along the California coast. When Mexico took over the Spanish possession in 1822, livestock and farming became the main sources of livelihood. In 1850, California was admitted to the Union and the valley officially became known as Santa Clara County. The City was incorporated in 1852. The area is now known as "Silicon Valley" because of its role in the electronic and aerospace industries.

#### City Government

The City was incorporated July 5, 1852, and operates under a Council/Manager form of government as provided by its charter, which was adopted in 1951. The Santa Clara City Council consists of a Mayor and six Council members. Elected from the City at-large, the Mayor serves a

four-year term. City Councilmembers are elected by district for numbered seats and serve staggered four-year terms. The City Charter limits the Mayor and all Councilmembers to serving two consecutive terms. The City Council, as the legislative body, represents the citizens of Santa Clara and is empowered by the City's Charter to formulate City-wide policy. All powers of the City are vested in the Council except those prohibited by the Constitution of the State of California and the provisions of the City Charter.

The Council is responsible for policy making. It appoints advisory boards, commissions and committees and also appoints the City Manager and City Attorney.

The City Manager is responsible for executing City Council policies and administering City operations.

The City provides a full range of services. These services include police, fire protection and emergency dispatch; electric, water, and sanitary sewer services; the construction and maintenance of streets and infrastructure; parks and recreational activities and cultural events; planning and zoning; library; cemetery; and general administrative and support services.

The City Council members are shown in the following table:

<u>Member</u>	<u>Office</u>	<u>Term Expires</u>
Lisa M. Gillmor	Mayor	December 2026
Kelly G. Cox	Vice Mayor	December 2028
Raj Chahal	Council Member	December 2026
Albert Gonzales	Council Member	December 2028
Karen Hardy	Council Member	December 2026
Sudhanshu Jain	Council Member	December 2028
Kevin Park	Council Member	December 2028

## **Education**

The Santa Clara Unified School District provides public schooling from kindergarten through high school in most of the City. Small geographical areas in the southern city limits are served by the Campbell Union Elementary School District and the Cupertino Union Elementary School District.

The City is also the home of the oldest institution of higher education in the West, Santa Clara University. City residents are also in close proximity to San Jose State University, Stanford University and Mission College, as well as other units of the Community College System.

## **Transportation**

The City is served by the Bayshore Freeway (U.S. Highway 101), which runs southeast from San Francisco to Los Angeles and is the major freeway connecting San Francisco and San Jose; Interstate 880, which runs north/south connecting San Jose and Oakland and becomes State Highway 17 (south of Interstate 280) and continues into Santa Cruz with access to Monterey; and Interstate 280, which runs north/south to San Francisco and State Highway 82. These freeways link the City to all parts of northern California.

Air transportation is available at both the San Francisco International Airport, approximately 40 miles to the north, and the San Jose International Airport, two miles from

downtown Santa Clara. Rail service is provided by Union Pacific Railroad, on a north/south track linking San Jose and San Francisco, and CalTrain commuter service to Gilroy and San Francisco. The Guadalupe Corridor Light Rail has 20 completed miles of track from the Santa Clara Convention Center to the San Jose Convention Center, stretching to South San Jose, Mountain View and Milpitas.

The Santa Clara Valley Transportation Authority operates several lines within the City with connections to major cities in the San Francisco Bay Area. Interstate bus service is available via Greyhound Bus and Peerless. Most major trucking firms serve Santa Clara in addition to numerous local carriers.

## **Employment**

The City is part of the San José-Sunnyvale-Santa Clara Metropolitan Statistical Area (“**MSA**”), which is comprised of Santa Clara and San Benito Counties. The unemployment rate in the San Jose-Sunnyvale-Santa Clara MSA was 4.9 percent in July 2025, up from a revised 4.7 percent in June 2025, and above the year-ago estimate of 4.7 percent. This compares with an unadjusted unemployment rate of 6.1 percent for California and 4.6 percent for the nation during the same period. The unemployment rate was 6.9 percent in San Benito County, and 4.8 percent in Santa Clara County.

The following table lists employment by industry group for the years 2020 through 2024.

**SAN JOSÉ-SUNNYVALE-SANTA CLARA MSA**  
**(San Benito and Santa Clara Counties)**  
**Annual Average Civilian Labor Force, Employment and Unemployment,**  
**Employment by Industry**  
**Calendar Years 2020 through 2024**  
**(March 2024 Benchmark)**

	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Civilian Labor Force <sup>(1)</sup>	1,033,900	1,020,000	1,043,000	1,056,200	1,057,600
Employment	957,800	969,000	1,013,300	1,018,100	1,013,100
Unemployment	76,100	51,000	29,700	38,100	44,400
Unemployment Rate	7.4%	5.0%	2.9%	3.6%	4.2%
<u>Wage and Salary Employment: <sup>(2)</sup></u>					
Agriculture	5,300	5,000	4,800	4,700	4,800
Mining and Logging	200	200	200	200	200
Construction	50,100	51,700	53,800	53,900	53,200
Manufacturing	125,600	125,700	133,200	131,100	125,300
Wholesale Trade	29,200	28,300	28,900	28,900	28,500
Retail Trade	73,000	73,700	73,600	73,700	72,200
Transportation, Warehousing, Utilities	14,600	15,100	16,700	16,900	16,600
Information	105,900	107,100	106,000	97,700	94,000
Finance and Insurance	22,900	23,400	22,500	22,000	21,000
Real Estate and Rental and Leasing	15,100	15,100	15,700	15,800	15,500
Professional and Business Services	277,800	284,100	295,700	290,400	286,000
Educational and Health Services	172,700	178,400	187,000	197,100	208,700
Leisure and Hospitality	73,100	79,000	96,700	101,900	103,400
Other Services	22,100	22,800	25,400	26,500	27,400
Federal Government	10,700	10,500	10,200	10,100	10,100
State Government	7,000	6,900	7,000	7,100	7,200
Local Government	76,300	76,000	78,700	80,800	82,900
Total, All Industries <sup>(3)</sup>	1,081,500	1,102,800	1,155,800	1,158,700	1,157,000

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

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

(3) Totals may not add due to rounding.

Source: State of California Employment Development Department.

The following tables show the major employers in the City and the County.

**CITY OF SANTA CLARA  
Major Employers  
2025**

<b><u>Employer</u></b>	<b><u>Number of Employees</u></b>	<b><u>% of Total Employment</u></b>
Applied Materials, Inc.	8,500	21.1%
Intel Corporation	7,801	19.3
Advanced Micro Devices Inc.	3,000	7.4
Nvidia	2,700	6.7
Kaiser Foundation Health Plan	2,600	6.4
California's Great America	2,500	6.2
Dell	2,088	5.2
Santa Clara University	2,000	5.0
City of Santa Clara	1,200	3.0
Macy's	1,200	3.0

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*Source: Reference Solutions database, Infogroup, Inc., Papillion, Nebraska.*

**COUNTY OF SANTA CLARA**  
**Major Employers**  
**(Listed Alphabetically)**  
**September 2025**

<b>Employer Name</b>	<b>Location</b>	<b>Industry</b>
Adobe Inc	San Jose	Prepackaged Software
Advanced Micro Devices Inc	Santa Clara	Semiconductor Devices (mfrs)
Alphabet Inc	Mountain View	Internet Search Engines
Analog Devices Inc	San Jose	Semiconductor Devices-Wholesale
Apple Inc	Cupertino	Computers-Electronic-Manufacturers
Applied Materials Inc	Santa Clara	Semiconductor Manufacturing Equip (mfrs)
CA Inc	San Jose	Computer Software Application Svc Prvdrs
California's Great America	Santa Clara	Amusement & Theme Parks
Christopher Ranch LLC	Gilroy	Garlic (mfrs)
Cisco Systems Inc	San Jose	Computer Peripherals (mfrs)
Ebay Inc	San Jose	Online Retailers & Marketplaces
HP Inc	Palo Alto	Computers-Electronic-Manufacturers
Intel Corp	Santa Clara	Semiconductor Devices (mfrs)
Intuitive Surgical Inc	Sunnyvale	Orthopedic Prosthetic/Srgcl Appl (mfrs)
Kaiser Foundation Health Plan	Santa Clara	Health Services
Lockheed Martin Space Systems	Sunnyvale	Satellite Equipment & Systems-Mfrs
Lucile Packard Children's Hosp	Palo Alto	Hospitals
NASA	Mountain View	Federal Government-Space Research & Technolog
Netapp Inc	San Jose	Computer Storage Devices (mfrs)
NVIDIA Corp	Santa Clara	Software/Application/Platform Developers & Pr
Palo Alto VA Medical Ctr	Palo Alto	Hospitals
Prime Materials	San Jose	Semiconductors & Related Devices (mfrs)
SAP Center	San Jose	Stadiums Arenas & Athletic Fields
Stanford University Sch-Mdcn	Stanford	Schools-Medical
Super Micro Computer Inc	San Jose	Computers-Electronic-Manufacturers

*Source: State of California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database, 2025 1<sup>st</sup> Edition.*

## Effective Buying Income

“Effective Buying Income” is defined as personal income less personal tax and nontax payments, a number often referred to as “disposable” or “after-tax” income. Personal income is the aggregate of wages and salaries, other labor-related income (such as employer contributions to private pension funds), proprietor’s income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local), nontax payments (fines, fees, penalties, etc.) and personal contributions to social insurance. According to U.S. government definitions, the resultant figure is commonly known as “disposable personal income.”

The following table summarizes the total effective buying income for the City of Santa Clara, the County of Santa Clara, the State and the United States for the period 2021 through 2025.

### CITY OF SANTA CLARA AND COUNTY OF SANTA CLARA Effective Buying Income As of January 1, 2021 through 2025

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2021	City of Santa Clara	\$6,809,703	\$102,682
	Santa Clara County	103,006,380	103,458
	California	1,290,894,604	67,956
	United States	9,809,944,764	56,790
2022	City of Santa Clara	\$7,700,125	\$119,574
	Santa Clara County	113,347,038	118,652
	California	1,452,426,153	77,058
	United States	11,208,582,541	64,448
2023	City of Santa Clara	\$8,239,753	\$126,599
	Santa Clara County	112,532,636	121,559
	California	1,461,799,662	77,175
	United States	11,454,846,397	65,326
2024	City of Santa Clara	\$8,542,897	\$132,556
	Santa Clara County	114,948,530	125,048
	California	1,510,708,521	80,973
	United States	11,987,185,826	67,876
2025	City of Santa Clara	\$9,053,846	\$136,498
	Santa Clara County	118,437,858	128,178
	California	1,557,429,767	82,725
	United States	12,525,577,707	69,687

Source: Claritas, LLC.



## CITY FINANCIAL INFORMATION

### Accounting Policies and Financial Reporting

The accounts of the City are organized on the basis of funds and account groups, to account for different activities. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which the spending activities are controlled. The City's General Fund and other governmental fund types use the modified accrual basis of accounting. All of the City's other funds, including proprietary fund types and fiduciary fund types use the accrual basis of accounting. The basis of accounting for all funds is more fully explained in the "Notes to the Financial Statements" contained in APPENDIX B.

The City Council employs, at the beginning of each fiscal year, an independent certified public accountant who, at such time or times as specified by the City Council, at least annually, and at such other times as he or she shall determine, examines the combined financial statements of the City in accordance with generally accepted auditing standards, including such tests of the accounting records and such other auditing procedures as such accountant considers necessary. As soon as practicable after the end of the fiscal year, a final audit and report is submitted by such accountant to the City Council and a copy of the financial statements as of the close of the fiscal year is published.

The City, all its funds and the funds of certain other component entities of the City are audited annually by a certified public accounting firm. The firm of Maze & Associates, Certified Public Accounts, Santa Clara, California, is the City's current auditor (the "**Auditor**"). The annual comprehensive financial report of the City for fiscal year 2024-25 is attached hereto as APPENDIX B. *The City's financial statements are public documents and are included within this Official Statement without the prior approval of the Auditor.*

The Governmental Accounting Standards Board ("**GASB**") published its Statement No. 34 "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments" on June 30, 1999. Statement No. 34 provides guidelines to auditors, state and local governments and special purpose governments such as school districts and public utilities, on new requirements for financial reporting for all governmental agencies in the United States. Generally, the basic financial statements and required supplementary information should include (i) Management's Discussion and Analysis; (ii) government-wide financial statements prepared using the economic measurement focus and the accrual basis of accounting and fund financial statements prepared using both the current financial resources measurement focus and the modified accrual method of accounting (governmental funds) and funds using the economic measurement focus and the accrual basis of accounting (proprietary funds) and (iii) required supplementary information. The City's financial statements are prepared in conformance with the requirements of Statement No. 34.

## Comparative Financial Statements

The following tables provide a recent history of the City's Comparative Balance Sheet, and both a recent history of General Fund revenues, expenditures, transfers, and ending fund balances and recently budgeted amounts.

### CITY OF SANTA CLARA GENERAL FUND BALANCE SHEET (Fiscal Year Ending June 30)

	Actual <u>2020-21</u>	Actual <u>2021-22</u>	Actual <u>2022-23</u>	Actual <u>2023-24</u>	Actual <u>2024-25</u>
<b>ASSETS:</b>					
Cash and investments					
Pooled cash and investments	\$146,051,500	\$125,712,806	\$129,831,402	\$143,861,990	\$185,828,042
Restricted cash	23,978,098	21,367,474	22,309,426	29,226,846	37,546,639
Receivables (net of allowances)					
Accounts	2,878,026	5,268,123	3,608,162	7,193,374	13,863,720
Interest	1,075,452	1,272,522	3,502,941	7,582,817	11,851,291
Loans	4,050,000	4,150,074	4,244,948	4,339,823	4,434,698
Intergovernmental	13,102,520	9,819,609	12,797,709	12,599,452	14,539,148
Due from other funds	59,476	136,068	170,011	223,091	118,978
Materials, supplies and prepaids	14,194	284,364	618	23,593	1,491,558
Advances from other funds	13,729,897	5,539,540	--	--	--
Leases receivable	--	160,478,628	254,874,503	251,591,700	254,365,857
Other	22,680	22,680	22,680	22,680	22,680
Total Assets	204,961,843	334,051,888	431,362,400	456,665,366	524,062,611
<b>LIABILITIES:</b>					
Accrued payroll	19,571,603	25,455,418	17,114,267	19,298,124	25,934,959
Deposits	3,210,028	3,922,251	4,857,612	5,631,370	5,094,824
Unearned revenue	328,031	328,031	328,031	328,031	1,407,834
Total Liabilities	23,109,662	29,705,700	22,299,910	25,257,525	32,437,617
Deferred Inflows of Resources	4,050,000	163,231,467	255,746,515	250,088,389	250,541,398
<b>FUND BALANCES</b>					
Nonspendable	13,766,771	7,243,819	3,396,234	5,880,051	8,296,261
Restricted	25,943,410	23,291,211	24,689,167	31,841,260	39,816,691
Committed	40,280,277	23,985,038	18,575,249	18,577,142	12,775,977
Assigned	7,131,026	9,843,795	13,862,662	15,756,256	16,979,509
Unassigned	90,680,697	76,750,858	92,792,663	109,264,743	163,215,158
Total Fund Balances (Deficit)	177,802,181	141,114,721	153,315,975	181,319,452	241,083,596
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$204,961,843	\$334,051,888	\$431,362,400	\$456,665,366	\$524,062,611

Source: City of Santa Clara, Annual Comprehensive Financial Reports.

**CITY OF SANTA CLARA  
STATEMENT OF GENERAL FUND  
REVENUES, EXPENDITURES, TRANSFERS AND BALANCES  
(Fiscal Year Ending June 30)**

	<u>Actual 2020-21</u>	<u>Actual 2021-22</u>	<u>Actual 2022-23</u>	<u>Actual 2023-24</u>	<u>Actual 2024-25</u>
<b>REVENUES:</b>					
Taxes:					
Sales	\$56,178,097	\$56,901,656	\$64,497,774	\$61,776,044	\$79,352,441
Ad Valorem	68,772,921	74,630,557	84,599,469	90,710,410	95,931,933
Transient occupancy	2,949,235	10,812,400	18,989,011	22,347,394	26,992,989
Other	5,823,809	6,988,597	6,378,388	6,741,057	7,018,562
Licenses, permits, fines and penalties	12,568,154	5,362,982	6,593,214	11,610,060	12,320,410
Intergovernmental	2,777,156	3,057,483	1,674,936	889,326	5,804,185
Charges for services	35,630,686	36,784,544	42,115,561	45,715,376	46,030,814
Contributions in-lieu of taxes	24,548,225	27,259,168	29,584,030	33,143,505	38,881,781
Interest and rents	14,900,595	12,011,895	23,336,037	27,193,406	44,232,968
Net increase (decrease) in the fair value of investments	(5,207,552)	(13,688,467)	(5,787,602)	9,968,998	7,432,664
Other	6,864,177	1,028,703	2,953,182	1,196,420	7,001,166
<b>TOTAL REVENUES</b>	<b>225,805,503</b>	<b>221,149,518</b>	<b>274,934,000</b>	<b>311,291,996</b>	<b>370,999,913</b>
<b>EXPENDITURES:</b>					
Current:					
General Administration	14,796,624	17,114,341	18,332,449	28,020,144	28,658,142
City Clerk	1,696,487	1,617,989	1,793,016	1,746,564	2,154,922
City Attorney	2,329,585	2,681,388	3,062,065	2,834,635	3,128,458
Human Resources	3,201,082	3,836,743	3,697,722	3,520,797	4,380,656
Finance	15,851,696	16,575,834	18,110,951	18,081,016	21,222,709
Public Works	23,009,607	22,830,947	22,767,600	24,514,543	25,698,149
Parks and Recreation	17,181,169	18,908,901	20,190,175	20,518,817	21,220,135
Public Safety:					
Police	74,053,103	62,147,962	80,863,583	84,399,853	90,870,567
Fire	58,540,157	50,109,742	66,999,955	65,032,429	69,436,548
Planning and Inspection	13,311,157	4,296,711	4,226,819	4,408,690	4,364,063
Library	8,747,649	9,896,689	10,609,591	10,571,512	11,803,441
Capital outlay	4,565,092	66,134	6,486,020	2,109,475	670,261
Debt service-principal	--	4,402	992,539	1,092,217	1,506,679
Debt service-interest and fiscal charges	--	386	61,204	195,159	103,347
<b>TOTAL EXPENDITURES</b>	<b>237,283,408</b>	<b>210,088,169</b>	<b>258,193,689</b>	<b>267,045,851</b>	<b>285,218,077</b>
Excess Revenues Over (Under) Expenditures	(11,477,905)	11,061,349	16,740,311	44,246,145	85,781,836
<b>OTHE FINANCING SOURCES (USES)</b>					
Subscriptions based IT arrangement liabilities	--	18,035	6,425,640	2,078,197	586,348
Transfers in	7,924,402	6,356,119	4,693,804	2,861,559	3,660,769
Transfers out	(37,427,027)	(54,122,963)	(15,658,501)	(21,182,424)	(30,264,809)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(29,502,625)</b>	<b>(47,748,809)</b>	<b>(4,539,057)</b>	<b>(16,242,668)</b>	<b>(26,017,692)</b>
Net Change in Fund Balance	(40,980,530)	(36,687,460)	12,201,254	28,003,477	59,764,144
Fund Balance, July 1	218,576,162	177,802,181	141,114,721	153,315,975	181,319,452
Adjustment	206,549 <sup>(1)</sup>	--	--	--	--
Fund Balance, July 1 (Restated)	218,782,711	--	--	--	181,319,452
Fund Balance, June 30 <sup>(2)</sup>	\$177,802,181	\$141,114,721	\$153,315,975	\$181,319,452	\$241,083,596

(1) The fiscal year 2020-21 adjustment in the amount of \$206,549 was due to reclassification of certain funds previously reported as Agency Funds due to the implementation of GASB 84.

(2) Totals may not add due to rounding.

Source: City of Santa Clara, Annual Comprehensive Financial Reports.

## General Fund Budget

**Annual Budget Process.** The budget process is the mechanism through which policy decisions regarding the allocation of resources to address City needs and priorities are made, implemented and controlled. The Charter requires that the City establish a budgetary system for general operations and prohibits expending funds for which there is no legal appropriation. The City is required to adopt an annual budget on or before June 30 for the ensuing fiscal year that begins July 1. The City uses a biennial budget process that alternates between an operating and capital budget. In a biennial operating budget year, the City adopts the operating budget for two fiscal years. In a biennial capital budget year, the City adopts a two-year capital budget and a five-year Capital Improvement Program ("CIP") budget. In alternating years, the City may bring forth adjustments to year two of the adopted operating or capital budget. In addition, all capital and operating source and use statements are presented every year in the budget for adoption. The procedures to establish the budget are as follows.

- Departments review their annual operating budget to determine their base budget needs in the following year, in order to provide the City Council-approved current level of service. Once these adjustments are identified, base budget requests are submitted to the Finance Department for review.
- After receiving all base budget requests and corresponding back-up documentation to support the requests, the Finance Department meets with the City Manager's Office to review all department requests. Once these meetings take place, the base budget is established for each department.
- The City Manager's Office, along with the Finance Department, coordinate a citywide presentation to kick off the budget process to provide a brief overview to departments of what is expected in their submissions as well as a timeline of due dates for service level change requests.
- Operating Budget Cycle: Departments submit to the Finance Department all service level change requests for the operating budget, as well as any critical needs for adjustments in their capital budget. The Finance Department reviews all submissions, working with departments to resolve any questions or outstanding issues
- Operating Budget Cycle: Budget meetings are held between the City Manager's Office, the Finance Department, and departments to review all service level change requests.
- Capital Budget Cycle: Departments review their existing projects, evaluate the potential need for any new projects in the upcoming fiscal year, and submit CIP project requests for final approval. During budget meetings, requests are reviewed by a Project Review Committee that consists of representatives from the City Manager's Office, the Finance Department, and the Department of Public Works.
- Following budget meetings, operating and capital budget decisions are finalized and each fund balanced based on the items presented and City Council priorities.
- A City Council strategic priority setting retreat is typically held annually. During this retreat, the Ten-Year General Fund Financial Forecast is presented to City Council.

- The City Manager submits to the City Council a proposed operating or capital budget (in alternating years) for the two following fiscal years, commencing the following July 1. Submission to the City Council occurs at least 35 days prior to the beginning of each fiscal year.
- Budget study sessions and a public hearing are conducted to obtain City Council members' and residents' comments. Copies of the proposed budget shall be available for inspection by the public in the office of the City Clerk at least ten days prior to these hearings.
- The budget is legally enacted through passage of a minute order.

From the effective date of the budget, the amounts stated therein as expenditures become appropriations to the applicable funds. In order to amend the budget during the year, departments must submit a report to Council, explaining the need for the change and budget implications. Upon review and approval of the City Council, the budget may be amended. For the operating budget, the legal level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is at the fund and department level. For funds that do not have an associated department, the legal level of budgetary control is at the fund level. For the capital budget, the legal level of budgetary control is at the project level. All appropriations lapse at the end of the fiscal year to the extent they have not been expended or encumbered. Encumbered appropriations are not reported as expenditures but are reported as a reservation of fund balance available for subsequent year expenditures based on the encumbered appropriation authority carried over to the next fiscal year.

***Adopted Biennial Budget.*** The City adopted its fiscal years 2025-26 and 2026-27 biennial budget on June 10, 2025. The expenditure budget totals \$2.0 billion in fiscal year 2025-26, including \$1.2 billion for the operating budget and \$0.8 billion for the capital budget. In FY 2026/27, the expenditure budget totals \$1.4 billion, including the operating budget of \$1.3 billion and the capital budget of \$0.1 billion. The fiscal year 2025-26 adopted budget represents a 20% increase from the fiscal year 2024-25 adopted budget of \$1.6 billion. This increase is primarily due to the increase in capital funding, including the carryover of capital funds from fiscal year 2024-25 to fiscal year 2025-26. The increase in the Electric Utility Capital Fund expenditure budget from \$373 million in the fiscal year 2024-25 adopted budget to \$558 million in the fiscal year 2025-26 adopted budget represents the largest change, with increases for system expansion-related projects, including Scott Receiving Station, Kifer Receiving Station, and Northern Receiving Station.

The following table shows the City's adopted operating budget for fiscal years 2024-25 through 2026-27.

**CITY OF SANTA CLARA**  
**Adopted Budget**  
**Fiscal Years 2024-25 through 2026-27**

<b>Fund Type</b>	<b>Fiscal Year 2024-25</b>	<b>Fiscal Year 2025-26</b>	<b>Fiscal Year 2026-27</b>
General Fund	\$310,698,189	\$335,374,572	\$342,972,517
Special Revenue Funds	41,458,963	52,037,355	38,806,836
Enterprise Funds	945,192,918	1,012,631,859	1,100,414,703
Internal Service Funds	45,724,215	51,672,525	48,281,729
Debt/Other	152,273,904	273,236,049	27,245,993
(Less) transfers, contributions and reserves <sup>(1)</sup>	<u>(416,866,269)</u>	<u>(529,425,156)</u>	<u>(302,635,147)</u>
<b>Subtotal Operating Budget</b>	<b>\$1,078,481,920</b>	<b>\$1,195,527,204</b>	<b>\$1,255,086,631</b>
Capital Funds	568,932,159	777,527,724	150,763,062
Less (Transfers, Contributions, and Reserves) <sup>(1)</sup>	<u>(1,818,315)</u>	<u>(1,454,000)</u>	<u>(1,454,000)</u>
<b>Subtotal Capital Budget</b>	<b><u>\$567,113,844</u></b>	<b><u>\$776,073,724</u></b>	<b><u>\$149,309,062</u></b>
<b>Total Budget</b>	<b>\$1,645,595,764</b>	<b>\$1,971,600,928</b>	<b>\$1,404,395,693</b>

(1) Adjustments for transfers, contributions, and reserves are excluded to avoid double counting.

Source: Fiscal year 2025-26 and 2026-27 Adopted Biennial Operating Budgets.

For the fiscal year 2025-26 operating budget, the enterprise funds that are used to manage the City's utilities (electric, water, sewer, and solid waste) represent the largest share of the budget at 57.5%. The General Fund expenditure budget totals \$335.4 million, or 19.4% of the budget, and is used to fund many direct services, such as police and fire public safety services, libraries, parks, community centers, and streets maintenance.

General Fund sources, excluding fund balance, total \$337.7 million, including \$335.8 million in revenue, and \$1.8 million in transfers from other funds. Total revenues and transfers are up \$8.4 million from the fiscal year 2024-25 amended budget. The growth in revenues primarily reflects increases in Property Tax, Transient Occupancy Tax, and Other Services Fees, including one-time reimbursements for City costs related to the Super Bowl and FIFA World Cup events.

The City is unable to predict the impact that certain federal policies may have on its finances and operations, including uncertain tariff and trade policies, the impact of reduced federal funding on some City services and programs, and the impending possibilities of increased unemployment and an economic recession.

## State Budget

On June 27, 2025, the Governor signed the fiscal year 2025-26 State Budget (the “**2025-26 State Budget**”). Despite continued uncertainty driven by recent federal policy changes, the 2025-26 State Budget outlines a balanced fiscal plan while maintaining significant reserves.

The 2025-26 State Budget reflects a decrease of \$11.0 billion in General Fund revenues from 2024-25 (\$215.7 billion in 2025-26 compared to \$226.7 billion in 2024-25) primarily due to projected decreases in corporation and personal income tax collections. The 2025-26 State Budget reflects a decrease in General Fund expenditures of \$5.2 billion from 2024-25 (\$228.4 billion in 2025-26 compared to \$233.5 billion in 2024-25) primarily reflecting broad spending decreases for all major spending categories with the exception of expenditures for health and human services, which sees a significant funding increase driven by the expansion of Medi-Cal.

For the full text of the 2025-26 State Budget, see the California Department of Finance website at [www.dof.ca.gov](http://www.dof.ca.gov) or [www.ebudget.ca.gov](http://www.ebudget.ca.gov). *The references to these Internet websites are shown for reference and convenience only and the information contained on such websites is not incorporated by reference into this Official Statement. The information contained on these websites may not be current and has not been reviewed by the City or the Purchasers for accuracy or completeness.*

## Federal Revenues

**General.** The federal government provides annual funding for several City programs, including funding from the Housing of Urban Development through the Community Block Grant, and HOME Investment Partnership in addition to other health and human services programs.

In January 2025, the federal government indicated that it was considering the reduction of federal funding to a number of programs, including programs that impact City programs. The City is unable to predict whether the federal government’s review of spending may eventually impact its receipt of federal funding, and whether any such impact would have a material effect on the finances or operations of the City. The City is reviewing mitigation plans for federal funding changes that may impact the City in the future.

**Sanctuary Counties.** Established in 2011, Santa Clara County adopted a “sanctuary policy” which prevents local police from detaining immigrants solely for immigration purposes or sharing their information with U.S. Immigration and Customs Enforcement (“ICE”), except in cases of a prior judicial warrant or a serious criminal offense, such as certain felonies.

In January 2025, President Trump signed an executive order directing the Department of Homeland Security and the Department of Justice to explore denying federal funds to sanctuary jurisdictions and to pursue civil or criminal actions against them. Additionally, the United States Congress is considering bill H.R. 32, the “No Bailout for Sanctuary Cities Act,” that would empower the president to withhold federal funding from cities, counties and states with sanctuary city status. Multiple lawsuits have been filed by local governments challenging the executive order.

The City is unable to predict the outcome of ongoing litigation against the sanctuary cities executive order or whether the federal government’s restriction of funding for sanctuary counties may eventually impact its receipt of federal funding, and whether any such impact would have a material effect on the finances or operations of the City. The City is reviewing mitigation plans to deal with any ongoing litigation that may impact City financials.

## General Fund Forecast

In April 2025, the City Manager's Office, in collaboration with the Finance Department and other City departments presented the City's fiscal year 2025-26 through fiscal year 2035-26 Ten-Year Forecast, which is an annual exercise during each budget cycle that provides an updated assessment of the City's fiscal health and serves as a strategic planning tool to assist the City Council, staff, and the public with decision making as they work to adopt the budget and consider the long-term financial strategies for the City.

The following table shows the projected revenues and expenditures over the next five fiscal years for the City's General Fund.

**CITY OF SANTA CLARA**  
**General Fund Forecast**  
**Fiscal Years 2025-26 through 2029-30**  
(in millions)

	2025-26	2026-27	2027-28	2028-29	2029-30
Estimated Revenues	\$337.7	\$340.0	\$351.4	\$363.9	\$378.6
Estimated Expenditures	<u>328.4</u>	<u>340.1</u>	<u>353.2</u>	<u>370.6</u>	<u>383.5</u>
Surplus/(Deficit)	\$9.3	\$(0.1)	\$(1.8)	\$(6.7)	\$(4.9)

*Source: City of Santa Clara Ten-Year Financial Plan.*

Given the decreasing level of precision to be expected in the later years of a multi-year forecast, the significance of the projections in the later years is not so much in terms of their absolute amounts, but rather in the relative size of the decrease or increase from the prior year. This information should be used to provide a multi-year perspective to budgetary decision-making, rather than as a precise prediction of what will occur.

## General Fund Reserves

By policy, the City Council established the City's General Contingency Reserve, under which reserves for Budget Stabilization and Capital Projects were established.

- The Budget Stabilization Reserve is set aside for weathering economic downturns, emergency financial crises, and disaster situations. The reserve target is equal to the expenditures of the City's General Fund operations for three months (90-days or 25% of General Fund Adopted Operating Budget). In fiscal year 2024-25, the City Council approved an exception to the policy to allow the reserve to drop to a minimum of 15% of expenditures given the City's budget challenges. With the improved fiscal condition and the availability of one-time funds, the adopted fiscal year 2025-26 and fiscal year 2026-27 biennial budget brings the estimated reserve to the Council policy level of 25%. The Budget Stabilization Reserve is set at \$80.9 million in fiscal year 2025-26 and \$83.2 million in fiscal year 2026-27.
- The Capital Projects Reserve earmarks funds for the Capital Improvement Program. The minimum target for this reserve is \$5.0 million, and the reserve is expected to increase



from \$8.8 million at the end of fiscal year 2025-26 to \$10.8 million in fiscal year 2026-27. The Adopted Budget assumes a \$1.0 million contribution in fiscal year 2025-26 and a \$2.0 million contribution in fiscal year 2026-27. The Ten-Year Forecast assumes additional increases to the annual contribution of \$1.0 million annually to fund ongoing infrastructure needs, increasing the ongoing allocation to \$10.0 million by fiscal year 2034-35.

- The Land Sale Reserve represents net proceeds from the sale of City-owned land, with interest earned on these funds available to be appropriated for General Fund operating expenditures. This reserve is available for appropriation by City Council action.
- The Technology Fee Reserve is to be used to update and/or replace the City's aging technology and to ensure internal controls are in compliance with current business standards and legal requirements.

The table below summarizes actual select reserve balances in the General Fund at the end of fiscal year 2024-25. These figures do not account for additional contributions to reserves budgeted in fiscal year 2025-26 and fiscal year 2026-27.

**CITY OF SANTA CLARA  
General Fund Reserve Balance  
(June 30, 2025)**

	<u>General Fund</u>
Budget Stabilization Reserve	\$68,933,228
Capital Projects Reserve	13,442,443
Land Sale Reserve	12,678,088
Technology Fee Reserve	3,018,733
Pension Stabilization Reserve	37,546,640
Property Tax ERAF Reserve	6,744,337
Accrued Liability Reserve	3,802,000
Development Fee Reserve	1,500,000
Unrestricted	59,302,681

*Source: City of Santa Clara Operating Budget General Fund Reserves.*

## Ad Valorem Property Taxes

**Tax Levies and Collections.** Property tax is the City's largest revenue source, outside of electric utility. In fiscal year 2025-26, property tax revenue is projected at \$101.2 million and includes secured property tax of \$98.0 million and unsecured property tax of \$3.2 million. Assessed valuation growth on secured property is projected at 5.0% and reflects the annual inflation factor based on Consumer Price Index (2% increase in fiscal year 2025-26), growth due to property sales, and a general allowance for new construction projects being added to the tax rolls. By the end of the fiscal year 2034-35, Property Tax receipts are projected to reach \$160.7 million.

Taxes are levied for each fiscal year on taxable real and personal property that is situated in the City as of the preceding January 1. A supplemental roll is developed when property changes hands, which produces additional revenue.

A 10% penalty attaches to any delinquent payment for secured roll taxes. In addition, property on the secured roll with respect to which taxes are delinquent becomes tax-defaulted. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus a redemption penalty to the time of redemption. If taxes are unpaid for a period of five years or more, the property is subject to auction sale by the County Tax Collector.

In the case of unsecured property taxes, a 10% penalty attaches to delinquent taxes on property on the unsecured roll, and an additional penalty of 1.5% per month begins to accrue beginning November 1 of the fiscal year, and a lien is recorded against the assessee. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the County Clerk specifying certain facts in order to obtain a judgment lien on specific property of the taxpayer; (3) filing a certificate of delinquency for recording in the County Recorder's office in order to obtain a lien on specified property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee.

The County levies (except for levies to support prior voter-approved indebtedness) and collects all property taxes for property falling within that county's taxing boundaries. See Table 1 of the forepart of this Official Statement for a table summarizing the historical and current assessed valuation of taxable property in the City.

The County operates on a Teeter Plan whereby taxing entities, including the City, receive 100% of their secured *ad valorem* property tax levy assessed by the County, although there is no guarantee that the County will continue to operate on a Teeter Plan. The City receives payments as a series of advances made by the County throughout the year. Secured property tax levy is recognized as revenue upon receipt, including the final payment, which generally is received within 60 days after the fiscal year end.

The term "unsecured" refers to taxes on personal property other than real estate, land and buildings. Property tax revenues are recognized by the City in the fiscal year they are assessed, provided they become available as defined above.

In addition to property taxes, the City has several other major tax and fee revenue sources, as described below.

**Sales and Use Tax.** Sales tax is the City's second largest revenue source. Sales tax collections are expected to total \$70.9 million in fiscal year 2024-25, an increase of \$61.8 million received in fiscal year 2023-24. Sales tax receipts experienced unusually high growth of 32.5% in the first two quarters of fiscal year 2024-25 due primarily to increases in the business-to-business sector. The City's biennial budget conservatively assumes that a portion of that growth is one-time in nature. Sales tax revenue is projected to decrease to \$65.9 million in fiscal year 2025-26. Annual growth of 3.0% is projected in future years of the City's biennial budget forecast as sales tax growth rates normalize over this period. Based on these projections, annual collections are expected to total \$85.7 million by fiscal year 2034-35.

Sales tax is an excise tax imposed on retailers for the privilege of selling or leasing tangible personal property. Use tax is an excise tax imposed for the storage, use, or other consumption of tangible personal property purchased from any retailer. The total sales tax rate within the City is currently 9.125%. The proceeds of sales and use taxes imposed within the City are distributed by the State to various agencies, with the City receiving 1% of the 9.125% collected.

Collection of the sales and use tax is administered by the California Department of Tax and Fee Administration (the “**CDTFA**”). This process was formerly administered by the State Board of Equalization. The Taxpayer Transparency and Fairness Act of 2017, which took effect July 1, 2017, restructured the State Board of Equalization and separated its functions among three separate entities: the State Board of Equalization, the CDTFA and the Office of Tax Appeals. The State Board of Equalization continues to perform the duties assigned to it by the state Constitution, while all other duties were transferred to the newly established CDTFA and the Office of Tax Appeals. CDTFA handles most of the taxes and fees previously collected by the State Board of Equalization, including sales and use tax. According to the CDTFA, it distributes quarterly tax revenues to local jurisdictions (like the City) using the following method:

The CDTFA disburses local tax payments to all local jurisdictions three times per quarter:

Month 1: First advance + current distributions payment

Month 2: Second advance + current distributions payment

Month 3: Final Balance (Clean-up) payment

Advance payments are calculated based on taxpayer history using the prior year like quarter's return allocation and pro-rata share multiplied by the total prepayment collected in the current month. This is intended to make the cleanup more accurate and considers seasonal taxpayer business reporting. In addition to the base advance payment, the CDTFA also distributes current distributions and adjustments as they occur. These include monthly return payments, other period return payments, audit adjustments (positive and negative), fund transfer adjustments (positive or negative), and refunds (negative). If the combined current distributions (monthly allocations) or cleanup payment results in a deficit, it will offset against the base advance until it reaches zero. The first and second advances each represent roughly 30% of the total quarterly distribution, with the final balance (cleanup) payment representing the remainder 40%.

The CDTFA receives an administrative fee based on the cost of services provided by the Board to the City in administering the City's sales tax, which is deducted from revenue generated by the sales and use tax before it is distributed to the City.

Total taxable sales during the first quarter of calendar year 2025 in the City were reported to be \$1,574,557,206, a 35.36% increase over total taxable sales of \$1,163,214,174 reported during the first quarter of calendar year 2024. The table below shows total taxable sales transactions by category for calendar years 2020 through 2024.

**CITY OF SANTA CLARA  
Taxable Transactions**

<u>Category</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Retail and Food Services:					
Auto Dealers, Auto Supplies	\$518,033,585	\$657,361,089	\$777,482,956	\$766,229,647	\$748,362,788
Home Furnishing and Appliances	232,802,395	216,615,741	235,795,898	194,031,518	143,055,968
Building Materials, Farm Implements	110,846,457	120,861,715	128,820,879	125,346,500	130,996,475
Food Stores	98,125,865	97,548,174	104,314,637	102,704,056	97,679,590
Gas/Service stations	97,170,915	128,918,033	178,429,014	162,276,797	179,606,931
Apparel Stores	37,502,721	62,870,694	68,937,660	70,782,287	69,336,954
General Merchandise Stores	192,167,511	241,632,661	288,538,582	288,088,368	284,768,601
Eating and Drinking Places	256,098,578	371,202,916	493,575,625	578,449,590	634,408,387
Other Retail Stores	81,976,770	98,404,906	105,031,896	108,118,309	118,002,677
Total Retail and Food Services	1,624,724,797	1,995,415,929	2,380,927,147	2,396,027,072	2,406,218,371
All Other Outlets	2,366,534,038	2,492,184,165	2,483,144,436	2,619,483,056	3,267,010,486
<b>Total All Outlets</b>	<b>\$3,991,258,835</b>	<b>\$4,487,600,094</b>	<b>\$4,864,071,583</b>	<b>\$5,015,510,128</b>	<b>\$5,673,228,857</b>

Source: State Department of Tax and Fee Administration.

Factors that have historically affected sales tax revenues include the overall economic growth of the Bay Area, competition from neighboring cities, the growth of specific industries within the City, the City's business attraction and retention efforts, and catalog and internet sales.

**Transient Occupancy Tax ("TOT").** TOT is calculated as a percentage of City hotel and motel room charges. The City's current TOT rate is 13.5%. This rate increased from 12.5% to 13.5% effective January 1, 2025. As with sales tax, TOT is sensitive to business cycles and can vary greatly from year to year based on occupancy levels and room rates. Prior to COVID-19, TOT saw tremendous growth. With the COVID-19 safety restrictions, TOT receipts plummeted at the end of fiscal year 2019-20 and through fiscal year 2020-21. Of all the City's revenue categories, TOT was the most impacted by the pandemic. Actual collections over the last few years continue to rebound but remain below pre-COVID levels when factoring in the TOT rate increases that have been implemented (from 9.5% to 13.5%).

TOT collections are projected to continue to increase with estimated receipts of \$27.5 million in fiscal year 2025-26. This figure factors in the TOT rate increase from 12.5% to 13.5% in January 2025. By the end of the fiscal year 2034-35, TOT receipts are projected to reach \$39.1 million.

**License and Permits Revenue.** Licenses and permits revenue is projected to total \$9.1 million in fiscal year 2025-26, including business licenses at \$6.2 million, fire permits at \$2.0 million, parking permits of \$850,000, and encroachment and miscellaneous permits at \$26,000. Revenue from licenses and permits is projected to reach \$11.2 million in fiscal year 2034-35.

**Other Taxes.** Other Taxes include the Franchise Tax and Documentary Transfer Tax, respectively. Franchise Tax revenue are projected to total \$5.6 million in fiscal year 2025-26 with annual 4% increases through fiscal year 2034-35. The Documentary Transfer Tax, which is

imposed on the transfer of the title of real property, is projected to total \$1.6 million in fiscal year 2025-26, with 2% annual increases through fiscal year 2034-35.

***Silicon Valley Power Transfer.*** In accordance with the City's charter, the City's electric utility department, which provides electricity and energy services through the trademarked name of Silicon Valley Power pays 5.0% of gross revenues to the City's General Fund. Contributions are estimated at \$37.3 million in fiscal year 2025-26 and are projected to increase at an annual rate of 5% to \$57.8 million by fiscal year 2034-35. Growth in this category is primarily driven by market projections for electric consumption, resources costs, and any retail rate increase assumed for the Electric Utility.

## **Retirement Programs**

***CalPERS Plan Description.*** The City contributes to the California Public Employees Retirement System ("**CalPERS**"), an agent multiple employer defined benefit plan, which is a public employee retirement system that acts as a common investment and administrative agent for participating public entities within the State of California. CalPERS offers a menu of benefit provisions and other requirements that are established by State statutes within the Public Employee Retirement law. The City selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. CalPERS issues a separate Annual Comprehensive Financial Report. Copies of the CalPERS' annual financial report may be obtained from the CalPERS website at [www.calpers.ca.gov](http://www.calpers.ca.gov).

The City's defined benefit pension plans for Miscellaneous and Safety employees with CalPERS provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. All permanent (full-time and part-time) and eligible "as-needed" hourly City employees are required to participate in CalPERS. Employees fall under two categories, Classic and PEPR. Employees hired on or before December 31, 2012, are considered Classic PERS members. Employees hired on or after January 1, 2013, fall into the PEPR PERS members.

***Pension Plan Benefits.*** On September 12, 2012, the State of California passed Assembly Bill (AB) 340, which created the Public Employees' Pension Reform Act ("**PEPR**"). PEPR implemented new benefit formulas and final compensation period, as well as new contribution requirements for new employees hired on or after January 1, 2013, who meet the definition of new member under PEPR. Please refer to the Pension Reform section of the CalPERS website for more information regarding when an employee will be considered a new member under PEPR.

Benefits for employees in the Miscellaneous Plan and Safety Plan vest after five years of CalPERS credited service. The retirement benefits are based on the retiree's age, years of CalPERS credited service, and benefit factor of 2.7% at 55 for the Classic Miscellaneous Plan members and 3% at 50 for the Classic Safety Plan members. For members under PEPR, the benefit factor is reduced to 2% at 62 for the Miscellaneous Plan and 2.7% at 57 for the Safety Plan.

***Miscellaneous Plan.*** Participants in this plan are eligible for service retirement and receive graduated benefits upon attaining the age of 50 with at least five years of credited service with a CalPERS employer. The service retirement benefit is a monthly allowance equal to the product of the benefit factor (2.7% at 55 for Classic members or 2% at 62 for PEPR members), years of service, and final compensation (monthly average of member's highest 12 or 36 (for

PEPRA members) consecutive months full-time equivalent monthly pay). The service retirement benefit for this group is not capped. The compensation limit for Classic members for the 2025 calendar year is \$350,000. Employees with membership dates prior to July 1, 1996, are not impacted by this limit. The compensation limit for PEPRA for calendar year 2025 is \$155,081 for employees covered by Social Security and \$186,096 for employees not covered by Social Security. These limits are adjusted annually with the CPI for all Urban Consumers.

**Safety Plan.** Participants in this plan are eligible for service retirement upon attaining the age of 50 with at least five years of credited service with a CalPERS employer. The service retirement benefit is a monthly allowance equal to the product of the benefit factor (3% at 50 for Classic members or 2.7% at 57 for PEPRA members), years of service, and final compensation. For Classic Fire Safety employees, the final compensation is the monthly average of member's highest 36 consecutive months full-time equivalent monthly pay for both Classic and PEPRA members, and for Classic Police Safety employees, it is the monthly average of the member's highest 12 or 36 (for PEPRA members) consecutive months full-time equivalent monthly. The service retirement benefit for the Safety plan group is capped at 90% of final compensation for the Classic members. PEPRA members have an annual compensation limit on reportable earnings. The compensation limit for calendar year 2025 is \$186,906 for employees not covered by Social Security and is adjusted annually with the CPI for all Urban Consumers.

**Employees Covered.** At the valuation date, June 30, 2023, and measurement date June 30, 2024, the following employees were covered by the benefits terms for each Plan:

	<u>Miscellaneous</u>	<u>Safety</u>
Inactive employees or beneficiaries currently receiving benefits	1,093	519
Inactive employees entitled to but not yet receiving benefits	606	92
Active Employees	715	278
Total	2,414	889

Source: CalPERS Actuarial Report Dated July 2024

**Contributions.** Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by an actuary, and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the year ended June 30, 2025, the City's contributions to the Miscellaneous and Safety plans were \$41,820,152 and \$40,969,901, respectively.

**Plans Provisions and Benefits.** For a more detailed discussion of the provisions and benefits for the City's CalPERS retirement plans, see Note 13 of APPENDIX B to this Official Statement.

**CalPERS Plan Contributions.** The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration (the "Board of Administration"). The required employer contribution rates of annual covered payroll for the Miscellaneous plan and the Safety Plan employees for fiscal years 2022-23 through 2026-27 are shown below:

<u>Miscellaneous Plan</u>		<u>Safety Plan</u>	
Fiscal Year	Employer Contribution Rate	Fiscal Year	Employer Contribution Rate
2022-23	41.23%	2022-23	64.54%
2023-24	42.21	2023-24	65.49
2024-25	45.09	2024-25	71.49
2025-26	45.98	2025-26	73.30
2026-27	41.52	2026-27	72.93

Source: CalPERS Actuarial Report Dated July 2024

The contribution requirements of the plan members are established by State statute, and the employer contribution rates are established and may be amended by CalPERS.

**Implementation of GASB No. 68.** Commencing with fiscal year ended June 30, 2015, the City implemented the provisions of GASB Statement No. 68, which require certain new pension disclosures in the notes to its audited financial statements commencing with the audit for fiscal year 2014-15. Statement No. 68 generally requires the City to recognize its proportionate share of the unfunded pension obligation by recognizing a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year.

For a more detailed discussion of the City's retirement plans, see Appendix B, Note 13.

The City is required to contribute at an actuarially determined rate of annual covered payroll, plus a fixed payment of unfunded liability. The actuarially determined rates and amounts for each plan for the fiscal years ended June 30, 2025, through June 30, 2027, are as follows:

**City's Required Employer Contribution Rate**

	<u>Fiscal Year 2024-25</u>		<u>Fiscal Year 2025-26</u>		<u>Fiscal Year 2026-27</u>	
	Employer Normal Cost Rate	Employer Payment of Unfunded Liability	Employer Normal Cost Rate	Employer Payment of Unfunded Liability	Employer Normal Cost Rate	Employer Payment of Unfunded Liability
Miscellaneous Plan	11.83%	\$30,591,668	11.51%	\$33,245,980	11.19%	\$31,073,047
Safety Plan	23.28	27,667,776	22.94	30,934,459	22.27	32,980,871

Source: CalPERS Actuarial Report Dated July 2024.

The City's total contributions to each plan in fiscal years 2021-22 through 2024-25 were as follows:

**Miscellaneous Plan**

<u>Fiscal Year</u>	<u>Total City Contribution</u>
2021-22	\$34,126,897
2022-23	36,763,760
2023-24	37,993,602
2024-25	41,820,152

### **Safety Plan**

<u>Fiscal Year</u>	<u>Total City Contribution</u>
2021-22	\$32,084,531
2022-23	35,094,101
2023-24	37,050,903
2024-25	40,969,901

**Funded Status.** The following table sets forth the schedule of funding for the City's Miscellaneous and Safety Plan pension plans for the fiscal years ended June 30, 2021 through June 30, 2024.

### **Miscellaneous Plan**

<u>Valuation Date (June 30)</u>	<u>Accrued Liability</u>	<u>Market Value of Assets</u>	<u>Unfunded Liability</u>	<u>Funded Ratio <sup>(1)</sup></u>	<u>Annual Covered Payroll</u>
2021	\$857,502,887	\$599,372,803	\$258,130,084	69.9%	\$83,063,780
2022	891,062,765	545,273,021	345,789,744	61.2	84,670,415
2023	924,576,008	571,612,158	352,963,850	61.8	88,791,934
2024	956,611,656	618,742,996	337,868,660	64.7	94,298,828

### **Safety Plan**

<u>Valuation Date (June 30)</u>	<u>Accrued Liability</u>	<u>Market Value of Assets</u>	<u>Unfunded Liability</u>	<u>Funded Ratio <sup>(1)</sup></u>	<u>Annual Covered Payroll</u>
2021	\$905,879,694	\$650,793,995	\$255,085,699	71.8%	\$51,995,978
2022	948,134,875	589,480,207	358,654,668	62.2	52,825,524
2023	991,214,372	614,749,188	376,465,184	62.0	56,539,360
2024	1,029,079,101	662,787,398	366,291,703	64.4	59,931,145

(1) Based on the market value of assets.

Source: CalPERS Actuarial Report Dated July 2024.

**Recent Actions by PERS.** On November 15, 2021, the CalPERS Board selected a new asset allocation mix that will guide the fund's investment portfolio for the next four years, while at the same time retaining the reduction of the discount rate from 7.0% to 6.8%. Notable changes for employers include a decrease in median total employer contribution rates, from less than 1% in miscellaneous plans to a decrease of more than 2% in some safety plans. Contribution changes took effect in fiscal year 2023-24 for public agencies.

### **Other Post-Employment Benefits ("OPEB")**

**Plan Description.** The City's agent multiple-employer defined benefit OPEB Plan, which was established by City Council in fiscal year 2007-08 in accordance with GAAP, provides reimbursements to retirees for qualified expenses. Employees who have retired from the City with at least ten years of service and meet certain criterion based upon retirement date, household income in the most recent calendar year and age are entitled to reimbursements for qualified expenses. Annual maximum reimbursement amounts differ depending on when an employee retired from City service. The majority of retirees may be eligible for a maximum of \$5,046 in annual reimbursements. Amendments to benefit provisions are negotiated by the various



bargaining units at the City and must be approved by City Council. In fiscal year 2007-08, the City established an irrevocable exclusive agent multiple-employer defined benefit trust which is administered by Public Agency Retirement Services (“**PARS**”). The City is the Plan administrator, and PARS administers the investment trust for the City’s plan. The trust is used to accumulate and invest assets necessary to reimburse retirees. Separate financial reports are issued by PARS for the OPEB Plan Trust. The report can be obtained by writing to PARS at 4350 Von Karman Avenue, Suite 100, Newport Beach, CA 92660, or by calling 1-800- 540-6369.

As of June 30, 2025, membership in the plan consisted of 657 retirees currently receiving benefits, 258 inactive employees entitled to but not yet receiving benefit payments and 1,013 active employees.

**Contributions.** The OPEB Plan trust annual contributions are based upon actuarial determined contributions. The contribution requirements are established and may be amended by the City Council. Plan members do not make contributions to the plan; the plan is funded entirely by employer contributions. For the fiscal year ending June 30, 2025 the City’s cash contributions were \$4,463,303 in payments to the trust, \$15,846 in administrative expenses paid outside of the trust, and the estimated implied subsidy was \$1,011,000, for total contributions of \$5,490,149.

Based on an actuarial valuation as of June 30, 2024, the City’s net OPEB liability as of the fiscal year ending June 30, 2025, was \$34,813,228 and is 52.6% funded.

For the fiscal year ended June 30, 2025, the City recognized an OPEB expense of \$4,151,000. For more information regarding the City’s OPEB, see Note 16 of the City’s Annual Comprehensive Financial Report, which is attached as APPENDIX B to the Official Statement.

### **Deferred Compensation Plan**

City employees may defer a portion of their compensation under a City-sponsored deferred compensation plan. Under this plan, participants are not taxed on the deferred portion of their compensation until distribution to them, at retirement, death or in an emergency, as defined by the IRS. The City has no liability for any losses incurred by the plan and does not participate in any gains, but does have the duty of due care that would be required of an ordinary prudent investor. The City’s required contributions for the year ended June 30, 2025 totaled \$1,390,568. See Note 15 of APPENDIX B to the Official Statement for additional information.

### **Defined Contribution Plan**

The City’s Public Agency Retirement System Plan (the “**PARS Plan**”) is a compulsory retirement plan that qualifies under Section 401 of the Internal Revenue Code covering City employees who are not members of CalPERS. Under the provisions of the PARS Plan, the City makes no contributions; however, all administrative costs of the plan are funded by the City. The PARS Plan administrator is Phase II Systems. The total assets of the PARS Plan are held in trust for the employees and are not included in the City’s assets or equity.

### **Labor Relations**

As of June 30, 2025, the City employed approximately 1,198.5 full-time equivalent budgeted employees. In addition, the City employs 11 unrepresented employees that include

Executive Management and City Council positions. The City has not experienced any work stoppages or strikes by its employees. The City's labor groups are shown below.

### CITY OF SANTA CLARA Labor Relations

Labor Organization	Employees	Contract Expiration Date
Unit 1 - Santa Clara Firefighters	144	December 31, 2025
Unit 2 - Police Officers Association	147	December 31, 2029
Unit 3 - International Brotherhood of Electrical Workers	89	December 31, 2025
Unit 4 - Engineers of the City of Santa Clara	51	June 30, 2025
Unit 578 - City of Santa Clara Employees Association	337.5	December 31, 2027
Unit 6 - American Federation of State, County and Municipal Employees	134	December 31, 2028
Unit 9 - Unclassified Miscellaneous Management	199	December 31, 2028
Unit 9A - Unclassified Police Management	5	December 31, 2025
Unit 9B - Unclassified Fire Management	11	December 31, 2025
Unit 9E - Unclassified Electricity Utility Management	—	—
Unit 10 - Public Safety Non-Sworn Employees Association	72	December 31, 2029

*Source: City of Santa Clara.*

### Risk Management

The City is exposed to various risks of losses related to torts, errors and omissions, general liability, injuries to employees and unemployment claims. The City currently reports all of its risk management activities in its Internal Service Funds. Claims, expenditures and liabilities are reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated using actuarial methods or other estimating techniques.

The City records a liability to reflect an actuarial estimate of ultimate uninsured losses for both general liability claims and workers' compensation claims. The estimated liabilities for general liability and workers' compensation claims are based on case reserves and include amounts for claims incurred but not reported ("IBNR"). At June 30, 2025, the estimated claims payable of \$31,675,000, consisting of reserves for both reported and IBNR losses, as well as, allocated loss adjustment expenses, have been recorded in the Special Liability and Workers' Compensation Internal Service Funds, respectively. The claims payable are reported at their present value using expected future investment yield assumptions of 2.5%, and the undiscounted claims at June 30, 2025, totaled \$10,917,000 and \$24,348,000 for general liability and workers' compensation claims, respectively.

With respect to the Special Liability accrual of \$10.2 million, the City has numerous unsettled lawsuits filed or claims asserted against it as of June 30, 2025. The City has reviewed these claims and lawsuits in order to evaluate the likelihood of an unfavorable outcome to the City and to arrive at an estimate of the amount or ranges of potential loss to the City. As a result of such review, the City has categorized the various claims and lawsuits as "probable," "reasonably possible," and "remote" loss contingencies, as defined by current accounting standards.

The City has determined that the City's probable loss contingencies, which are accrued for as the estimated special liability for claims and lawsuits as of June 30, 2025, are approximately \$10.2 million. The final outcome of claims and lawsuits, which have been categorized as reasonably possible loss contingencies, is not presently determinable and any associated potential loss cannot be estimated. Accordingly, no provision has been made in the accompanying basic financial statements relative to the potential outcome of such claims and lawsuits. However, the ultimate resolution of such claims and lawsuits is not expected to have a material effect on the accompanying basic financial statements.

For more information regarding the City's Risk Management, see Note 19 of the City's Annual Comprehensive Financial Report, which is attached as APPENDIX B to the Official Statement.

### **Long-Term General Fund Obligations**

**2013 Central Park Library Refunding Certificates of Participation (2013 COPs).** On March 28, 2013, the Santa Clara Public Facilities Financing Corporation (the "PFFC"), a nonprofit financing corporation formed for the purpose of assisting the City finance construction of City facilities, executed and delivered refunding certificates of participation in the amount of \$18.54 million to provide funds to refund outstanding 2002A COPs. The 2013 COPs mature annually through February 1, 2032, and bear coupon rates ranging from 2.00% to 3.75%. Debt service on the 2013 COPs is secured by lease payments made by the City's General Fund to the PFFC for use of the library. In accordance with the lease agreement, the PFFC assigns lease payments received from the City to the trustee for payment to the certificate holders. As of June 30, 2025, \$7,970,000 of principal is outstanding.

**Compliance.** Various debt agreements governing the City's bonds contain a number of covenants, including continuing disclosure requirements. The City is in compliance with these specific covenants and all other material covenants governing the particular bond issues. No event of default, as defined in the bond indentures, has occurred or is occurring.

### **Disclaimer Regarding Cyber Risks**

The City, like other public and private entities, relies on computer and other digital networks and systems to conduct its operations. As a recipient and provider of personal, private or other electronic sensitive information, the City may be the subject of cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized remote access to the City's systems for the purposes of misappropriating assets or information or causing operational disruption or damage, or demanding ransom for restored access to files or information. In the previous five years, the City has not experienced a material cyber incident. No assurance can be given that the City's current efforts to manage cyber threats and security will, in all cases, be successful.

The City also relies on other entities and service providers in the course of operating the City, including the County, with respect to the levy and collection of *ad valorem* property taxes, as well as other trustees, fiscal agents and dissemination agents. No assurance can be given that future cyber threats and attacks against other third-party entities or service providers will not impact the City or the owners of the Bonds, including the possibility of impacting the timely payments of debt service on the Bonds or timely filings pursuant to the Continuing Disclosure Certificate.

**APPENDIX B**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**FOR YEAR ENDED JUNE 30, 2025**

**APPENDIX C**  
**FORMS OF OPINIONS OF BOND COUNSEL**

## APPENDIX D

### FORMS OF CONTINUING DISCLOSURE CERTIFICATES

\$ \_\_\_\_\_  
**CITY OF SANTA CLARA**  
(County of Santa Clara, California)  
**Election of 2024 General Obligation Bonds,  
2026 Series A**

#### **SERIES A CONTINUING DISCLOSURE CERTIFICATE**

This Continuing Disclosure Certificate (this “Disclosure Certificate”) is executed and delivered by the City of Santa Clara (the “City”) in connection with the issuance of the bonds captioned above (the “Series A Bonds”). The Series A Bonds are being issued under the Constitution and laws of the State of California, including but not limited to, Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California, under a resolution adopted by the City Council of the City on \_\_\_\_\_, 2026 (the “Series A Bond Resolution”) and a Paying Agent Agreement by and between the City and U.S. Bank Trust Company, National Association, as Paying Agent (the “Paying Agent”), dated as of February 1, 2026 (the “Paying Agent Agreement”).

The City hereby covenants and agrees as follows:

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

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

“*Annual Report*” means any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4.

“*Annual Report Date*” means the date not later than April 1 after the end of each fiscal year of the City (currently June 30<sup>th</sup>).

“*Dissemination Agent*” means U.S. Bank Trust Company, National Association, or any other Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation.

“*Listed Events*” means any of the events listed in Section 5(a).

“*MSRB*” means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule.

“*Official Statement*” means the final official statement executed by the City in connection with the issuance of the Series A Bonds.

“*Participating Underwriter*” means the original purchaser of the Series A Bonds required to comply with the Rule in connection with offering of the Series A Bonds, initially

\_\_\_\_\_.

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

### **Section 3. Provision of Annual Reports.**

(a) The City shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing April 1, 2026, with the report for 2024-25 fiscal year, provide to the MSRB in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate; provided that the initial Annual Report due on April 1, 2026, shall consist solely of a copy of the Official Statement. Not later than 15 Business Days prior to the Annual Report Date, the City shall provide the Annual Report to the Dissemination Agent (if other than the City). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the City) has not received a copy of the Annual Report, the Dissemination Agent shall contact the City to determine if the City is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the City’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(b). The City shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the City hereunder.

(b) If the City does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the City shall, in a timely manner, provide (or cause the Dissemination Agent to provide) to the MSRB, in an electronic format as prescribed by the MSRB, a notice in substantially the form required by the Rule.

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

- (i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and
- (ii) if the Dissemination Agent is other than the City, file a report with the City certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

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

(a) The City’s audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time

by the Governmental Accounting Standards Board. If the City's audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, financial information and operating data with respect to the City for the preceding fiscal year, substantially similar to that provided in the Official Statement:

- (i) Assessed value of taxable property within the jurisdiction of the City;
- (ii) Summary of property tax rates for all taxing entities within the City expressed as a percentage of assessed valuation in the form of Table 4 of the Official Statement;
- (iii) A statement of whether the Teeter Plan remains in effect. If the Teeter Plan is no longer in effect and to the extent such information is available from the County, property tax collection delinquencies for the City; and
- (iv) Amount of all general obligation debt of the City outstanding, and total scheduled debt service on such general obligation debt.

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

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

#### **Section 5. Reporting of Significant Events.**

(a) The City shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Series A Bonds, if material:

- (1) Principal and interest payment delinquencies.
- (2) Non-payment related defaults.
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (5) Substitution of credit or liquidity providers, or their failure to perform.
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or



determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.

- (7) Modifications to rights of security holders, if material.
- (8) Series A Bond calls, if material, and tender offers.
- (9) Defeasances.
- (10) Release, substitution, or sale of property securing repayment of the securities, if material.
- (11) Rating changes.
- (12) Bankruptcy, insolvency, receivership or similar event of the City or other obligated person.
- (13) The consummation of a merger, consolidation, or acquisition involving the City or obligated person, or the sale of all or substantially all of the assets of the City or obligated person (other than in the ordinary course of business), the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (15) Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material.
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

(b) Whenever the City obtains knowledge of the occurrence of a Listed Event, the City shall, or shall cause the Dissemination Agent (if not the City) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Series A Bonds under the Paying Agent Agreement.

(c) The City acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), (a)(14), and (a)(15) of this Section 5 contain the qualifier "if material" and that subparagraph (a)(6) also contains the qualifier "material" with respect to certain notices, determinations or other events affecting the tax status of the Series A Bonds. The City shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that it determines the event's occurrence is material for purposes of U.S. federal securities law. Whenever the City obtains knowledge of the occurrence of any of these Listed Events, the City will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the City will cause a notice to be filed as set forth in paragraph (b) above.

(d) Whenever the City obtains knowledge of the occurrence of a Listed Event, the City shall, or shall cause the Dissemination Agent (if not the City) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) above need not be given

under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Series A Bonds under the Paying Agent Agreement.

(e) The City acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), and (a)(14) of this Section 3 contain the qualifier “if material.” The City shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that the City determines the event’s occurrence is material for purposes of U.S. federal securities law.

(f) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, 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 City.

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

**Section 7. Termination of Reporting Obligation.** The City’s obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Series A Bonds. If such termination occurs prior to the final maturity of the Series A Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5(b).

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

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

- (a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Series A Bonds, or type of business conducted;
- (b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Series A Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

- (c) the proposed amendment or waiver either (i) is approved by holders of the Series A Bonds in the manner provided in the Paying Agent Agreement for amendments to the Paying Agent Agreement with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Series A Bonds.

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

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the City to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be filed in the same manner as for a Listed Event under Section 5(b).

**Section 10. Additional Information.** Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

**Section 11. Default.** If the City fails to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the Series A Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Paying Agent Agreement, and the sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance.

**Section 12. Duties, Immunities and Liabilities of Dissemination Agent.**

(a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful

misconduct. The Dissemination Agent shall have no duty or obligation to review any information provided to it by the City hereunder, and shall not be deemed to be acting in any fiduciary capacity for the City, the Series A Bond holders or any other party. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Series A Bonds.

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

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

To the City: City of Santa Clara  
1500 Warburton Avenue  
Santa Clara, California 95050  
Attention: Director of Finance

To the Dissemination Agent: U.S. Bank Trust Company, National Association  
One California Street, Suite 2600  
San Francisco, CA 94108  
Attn: Corporate Trust

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

**Section 14. Beneficiaries.** This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the Series A Bonds, and shall create no rights in any other person or entity.

**Section 15. Counterparts.** This Disclosure Certificate may be executed in several counterparts, each of which shall be regarded as an original, and all of which shall constitute one and the same instrument.

Date: \_\_\_\_\_, 2026

**CITY OF SANTA CLARA**

By: \_\_\_\_\_  
Director of Finance

ACCEPTANCE OF DUTIES  
AS DISSEMINATION AGENT

**U.S. BANK, TRUST COMPANY,  
NATIONAL ASSOCIATION**

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

\$ \_\_\_\_\_  
**CITY OF SANTA CLARA**  
(County of Santa Clara, California)  
**Election of 2024 General Obligation Bonds,**  
**2026 Series B**  
**(Qualified 501(c)(3) Bonds)**

**SERIES B CONTINUING DISCLOSURE CERTIFICATE**

This Continuing Disclosure Certificate (this “Disclosure Certificate”) is executed and delivered by the City of Santa Clara (the “City”) in connection with the issuance of the bonds captioned above (the “Series B Bonds”). The Series B Bonds are being issued under the Constitution and laws of the State of California, including but not limited to, Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California, under a resolution adopted by the City Council of the City on \_\_\_\_\_, 2026 (the “Series B Bond Resolution”) and a Paying Agent Agreement by and between the City and U.S. Bank Trust Company, National Association, as Paying Agent (the “Paying Agent”), dated as of February 1, 2026 (the “Paying Agent Agreement”).

The City hereby covenants and agrees as follows:

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

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

“*Annual Report*” means any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4.

“*Annual Report Date*” means the date not later than April 1 after the end of each fiscal year of the City (currently June 30<sup>th</sup>).

“*Dissemination Agent*” means the U.S. Bank Trust Company, National Association, or any other Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation.

“*Listed Events*” means any of the events listed in Section 5(a).

“*MSRB*” means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule.

“*Official Statement*” means the final official statement executed by the City in connection with the issuance of the Seires B Bonds.

“*Participating Underwriter*” means the original underwriter of the Series B Bonds required to comply with the Rule in connection with offering of the Series B Bonds, initially

\_\_\_\_\_.

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

### **Section 3. Provision of Annual Reports.**

(a) The City shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing April 1, 2026, with the report for 2024-25 fiscal year, provide to the MSRB in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate; provided that the initial Annual Report due on April 1, 2026, shall consist solely of a copy of the Official Statement. Not later than 15 Business Days prior to the Annual Report Date, the City shall provide the Annual Report to the Dissemination Agent (if other than the City). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the City) has not received a copy of the Annual Report, the Dissemination Agent shall contact the City to determine if the City is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the City’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(b). The City shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the City hereunder.

(b) If the City does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the City shall, in a timely manner, provide (or cause the Dissemination Agent to provide) to the MSRB, in an electronic format as prescribed by the MSRB, a notice in substantially the form required by the Rule.

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

- (i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and
- (ii) if the Dissemination Agent is other than the City, file a report with the City certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

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

(a) The City’s audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time

by the Governmental Accounting Standards Board. If the City's audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, financial information and operating data with respect to the City for the preceding fiscal year, substantially similar to that provided in the Official Statement:

- (i) Assessed value of taxable property within the jurisdiction of the City;
- (ii) Summary of property tax rates for all taxing entities within the City expressed as a percentage of assessed valuation in the form of Table 4 of the Official Statement;
- (iii) A statement of whether the Teeter Plan remains in effect. If the Teeter Plan is no longer in effect and to the extent such information is available from the County, property tax collection delinquencies for the City; and
- (iv) Amount of all general obligation debt of the City outstanding, and total scheduled debt service on such general obligation debt.

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

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

#### **Section 5. Reporting of Significant Events.**

(a) The City shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Series B Bonds, if material:

- (1) Principal and interest payment delinquencies.
- (2) Non-payment related defaults.
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (5) Substitution of credit or liquidity providers, or their failure to perform.
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or

determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.

- (7) Modifications to rights of security holders, if material.
- (8) Series B Bond calls, if material, and tender offers.
- (9) Defeasances.
- (10) Release, substitution, or sale of property securing repayment of the securities, if material.
- (11) Rating changes.
- (12) Bankruptcy, insolvency, receivership or similar event of the City or other obligated person.
- (13) The consummation of a merger, consolidation, or acquisition involving the City or obligated person, or the sale of all or substantially all of the assets of the City or obligated person (other than in the ordinary course of business), the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (15) Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material.
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

(b) Whenever the City obtains knowledge of the occurrence of a Listed Event, the City shall, or shall cause the Dissemination Agent (if not the City) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Series B Bonds under the Paying Agent Agreement.

(c) The City acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), (a)(14), and (a)(15) of this Section 5 contain the qualifier "if material" and that subparagraph (a)(6) also contains the qualifier "material" with respect to certain notices, determinations or other events affecting the tax status of the Series B Bonds. The City shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that it determines the event's occurrence is material for purposes of U.S. federal securities law. Whenever the City obtains knowledge of the occurrence of any of these Listed Events, the City will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the City will cause a notice to be filed as set forth in paragraph (b) above.

(d) Whenever the City obtains knowledge of the occurrence of a Listed Event, the City shall, or shall cause the Dissemination Agent (if not the City) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) above need not be given



under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Series B Bonds under the Paying Agent Agreement.

(e) The City acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), and (a)(14) of this Section 3 contain the qualifier “if material.” The City shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that the City determines the event’s occurrence is material for purposes of U.S. federal securities law.

(f) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, 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 City.

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

**Section 7. Termination of Reporting Obligation.** The City’s obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Series B Bonds. If such termination occurs prior to the final maturity of the Series B Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5(b).

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

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

- (a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Series B Bonds, or type of business conducted;
- (b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Series B Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

- (c) the proposed amendment or waiver either (i) is approved by holders of the Series B Bonds in the manner provided in the Paying Agent Agreement for amendments to the Paying Agent Agreement with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Series B Bonds.

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

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the City to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be filed in the same manner as for a Listed Event under Section 5(b).

**Section 10. Additional Information.** Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

**Section 11. Default.** If the City fails to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the Series B Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Paying Agent Agreement, and the sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance.

**Section 12. Duties, Immunities and Liabilities of Dissemination Agent.**

(a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful

misconduct. The Dissemination Agent shall have no duty or obligation to review any information provided to it by the City hereunder, and shall not be deemed to be acting in any fiduciary capacity for the City, the Series B Bond holders or any other party. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Series B Bonds.

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

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

To the City: City of Santa Clara  
1500 Warburton Avenue  
Santa Clara, California 95050  
Attention: Director of Finance

To the Dissemination Agent: U.S. Bank Trust Company, National Association  
One California Street, Suite 2600  
San Francisco, CA 94108  
Attn: Corporate Trust

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

**Section 14. Beneficiaries.** This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the Series B Bonds, and shall create no rights in any other person or entity.

**Section 15. Counterparts.** This Disclosure Certificate may be executed in several counterparts, each of which shall be regarded as an original, and all of which shall constitute one and the same instrument.

Date: \_\_\_\_\_, 2026

**CITY OF SANTA CLARA**

By: \_\_\_\_\_  
Director of Finance

ACCEPTANCE OF DUTIES  
AS DISSEMINATION AGENT

**U.S. BANK, TRUST COMPANY,  
NATIONAL ASSOCIATION**

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

## APPENDIX E

### DTC AND THE BOOK-ENTRY ONLY SYSTEM

*The following description of the Depository Trust Company ("DTC"), the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.*

*Neither the City nor the Paying Agent take any responsibility for the information contained in this Section.*

*No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) Bonds representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.*

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (in this Appendix, the "Bonds"). The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC. If, however, the aggregate principal amount of any maturity exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world's largest 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 contained on this Internet site is not incorporated herein by reference.*

3. Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each 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 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 Bonds representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

4. To facilitate subsequent transfers, all 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 Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 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 Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

6. Redemption notices will be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to City as soon as possible

after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and interest payments on the 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 City or Paying Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, Paying Agent, or City, 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 City or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to City or Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bonds are required to be printed and delivered.

10. The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that City believes to be reliable, but City takes no responsibility for the accuracy thereof.