

This Preliminary Official Statement and the information contained herein are subject to completion or amendment without notice. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the 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.

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2024

NEW ISSUE – BOOK-ENTRY ONLY

RATINGS:

Fitch: “—”
S&P: “—”
(See “RATINGS” herein)

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the County, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is exempt from State of California personal income taxes. Bond Counsel observes that interest on the Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. Bond Counsel expresses no opinion regarding any other tax consequences relating to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds. See “TAX MATTERS” herein.

\$350,000,000*
COUNTY OF SANTA CLARA, CALIFORNIA
GENERAL OBLIGATION BONDS
(ELECTION OF 2016),
2024 SERIES C
(Federally Taxable)
(Dedicated Unlimited *Ad Valorem* Property Tax Bonds)

Dated: Date of Delivery

Due: August 1, as shown below

The County of Santa Clara, California, General Obligation Bonds (Election of 2016), 2024 Series C (Federally Taxable) (Dedicated Unlimited *Ad Valorem* Property Tax Bonds) (the “Bonds”), are being issued by the County of Santa Clara (the “County”) pursuant to a resolution adopted by the Board of Supervisors of the County (the “Board”) on [May 7], 2024 (the “Bond Resolution”). The issuance of the Bonds has been authorized at an election of the registered voters of Santa Clara County (“Santa Clara County”) on November 8, 2016, at which more than two-thirds of the persons voting on the measure voted to authorize the issuance and sale of up to \$950,000,000 aggregate principal amount of general obligation bonds of the County. See “INTRODUCTION – Authority for Issuance of the Bonds.” The proceeds of the Bonds are authorized to be used to provide affordable local housing for vulnerable populations within Santa Clara County, as further described herein, and to pay costs of issuance of the Bonds. See “INTRODUCTION – Purpose of 2016 Measure A Bonds” and “ESTIMATED SOURCES AND USES OF FUNDS.”

The Bonds will be dated and bear interest from their date of delivery at the rates shown below until paid in full. Interest on the Bonds will be payable on February 1 and August 1 of each year, commencing February 1, 2025. The Bonds will be issuable as fully-registered bonds without coupons and will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the Bonds. Purchases of beneficial interests in the Bonds will be made in book-entry form through DTC participants and no physical delivery of Bonds will be made to purchasers, except as otherwise described herein. Payment of principal, premium, if any, and interest will be made by U.S. Bank Trust Company, National Association, as Paying Agent (the “Paying Agent”) to DTC, which is obligated to remit such payments to its participants for subsequent disbursement to the Beneficial Owners of the Bonds. See APPENDIX E – “DTC AND THE BOOK-ENTRY SYSTEM” herein. The Bonds will be issuable in denominations of \$5,000 or any integral multiple thereof.

The Bonds are subject to redemption prior to maturity as described herein. See “THE BONDS – Redemption of the Bonds.”

The Board has the power and is obligated to levy *ad valorem* taxes without limitation as to rate or amount upon all property subject to taxation by the County (except certain property which is taxable at limited rates) for the payment of the Bonds and interest thereon when due. See “SECURITY FOR THE BONDS.”

BIDS FOR THE PURCHASE OF THE BONDS WILL BE RECEIVED BY THE COUNTY AT [:] A.M. PACIFIC TIME ON [], 2024, AS PROVIDED IN THE OFFICIAL NOTICE OF SALE INVITING BIDS DATED [], 2024, UNLESS POSTPONED AS SET FORTH IN SUCH OFFICIAL NOTICE OF SALE. See “SALE OF THE BONDS” herein.

This cover page contains certain information for general reference only. It is not intended to be a summary of the security or terms of the Bonds. Investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision. Capitalized terms used on this cover page not otherwise defined shall have the meanings set forth herein.

MATURITY SCHEDULE
(Base CUSIP Number: 801546[†])

Maturity Date (August 1)	Principal Amount	Interest Rate	Price/ Yield**	CUSIP Suffix[†]	Maturity Date (August 1)	Principal Amount	Interest Rate	Price/ Yield**	CUSIP Suffix[†]

* Preliminary, subject to change.

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** Reoffering prices/yields furnished by the purchaser of the Bonds. The County takes no responsibility for the accuracy thereof.

\$ _____ % Term Bond due August 1, 20__ Price** _____ CUSIP† No. _____

The Bonds are offered when, as and if issued by the County and accepted by the initial purchasers, subject to the approval of validity by Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the County, and certain other conditions. Certain legal matters will be passed upon by Hawkins Delafield & Wood LLP, San Francisco, California, Disclosure Counsel, and for the County by the County Counsel. It is expected that the Bonds in book-entry form will be available for delivery through the facilities of DTC in New York, New York, on or about _____, 2024.

Dated: _____, 2024

No dealer, broker, salesperson or any other person has been authorized to give any information or to make any representations other than those contained in this Official Statement in connection with the offering made hereby and, if given or made, such information or representations must not be relied upon as having been authorized by the County. Neither the delivery of this Official Statement nor any sale hereunder will under any circumstances create any implication that there has been no change in the affairs of the County since the date hereof. This Official Statement does not constitute an offer or solicitation in any jurisdiction in which such offer or solicitation is not authorized, or in which the person making such offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make such offer or solicitation.

IN CONNECTION WITH THIS OFFERING, THE PURCHASER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

No representation is made that past experience, as it might be shown by financial and other information, will necessarily continue or be repeated in the future. Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements." Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget," "intend," "projection" or other similar words.

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

THE BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION (THE "SEC") UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT. THE PAYING AGENT AGREEMENT (AS DEFINED HEREIN) HAS NOT BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT.

THE BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SEC OR ANY STATE SECURITIES COMMISSION OR ANY REGULATORY AUTHORITY OF ANY STATE, NOR HAS THE SEC OR ANY STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY OF ANY STATE PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING OR THE ACCURACY OR THE ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

Statements in this Official Statement are made as of the date hereof unless stated otherwise and neither the delivery of this Official Statement at any time, nor any sales thereunder, will under any circumstances create an implication that the information contained herein is correct as of any time subsequent to the date hereof.

The County maintains a website and social media accounts. The information presented on such website and social media accounts are not incorporated by reference as part of this Official Statement and should not be relied upon in making investment decisions with respect to the Bonds. Various other websites referred to in this Official Statement also are not incorporated herein and are not part of this Official Statement by such references for purpose of Securities and Exchange Commission Rule 15c2-12.

In making an investment decision, investors must rely on their own examination of the security for the Bonds, the County and the terms of the offering, including the merits and risks involved. Prospective investors should not construe the contents of this Official Statement as legal, tax or investment advice.

**COUNTY OF SANTA CLARA
BOARD OF SUPERVISORS**

SUSAN ELLENBERG
(District 4)
President

CINDY CHAVEZ
(District 2)

OTTO LEE
(District 3)

SYLVIA ARENAS
(District 1)

S. JOSEPH SIMITIAN
(District 5)

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County Executive

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San Francisco, California

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OFFICIAL STATEMENT

\$350,000,000*
COUNTY OF SANTA CLARA, CALIFORNIA
GENERAL OBLIGATION BONDS
(ELECTION OF 2016),
2024 SERIES C
(Federally Taxable)
(Dedicated Unlimited *Ad Valorem* Property Tax Bonds)

INTRODUCTION

This introduction is qualified in its entirety by reference to the more detailed information included and referred to elsewhere in this Official Statement. The offering of the Bonds to potential investors is made only by means of the entire Official Statement.

The purpose of this Official Statement, including the cover page and appendices hereto, is to provide certain information concerning the sale and delivery by the County of Santa Clara (the “County”) of its General Obligation Bonds (Election of 2016), 2024 Series C (Federally Taxable) (Dedicated Unlimited *Ad Valorem* Property Tax Bonds) (the “Bonds”) in the aggregate principal amount of \$350,000,000*.

The Official Statement makes reference to resolutions and to other documents and statutes. Such references do not purport to be complete, comprehensive or definite and are qualified in their entirety by reference to each such document.

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Except as required by the Continuing Disclosure Certificate to be executed by the County, the County has no obligation to update the information in this Official Statement. See “CONTINUING DISCLOSURE” and APPENDIX F – “FORM OF CONTINUING DISCLOSURE CERTIFICATE” herein.

Throughout this Official Statement, the term “County” refers to the County of Santa Clara as a political subdivision of the State of California (the “State”), while the term “Santa Clara County” generally refers to Santa Clara County as a geographical area.

The County and Santa Clara County

Santa Clara County lies immediately south of San Francisco Bay and is the sixth most populous county in California based on its January 1, 2023 population of approximately 1.89 million. It encompasses an area of approximately 1,316 square miles and contains 15 cities, including Campbell, Cupertino, Gilroy, Los Altos, Los Altos Hills, Los Gatos, Milpitas, Monte Sereno, Morgan Hill, Mountain View, Palo Alto, San Jose, Santa Clara, Saratoga, and Sunnyvale, in which approximately 95.1% of Santa Clara County’s residents live. The County was incorporated in 1850 as one of the original 27 counties of the State and operates under a home rule charter, adopted by Santa Clara County’s voters in 1950 and amended in 1976 (the “County Charter”).

* Preliminary, subject to change.

As required under the County Charter and under County ordinances or by State and federal mandate, the County is responsible at the local level for activities involving public welfare, health, collection of property taxes, the maintenance of public records, and certain activities related to courthouses and jails. The County also operates recreational and cultural facilities. The County's recommended budget for fiscal year 2024-25 budgets revenue for all County funds for fiscal year 2024-25 to be approximately \$[] billion (of which approximately \$[] billion represents the County's General Fund budgeted revenues. According to the County Assessor's 2023 Annual Report, the total net assessed valuation of all real and business property in Santa Clara County as of January 1, 2023 is approximately \$661.2 billion. The legislative body of the County is the five-member Board of Supervisors (the "Board"), elected by district for staggered four-year terms subject to term limits of twelve consecutive years. Other elected officials include the County Assessor, District Attorney and Sheriff. All elected officials serve four-year terms. The County Executive, who is appointed by the Board, administers the daily affairs of the County and carries out policies of the Board. Department heads are appointed by the County Executive, except for the County Counsel, the Public Defender, the Clerk of the Board of Supervisors, the Director of Child Support Services, and the Chief of Correction, who are appointed by the Board. For certain economic, demographic and financial information with respect to the County and Santa Clara County, see APPENDIX A – "COUNTY OF SANTA CLARA FINANCES AND OPERATIONS," APPENDIX B – "SANTA CLARA COUNTY ECONOMIC AND DEMOGRAPHIC INFORMATION" and APPENDIX C – "COUNTY OF SANTA CLARA AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2023" attached hereto.

Authority for Issuance of the Bonds

The Bonds constitute the third and final series of bonds to be issued out of a total authorized amount of \$950,000,000 of general obligation bonds of the County authorized by at least two-thirds of the qualified voters of Santa Clara County voting on a ballot measure ("2016 Measure A") at an election held on November 8, 2016. On November 9, 2017, the County issued its \$250,000,000 General Obligation Bonds (Election of 2016) 2017 Series A (Federally Taxable) as the first series of bonds authorized by 2016 Measure A, and on July 28, 2021, the County issued its \$350,000,000 General Obligation Bonds (Election of 2016) 2021 Series B (Federally Taxable) as the second series of bonds authorized by 2016 Measure A. Upon the issuance of the Bonds, the County will have no borrowing authority remaining under 2016 Measure A. See APPENDIX A – "COUNTY OF SANTA CLARA FINANCES AND OPERATIONS – Outstanding Debt and Lease Obligations."

The Bonds are being issued pursuant to the provisions of Title 3, Division 3, Chapter 6, Article 1 (commencing with Section 29900) of the California Government Code (the "Government Code"), Title 5, Division 2, Chapter 3, Article 4.5 (commencing with Section 53506) of the Government Code and other applicable laws, and according to the terms set forth in the Paying Agent Agreement dated as of November 1, 2017 (the "Original Paying Agent Agreement"), as supplemented by the First Supplemental Paying Agent Agreement dated as of July 1, 2021 (the "First Supplemental Paying Agent Agreement"), and the Second Supplemental Paying Agent Agreement dated as of July 1, 2024 (the "Second Supplemental Paying Agent Agreement" and, collectively with the Original Paying Agent Agreement and First Supplemental Paying Agent Agreement, the "Paying Agent Agreement"), between the County and U.S. Bank Trust Company, National Association (as successor-in-interest to U.S. Bank National Association), as Paying Agent (the "Paying Agent"), as authorized by the resolution adopted by the Board on [May 7], 2024 (the "Bond Resolution").

Security for the Bonds

The Bonds are payable from *ad valorem* taxes levied on taxable property within Santa Clara County (and not from the County's operating funds). The Board has the power and is obligated to levy *ad*

valorem taxes without limitation as to rate or amount upon all property subject to taxation by the County (except certain property which is taxable at limited rates) for the payment of the principal of and interest on the Bonds when due. Such taxes are in addition to all other taxes levied upon property located within Santa Clara County. Pursuant to the Paying Agent Agreement, such taxes, when collected and received by the County, will be placed in the Interest and Sinking Fund for bonds authorized by 2016 Measure A, including the Bonds.

Under the Bond Resolution and pursuant to Sections 29922 and 29923 of the Government Code, the County is required, at the time of making the general tax levy for fiscal year 2024-25 in anticipation of the issuance of the Bonds, and annually thereafter until the Bonds are paid, or until there is a sum in the treasury of the County or held by the Paying Agent or other fiduciary and set apart for the purpose of paying all principal of and interest (and redemption premium, if any) on the Bonds as the same become due and payable, to levy in addition to all other taxes, a tax for that year upon the taxable property within Santa Clara County in an amount not less than an amount sufficient to pay the interest on the Bonds and such portion of the principal thereof, including any sinking fund installments or redemption premiums required to be paid pursuant to the Paying Agent Agreement, as will become due or, with respect to fiscal year 2024-25, which is anticipated to come due, before the proceeds of a tax levied at the next general tax levy will be made available for such purposes. See “SECURITY FOR THE BONDS” herein. The County expects to levy the tax sufficient to pay debt service on the Bonds for fiscal year 2024-25. Under the Bond Resolution, the County will pledge all revenues from the property taxes collected from the levy for the payment of the Bonds and amounts on deposit in the Interest and Sinking Fund to the payment of the principal or redemption price of and interest on the Bonds. The property taxes and amounts held in the Interest and Sinking Fund will be immediately subject to this pledge.

Pursuant to Section 53515 of the California Government Code, the Bonds will be secured by a statutory lien on all revenues received pursuant to the levy and collection of the tax. Section 53515 of the California Government Code provides that the lien will automatically arise, without the need for any action or authorization by the local agency or its governing board, and will be valid and binding from the time such bonds are executed and delivered. Section 53515 of the California Government Code further provides that the revenues received pursuant to the levy and collection of the tax will be immediately subject to the lien, and the lien will immediately attach to the revenues and be effective, binding and enforceable against the local agency, its successor, transferees and creditors, and all others asserting rights therein, irrespective of whether those parties have notice of the lien and without the need for physical delivery, recordation, filing or further act. See “SECURITY FOR THE BONDS – Statutory Lien on Taxes (Senate Bill 222).”

Purpose of 2016 Measure A Bonds

The primary purpose of 2016 Measure A is to provide funds for the acquisition or improvement of real property in order to provide affordable local housing for vulnerable populations including veterans, seniors, the disabled, low and moderate income individuals or families, foster youth, victims of abuse, the homeless and individuals suffering from mental health or substance abuse illnesses, which housing may include supportive mental health and substance abuse services. A portion of the proceeds of all bonds issued under 2016 Measure A, in an amount not to exceed \$150 million, with not more than \$50 million for first-time homebuyers, may be used to provide housing that is affordable for moderate income individuals and families.

The Bonds are payable from *ad valorem* taxes levied on taxable property within Santa Clara County (and not from the County’s operating funds). Delays in the construction schedule of any project to be funded with proceeds of the Bonds, or the County’s failure to complete such projects, will not affect the validity of, or security for, the Bonds.

Summaries Not Definitive

Brief descriptions of the Bonds, the County and Santa Clara County are included in this Official Statement, together with summaries of certain resolutions, documents and statutes. Such descriptions and summaries do not purport to be comprehensive or definitive. All references herein to the Bonds and such resolutions, documents and statutes are qualified in their entirety by reference to the actual documents, copies of all of which are available for inspection at the offices of the Director of Finance currently located at 70 West Hedding Street, East Wing, Second Floor, San Jose, California 95110.

THE BONDS

General

The Bonds will be dated their date of delivery and will mature at the times and in the principal amounts set forth on the cover page hereof. The Bonds will be issued in denominations of \$5,000 or any integral multiple thereof (“Authorized Denominations”). Interest on the Bonds will be payable semiannually on February 1 and August 1 of each year, commencing February 1, 2025. Interest on the Bonds will be computed on the basis of a 360-day year of twelve 30-day months. For the debt service schedule for the Bonds, see “DEBT SERVICE SCHEDULE” herein.

The Bonds will be delivered in book-entry only form and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York, which will act as securities depository for the Bonds. Beneficial ownership interests in the Bonds may be purchased by or through a Direct Participant (as defined in APPENDIX E – “DTC AND THE BOOK-ENTRY SYSTEM”) in book-entry form, in denominations of \$5,000 or any integral multiple thereof. Beneficial Owners (as defined in APPENDIX E – “DTC AND THE BOOK-ENTRY SYSTEM”) of the Bonds will not receive or have the right to receive physical delivery of certificates representing their ownership interests in the Bonds. For so long as any purchaser is the Beneficial Owner of a Bond, such purchaser must maintain an account with a broker or dealer who is or acts through a Direct Participant to receive payment of the principal or interest on the Bonds. Payments of interest on, principal of and premium, if any, on the Bonds will be made by the Paying Agent to DTC or its nominee, Cede & Co., as registered owner of the Bonds. Each such payment to DTC or its nominee will be valid and effective to fully discharge all liability of the County or the Paying Agent with respect to the principal or redemption price of or interest on the Bonds to the extent of the sum or sums so paid. The County and the Paying Agent cannot and do not give any assurances that Direct Participants or Indirect Participants (as defined in APPENDIX E – “DTC AND THE BOOK-ENTRY SYSTEM”) will distribute to Beneficial Owners (i) payments of interest and principal with respect to the Bonds, (ii) confirmation of ownership interests in the Bonds, or (iii) redemption or other notices sent to DTC or Cede & Co., its nominee, as registered owner of the Bonds, or that Direct Participants or Indirect Participants will do so on a timely basis. So long as the Bonds are held in the book-entry only system of DTC, the registered owner, holder or Owner of the Bonds will be DTC, and not the Beneficial Owner. See APPENDIX E – “DTC AND THE BOOK-ENTRY SYSTEM” herein.

Redemption of the Bonds*

Optional Redemption. The Bonds maturing on or before August 1, 2034 are not subject to redemption prior to their respective stated maturity dates. Bonds maturing on and after August 1, 2035 are subject to redemption prior to their respective stated maturity dates, at the option of the County, from any

* Preliminary, subject to change.

source of available funds, as a whole or in part on any date, on or after August 1, 2034 at the principal amount of the Bonds called for redemption, together with interest accrued thereon to the date of redemption, without premium. If less than all of the Bonds are called for redemption, the Bonds will be redeemed in inverse order of maturities (or as otherwise directed by the County), and if less than all of the Bonds of any given maturity are called for redemption, the portions of Bonds of a given maturity to be redeemed will be determined by lot.

Mandatory Sinking Fund Redemption. The Term Bonds maturing on August 1, 20__ are also subject to mandatory sinking fund redemption on August 1 in each of the years and in the respective principal amounts as set forth in the following schedule, at a redemption price equal to the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption:

Mandatory Sinking Fund Payment Date (August 1)	Mandatory Sinking Fund Payment Amount
--	--

† Final maturity.

Notice of Redemption. Notice of redemption of any Bonds will be given by the Paying Agent upon the written request of the County. Notice of any redemption of Bonds will be mailed postage prepaid, not less than thirty (30) nor more than sixty (60) days prior to the redemption date (i) by first class mail to the respective Owners thereof at the addresses appearing on the bond registration books of the Paying Agent, (ii) by mail or such other delivery method as is authorized under the applicable Continuing Disclosure Certificate to all organizations registered with the Securities and Exchange Commission as securities depositories, and (iii) as may be further required in accordance with the applicable Continuing Disclosure Certificate. Each notice of redemption will contain all of the following information: (a) the date of such notice; (b) the name of the Bonds and the date of issue of the Bonds; (c) the redemption date; (d) the redemption price; (e) the dates of maturity of the Bonds to be redeemed; (f) if less than all of the Bonds of any maturity are to be redeemed, the distinctive numbers of the Bonds of each maturity to be redeemed; (g) in the case of Bonds redeemed in part only, the respective portions of the principal amount of the Bonds of each maturity to be redeemed; (h) the CUSIP number, if any, of each maturity of Bonds to be redeemed; (i) a statement that such Bonds must be surrendered by the Owners at the Principal Corporate Trust Office of the Paying Agent, or at such other place or places designated by the Paying Agent; (j) notice that further interest on such Bonds will not accrue from and after the designated redemption date; and (k) in the case of a conditional notice, that such notice is conditioned upon certain circumstances and the manner of rescinding such conditional notice.

Effect of Notice. When notice of redemption has been given substantially as provided for herein, and when the redemption price of the Bonds called for redemption is set aside for the purpose as provided in the Paying Agent Agreement, the Bonds designated for redemption will become due and payable on the specified redemption date and interest will cease to accrue thereon as of the redemption date, and upon presentation and surrender of such Bonds at the place specified in the notice of redemption, such Bonds will be redeemed and paid at the redemption price thereof out of the money provided therefor. The Owners of such Bonds so called for redemption after such redemption date will look for the payment of such Bonds and the redemption premium thereon, if any, only to the Interest and Sinking Fund or the escrow fund established for such purpose. All Bonds redeemed will be cancelled forthwith by the Paying Agent and will not be reissued.

A certificate of the Paying Agent or the County that notice of call and redemption has been given to Owners is conclusive as against all parties. The actual receipt by the Owner of any Bond or by any

securities depository or any other party of notice of redemption will not be a condition precedent to redemption, and failure to receive such notice, or any defect in the notice given, will not affect the validity of the proceedings for the redemption of such Bonds or the cessation of interest on the date fixed for redemption.

Conditional Notice of Redemption. Any notice of optional redemption of the Bonds may be conditional and if any condition stated in the notice of redemption is not satisfied on or prior to the redemption date, said notice will be of no force and effect and the County will not be required to redeem such Bonds, and the redemption will not be made and the Paying Agent will within a reasonable time thereafter give notice to the persons and in the manner in which the notice of redemption was given, that such condition or conditions were not met and that the redemption was cancelled. The actual receipt by the Owner of any Bond of notice of such cancellation will not be a condition precedent to cancellation, and failure to receive such notice or any defect in such notice will not affect the validity of the cancellation.

Right to Rescind Notice of Redemption. The County may rescind any optional redemption and notice thereof for any reason on any date on or prior to the date fixed for redemption by causing written notice of the rescission to be given to the owners of the Bonds so called for redemption. Any optional redemption and notice thereof will be rescinded if for any reason on the date fixed for redemption moneys are not available in the Interest and Sinking Fund or otherwise held in trust for such purpose in an amount sufficient to pay in full on said date the principal of, interest, and any premium due on the Bonds 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.

Defeasance

If at any time the County pays or causes to be paid or there is otherwise paid to the Owners of all outstanding Bonds all of the principal, interest and premium, if any, represented by Bonds at the times and in the manner provided in the Paying Agent Agreement and in the Bonds, or as provided in the following paragraph, or as otherwise provided by law consistent with the Paying Agent Agreement, then such Owners will cease to be entitled to the obligation to levy taxes for payment of the Bonds as described in the Paying Agent Agreement, and such obligation and all agreements and covenants of the County to such Owners under the Paying Agent Agreement and under the Bonds will thereupon be satisfied and discharged and will terminate, except only that the County will remain liable for payment of all principal, interest and premium, if any, represented by the Bonds, but only out of monies on deposit in the Interest and Sinking Fund or otherwise held in trust for such payment; and provided further, however, that the provisions of the Paying Agent Agreement with respect to the investment of funds and accounts, including the provisions described under “INVESTMENT OF FUNDS,” will apply in all events.

For purposes of this subheading, the County may pay and discharge any or all of the Bonds by depositing in trust with the Paying Agent or an escrow agent at or before maturity, cash or Defeasance Securities (as defined below) in an amount which will, together with the interest to accrue thereon and available monies then on deposit in the Interest and Sinking Fund of the County, 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.

Under the Paying Agent Agreement, “Defeasance Securities” means (a) non-callable, non-prepayable obligations of the type listed in clause (i) or (ii) of the definition of Investment Securities (as defined under “INVESTMENT OF FUNDS” herein); (b) non-callable, non-prepayable obligations of the

type listed in clause (iii) of the definition of Investment Securities that are rated in the highest long-term Rating Category by Moody's or S&P Global Ratings; and (c) obligations of the type listed in clause (vi) of the definition of Investment Securities. See "INVESTMENT OF FUNDS" herein.

ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the estimated sources and uses of proceeds with respect to the sale of the Bonds.

Sources	
Principal Amount of the Bonds	\$
[Net] Original Issue Premium	\$
Total Sources	\$
 Uses	
Project Fund	\$
Interest and Sinking Fund	\$
Costs of Issuance ⁽¹⁾	\$
Total Uses	\$

⁽¹⁾ Costs of issuance include purchasers discount, printing costs, rating agency fees, legal fees, Municipal Advisor fees and other miscellaneous expenses.

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DEBT SERVICE SCHEDULE

The following table sets forth the annual debt service schedule for the Bonds and other outstanding general obligation bonds of the County. See APPENDIX A – “COUNTY OF SANTA CLARA FINANCES AND OPERATIONS – Outstanding Debt and Lease Obligations.”

Year Ending August 1,	Bonds Debt Service			Other Outstanding G.O. Bonds¹	Total Annual Debt Service
	Principal	Interest	Annual Debt Service		
2025					
2026					
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					
2035					
2036					
2037					
2038					
2039					
2040					
2041					
2042					
2043					
2044					
2045					
2046					
2047					
Total	\$	\$	\$	\$	\$

¹ Reflects debt service on all of the County’s outstanding Series 2013 Bonds, Series 2017A GO Bonds, Series 2017C Refunding GO Bonds, Series 2021B GO Bonds, and Series 2022D Refunding GO Bonds, as defined in APPENDIX A – “COUNTY OF SANTA CLARA FINANCES AND OPERATIONS – Outstanding Debt and Lease Obligations.” See also Note (7) in COUNTY OF SANTA CLARA AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2023.”

SECURITY FOR THE BONDS

General

The Bonds are payable from *ad valorem* taxes levied on taxable property within Santa Clara County (and not from the County's operating funds). The Board has the power and is obligated to levy *ad valorem* taxes without limitation as to rate or amount upon all property subject to taxation by the County (except certain property which is taxable at limited rates) for the payment of the principal of and interest on the Bonds when due. Such taxes are in addition to all other taxes levied upon property located within Santa Clara County. Pursuant to the Paying Agent Agreement, such taxes, when collected and received by the County, will be placed in the Interest and Sinking Fund for bonds authorized by 2016 Measure A, including the Bonds.

Under the Bond Resolution and pursuant to Sections 29922 and 29923 of the Government Code, the County is required, at the time of making the general tax levy for fiscal year 2024-25 in anticipation of the issuance of the Bonds, and annually thereafter until the Bonds are paid, or until there is a sum in the treasury of the County or held by the Paying Agent or other fiduciary and set apart for the purpose of paying all principal of and interest (and redemption premium, if any) on the Bonds as the same become due and payable, to levy in addition to all other taxes, a tax for that year upon the taxable property within Santa Clara County in an amount not less than an amount sufficient to pay the interest on the Bonds and such portion of the principal thereof, including any sinking fund installments or redemption premiums required to be paid pursuant to the Paying Agent Agreement, as may become due, or with respect to fiscal year 2024-25, which is anticipated to come due, before the proceeds of a tax levied at the next general tax levy will be made available for such purposes. The County expects to levy the tax sufficient to pay debt service on the Bonds for fiscal year 2024-25. Under the Bond Resolution, the County will pledge all revenues from the property taxes collected from the levy for the payment of the Bonds and amounts on deposit in the Interest and Sinking Fund to the payment of the principal or redemption price of and interest on the Bonds.

Paying Agent Agreement

The County and the Paying Agent will enter into the Second Supplemental Paying Agent Agreement to provide for the payment of the principal of and interest on the Bonds. Pursuant to the Paying Agent Agreement, the County covenants that the money for the payment of principal and interest on the Bonds will be raised by *ad valorem* taxation without limitation as to rate or amount (except with respect to certain personal property which is taxable at limited rates) upon all taxable property located within Santa Clara County, and provision will be made for the levy and collection of such taxes in the manner provided by law, and the County will deposit such money in the Interest and Sinking Fund as required by law.

Statutory Lien on Taxes (Senate Bill 222)

Pursuant to Section 53515 of the California Government Code, the Bonds will be secured by a statutory lien on all revenues received pursuant to the levy and collection of the tax. Section 53515 of the California Government Code provides that the lien will automatically arise, without the need for any action or authorization by the local agency or its governing board, and will be valid and binding from the time such bonds are executed and delivered. Section 53515 of the California Government Code further provides that the revenues received pursuant to the levy and collection of the tax will be immediately subject to the lien, and the lien will immediately attach to the revenues and be effective, binding and enforceable against the local agency, its successor, transferees and creditors, and all others asserting rights

therein, irrespective of whether those parties have notice of the lien and without the need for physical delivery, recordation, filing or further act.

Pledge of Tax Revenues

Under the Bond Resolution, the County has pledged all revenues from the property taxes collected from the levy for the payment of the Bonds and amounts on deposit in the Interest and Sinking Fund to the payment of the principal or redemption price of and interest on the Bonds. The Bond Resolution provides that this pledge is valid and binding from the date of the Bond Resolution, for the benefit of the Owners of the Bonds and successors thereto, that the property taxes and amounts held in the Interest and Sinking Fund will be immediately subject to this pledge, and that the pledge will constitute a lien and security interest which will immediately attach to the property taxes and amounts held in the Interest and Sinking Fund to secure the payment of the Bonds and will be effective, binding, and enforceable against the County, its successors, creditors and all others irrespective of whether those parties have notice of the pledge and without the need of any physical delivery, recordation, filing, or further act.

Levy, Tax Rate and Valuation

According to the requirements of Article XIII A of the California Constitution (initially adopted by California voters as Proposition 13 in 1978), the County levies a 1% ad valorem property tax on behalf of all taxing agencies in the County and the ad valorem property tax for payment of the Bonds and the general obligation bonds of the County, school districts and other governmental entities in Santa Clara County. The 1% ad valorem property tax and the property tax for the Bonds are assessed and collected by the County at the same time and on the same tax rolls. The proceeds of the property tax collected for the Bonds would be applied by the County to pay debt service on the Bonds when due. The proceeds of the 1% ad valorem property taxes are apportioned on the basis of a formula established by State law. Under this formula, the County and all other taxing entities receive a base year allocation plus an allocation on the basis of "situs" growth in assessed value prorated among the jurisdictions which serve the tax rate areas within which the growth occurs. Tax rate areas are specifically defined geographic areas which were developed to permit the levying of taxes for less than countywide or less than citywide special districts. Certain other ad valorem property taxes and assessments and other per-parcel taxes and assessments are also included in the levy pursuant to the County's tax rolls.

The assessed valuation of property located within Santa Clara County is established by the County Assessor, except for public utility property, which is assessed by the State Board of Equalization. Assessed valuations are reported at 100% of the full cash value of the property, as defined in Article XIII A of the California Constitution. Full cash value is defined as "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 newly constructed, or when a change in ownership has occurred after the 1975 assessment." The full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or a reduction in the consumer price index or comparable local data for the area or may be reduced in the event of declining property value caused by damage, destruction or other factors including a general economic downturn. The full cash value may also be adjusted due to change of ownership or new construction, although the County allows homeowners 55 years of age or older to transfer the base value of their principal residence to newly purchased or constructed replacement residence within Santa Clara County, under certain circumstances. See "CONSTITUTIONAL AND STATUTORY TAX LIMITATIONS ON TAXES AND APPROPRIATIONS" herein. The County Assessor may also temporarily reduce assessed values of property within Santa Clara County. Pursuant to Proposition 8, a voter-approved Constitutional amendment adopted in November 1978 ("Proposition 8"), property owners are entitled to the lower of the fair market value of their property as of January 1 or the assessed value as

determined at the time of purchase or construction, and increased by no more than 2% annually. See “SECURITY FOR THE BONDS – Levy, Tax Rate and Valuation – Proposition 8 Reductions and Appeals to Assessed Value” herein.

Article XIII A has had the general effect of stabilizing assessed valuation such that it does not fluctuate to the same degree as the market value of property in a taxing area, but instead gradually reflects changes in ownership of longer held properties that are reassessed upon transfer and other permitted increases and decreases of assessed value. As a result of Article XIII A and its restrictions on the County Assessor’s ability to increase assessed value, property that has been owned by the same taxpayer for many years can have an assessed value that is much lower than the market value of the property. Property that is similarly situated that has recently been acquired may have a substantially higher assessed value reflecting the recent acquisition price. Increases in assessed value in a taxing area may occur due to the change in ownership of property even when the rate of inflation or consumer price index do not permit a full 2% annual increase in assessed valuation of other property located in the taxing area.

As described above, the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflationary rate, not to exceed a 2.0% increase for any given year, or may be reduced to reflect a reduction in the consumer price index (“CPI”) or comparable local data. For example, in fiscal year 2010-11, the State Board of Equalization set an adjustment of negative 0.237% which impacted the assessment roll for fiscal year 2010-11. Consequently, 350,000 property owners in Santa Clara County received a reduction in the assessed value, totaling \$6 billion. See “CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS – Article XIII A.”

The table below shows a history of assessed valuations of property within Santa Clara County since and including fiscal year 2014-15.

TABLE 1
COUNTY OF SANTA CLARA
ASSESSED VALUATION HISTORY
FISCAL YEARS 2014-15 THROUGH 2023-24
(Dollars in Thousands)

Fiscal Year	Secured	Unsecured	State Assessed	Total⁽¹⁾	Percent Increase (Decrease)
2014-15	\$332,220,200	\$22,417,525	\$3,904,504	\$358,541,956	6.8%
2015-16	362,318,558	23,239,529	4,218,227	389,776,314	8.7
2016-17	392,058,176	24,439,939	4,209,504	420,707,619	7.9
2017-18	420,616,061	26,855,499	4,296,666	451,768,226	7.4
2018-19	452,259,125	28,342,158	4,632,579	485,233,862	7.4
2019-20	484,249,401	29,026,589	4,414,848	517,690,838	6.7
2020-21	517,837,409	30,879,670	4,522,652	553,239,731	6.9
2021-22	544,089,744	30,094,207	4,742,871	578,926,822	4.6
2022-23	585,844,983	31,113,862	5,022,705	621,981,550	7.4
2023-24	624,298,257	33,700,065	5,377,783	663,376,105	6.7

⁽¹⁾ Values shown differ from the information reported by the County Assessor, as the County Assessor's numbers include aircraft valuation, but exclude State-assessed values.

Source: County of Santa Clara Office of the Controller-Treasurer.

According to the County Assessor's 2023 Annual Report, the largest drivers of growth for the 2023-24 assessment roll were changes in ownership and new construction, contributing \$21.5 billion and \$6.8 billion, respectively. Business property assessments were \$4.1 billion greater than the year prior. The County Assessor's 2023 Annual Report has reported that towards the end of 2022, the real estate market in the County softened as interest rates increased and transactions declined. In response, the County Assessor's 2023 Annual Report proactively reduced assessments of 17,000 residential properties. Sales transactions in the first half of 2023 were historically low, and lack of sales is expected to adversely impact the assessment roll in the future.

The following table shows the local secured assessed valuation and number of parcels by land use category for property located in Santa Clara County for fiscal year 2023-24.

TABLE 2
COUNTY OF SANTA CLARA
REAL PROPERTY ASSESSED VALUATION AND PARCELS BY LAND USE
FISCAL YEAR 2023-24

Property Type	Parcel Count	Assessed Valuation (In Billions)	Percentage AV Growth From FY 2022-23
Single Family Detached	338,964	\$329.02	6%
Office	5,320	63.58	9
Condominiums	93,269	63.18	5

Apartments 5+ Units	5,917	47.68	7
R & D Industrial	785	25.60	8
Other Industrial Non-Mfg	3,462	20.39	11
Specialty Retail & Hotels	5,537	18.04	7
Single Family 2-4 Units	15,030	11.92	6
Major Shopping Centers	857	9.70	2
Other Urban	6,491	9.27	16
Public & Quasi-Public	2,477	7.11	12
Other Industrial & Mfg	2,031	4.06	3
Agricultural	5,416	2.70	4
Electronics & Machinery Mfg.	138	1.70	2
Residential Misc.	150	0.93	3
	485,944	\$614.03	

Source: County of Santa Clara Assessor's Office.

Proposition 8 Reductions and Appeals to Assessed Value. In November 1978, State voters passed Proposition 8, which provides that property owners are entitled to an assessment based on the lower of the fair market value of their property as of the lien date (January 1), or the assessed value as determined at the time of purchase or construction, and increased by no more than 2% annually. As a matter of policy and in accordance with Proposition 8, the County Assessor has proactively responded to declining market values by temporarily reducing assessed values. As the real estate market rebounds, the County Assessor is required to “restore” the assessed values for properties previously reduced during a downturn. The restoration of the property’s assessed value is not limited to the 2% limit, until the market value of the property reaches its purchase price, plus the annual inflation increased by a maximum of 2%.

According to the County Assessor’s 2023 Annual Report, in the 2022-23 assessment year, 2,595 properties were assessed below their purchase price (representing a total reduction in assessed value of approximately \$1.7 billion). In the 2023-24 assessment year, that number increased to 19,324 properties (representing a total reduction in assessed value of approximately \$4.7 billion, with 18,929 residential reductions totaling \$3.4 billion and 396 commercial property reductions totaling \$1.3 billion), which includes more than 17,000 properties that were proactively reduced by the County Assessor.

As described above, a taxpayer who disagrees with the assessed value of his or her property may request a review of his or her assessment. If the County Assessor finds that an adjustment is appropriate, the assessment is revised accordingly. If a difference of opinion still exists by July 1, the taxpayer may file an appeal.

According to the County Assessor’s 2023 Annual Report, between July 1, 2022 and June 30, 2023, the County Assessor’s Office resolved 3,886 appeals. The Assessor’s Office retained 89% of the assessed value in dispute. 4,666 appeals were filed in fiscal year 2022-23, or an approximately 11% increase over the 4,186 filed in the prior fiscal year. Non-residential cases represented nearly all the assessed value in dispute (97%). Notable properties, such as Levi’s Stadium and the Nvidia corporate campus, make up a sizable proportion of the value in dispute.

In November 2018, the County Assessment Appeals Board issued a decision on an assessment appeal filed by the Forty Niners SC Stadium (the “49ers”), reducing the assessed value of Levi’s Stadium to approximately \$480 million and entitling the 49ers to a one-time refund of approximately \$36 million from the County, Santa Clara Unified School District and other public agencies within the County, as well as an ongoing property tax reduction of approximately \$6 million per year. On May 20, 2019, the County Assessor filed a petition for administrative mandamus with the Superior Court, asking the court to

send the matter back to the Assessment Appeals Board with instructions to use a method reasonably calculated to capture the full value of the 49ers' possessory interest in Levi's Stadium. The Assessment Appeals board issued its findings of fact on January 29, 2020, to be considered by the Superior Court. [In [November 2023], the Superior Court denied the challenge, finding that the process the Assessment Appeals Board used to come to its decision was appropriate, and left in place the Assessment Appeals Board's ruling. The County Assessor did not appeal the Superior Court's decision.

As of [July 2024], an aggregate of [] appeals remain pending and unresolved, representing approximately \$[] billion in requested reductions to value (representing the difference between the property's assessed value and the applicant's opinion of value).

Payment Dates and Liens

Taxes are levied for each fiscal year from July 1 to June 30 on taxable real and personal property situated in Santa Clara County as of the preceding January 1. However, upon a change in ownership of property or completion of new construction, State law permits an accelerated recognition and taxation of increases in real property assessed valuation (known as a "floating lien date"). For assessment and collection purposes, all property (both real and personal) is classified either as "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. Property taxes arising on a floating lien date are posted on a supplemental assessment roll (secured or unsecured, as the case may be). The "secured roll" is that part of the assessment roll containing (i) property, the taxes on which are secured by a lien on the real property which is sufficient, in the opinion of the County Assessor, to secure payment of the taxes and (ii) State Board of Equalization assessed (public utilities) property. The "unsecured roll" is that part of the assessment roll containing property, such as business property or leased or rented premises, which is not secured by the underlying real property. California law provides partial exemptions from taxation for owner-occupied residences (the "homeowner's exemption") in an amount of up to \$7,000 per single family residence. Under State law, revenues lost to local governments due to this exemption are reimbursed by the State.

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 on 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 to be in default on or about October 30 of the fiscal year. Such property may thereafter be redeemed by payment of the delinquent taxes and the 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 tax-defaulted property is declared to be subject to the County Tax Collector's power of sale and may be subsequently sold within two years by the County Tax Collector.

Property taxes on the unsecured roll are due as of the January 1 lien date and become delinquent, if unpaid, on August 31. A 10% penalty attaches to delinquent taxes on property on the unsecured roll, and an additional penalty of 1.5% per month begins to accrue beginning November 1. 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 recordation 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 to the assessee.

A summary of full cash value of the secured roll, secured property tax levies and delinquencies for each year since and including fiscal year 2018-19 are shown in the following table.

TABLE 3
COUNTY OF SANTA CLARA
SUMMARY OF FULL CASH VALUE AND AD VALOREM
PROPERTY TAXATION AND DELINQUENCIES
FISCAL YEARS 2018-19 THROUGH 2022-23

Fiscal Year	Full Cash Value⁽¹⁾	Secured Property Tax Levies⁽²⁾	Levy Delinquent June 30	Percentage Levy Delinquent June 30⁽³⁾
2018-19	\$456,891,703,995	\$6,070,435,575	\$26,957,686	0.44%
2019-20	488,664,249,076	6,512,388,164	47,785,460	0.73
2020-21	522,360,060,670	6,920,087,868	43,988,689	0.64
2021-22	548,832,614,975	7,314,546,442	37,412,753	0.51
2022-23	590,867,687,713	7,864,532,264	46,236,868	0.59

⁽¹⁾ Aggregate of secured and State assessed property determined in accordance with State law. Does not reflect market value of all property.

⁽²⁾ Includes taxes payable to the County and all other applicable taxing entities.

⁽³⁾ Reflects collection within the fiscal year originally levied.

Source: County Director of Finance

Teeter Plan

In 1994, the County instituted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the “Teeter Plan”) as provided for in Section 4701 *et seq.* of the Revenue and Taxation Code of the State (the “Teeter Plan Law”). Generally, the Teeter Plan provides for a tax distribution procedure in which secured roll taxes are distributed to taxing agencies within Santa Clara County on the basis of the full amount of the current tax levy, rather than on the basis of actual current tax collections less delinquencies. The County then receives and retains any excess delinquent tax payments, penalties and interest.

The County and the taxing agencies within Santa Clara County participate in the Teeter Plan. Generally, the tax levies subject to the Teeter Plan (the “Teeter Secured Levy”) include each participant’s share of the 1% *ad valorem* secured levy plus any *ad valorem* levy for the debt service of voter-approved general obligations bonds. Not included in the Teeter Secured Levy are the tax levy for certain 1915 Act assessment bonds and special taxes for Mello Roos bonds.

The County determines which moneys in the County treasury (including those credited to the tax losses reserve fund described below) will be available to be drawn on to the extent of the amount of uncollected taxes. The County currently uses tax payments from prior years’ delinquencies to cover advances of current delinquencies and draws on the tax losses reserve fund as necessary.

Pursuant to the Teeter Plan Law, the County is required to establish a tax losses reserve fund. The Teeter Plan Law permits any county to draw down the tax losses reserve fund to a balance equal to 1% of the total of all taxes and assessments levied on the secured roll for that year, or alternatively, 25% of the current year’s delinquent secured tax levy. [For the fiscal years 2019-20 through 2023-24, the County elected the latter method.] [*County to confirm*]

The Teeter Plan is to remain in effect unless the County orders its discontinuance or if, prior to the commencement of any fiscal year, the County receives a petition for its discontinuance adopted by

resolution of two-thirds of the participating revenue districts in the County. Further, the County may, by resolution adopted not later than July 15 of any subsequent fiscal year after a public hearing, discontinue the Teeter Plan as to any tax levying or assessment levying agency if the rate of secured tax delinquency in that agency in any year exceeds 3% of the total of all taxes and assessments levied on the secured rolls for that agency. The County has not discontinued the Teeter Plan for any of its agencies.

The County plans to utilize the Teeter Plan with respect to the tax levy for the Bonds. 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 other tax levies. Further, the amounts expected to be available to the County under the Teeter Plan may not be sufficient to fund all delinquencies in current tax levies, in which case the County would turn to alternative sources.

Largest Taxpayers

The ten largest taxpayers in the County for fiscal year 2022-23 and their taxable assessed values are set forth in the following table. These ten largest taxpayers paid a total of approximately \$399 million in taxes, as shown in the table below.

TABLE 4
COUNTY OF SANTA CLARA
TEN LARGEST PROPERTY TAXPAYERS
FISCAL YEAR 2022-23
(in thousands)

[County to review and confirm]

Taxpayer	Taxable Assessed Value ⁽¹⁾	Rank	Percentage of Taxable Assessed Value	Total Taxes Paid ⁽²⁾
Google LLC	\$9,544,336	1	1.57%	\$117,172
Campus Holdings, Inc.	5,003,618	2	0.82	58,814
Pacific Gas & Electric Co.	2,995,019	3	0.49	86,804
Apple Inc.	2,875,197	4	0.47	33,987
Cisco Technology, Inc.	1,562,898	5	0.26	19,017
Planetary Ventures, LLC	1,561,354	6	0.26	18,593
Westfield Malls	1,530,240	7	0.25	18,372
Applied Materials, Inc.	1,411,080	8	0.23	16,515
Intel Corporation	1,323,767	9	0.22	15,529
LinkedIn Corporation	1,235,694	10	0.20	14,530
Total ⁽³⁾	\$29,043,203		4.8%	\$399,333

⁽¹⁾ The taxable assessed value includes tax assessments on real property and personal property.

⁽²⁾ Represents taxes paid on the Fiscal Year 2022-23 secured tax roll, including local and State assessees.

⁽³⁾ Totals may not sum due to rounding.

Source: County of Santa Clara Department of Tax and Collections

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 (the “BOE”) and taxed locally. Property valued by the BOE as an operating unit in a primary function of the utility taxpayer is known as “unitary property,” a concept designed to permit assessment of the utility as a going concern rather than assessment of each

individual element of real and personal property owned by the utility taxpayer. State-assessed unitary and “operating nonunitary” property (which excludes nonunitary property of regulated railways) is allocated to the counties based on the situs of the various components of the unitary property. Except for unitary property of regulated railways and certain other excepted property, all unitary and operating nonunitary property is taxed at special county-wide rates and distributed to taxing jurisdictions according to statutory formulae generally based on the distribution of taxes in the prior year.

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

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

In the past, the State has passed legislation that resulted in a decrease in the amount of assessed utility property and corresponding tax revenues allocated to the State’s local taxing agencies, including the County. The County is unable to predict whether legislation will be proposed or enacted in the future in response to industry restructuring, or whether any future legislation or litigation may affect the State’s methods of assessing utility property and the allocation of assessed value to local taxing agencies.

Direct and Overlapping Debt Report

Contained within the County’s tax rate area are numerous municipalities, school districts and special purpose districts providing public services, a number of which have issued general obligation bonds and lease obligations. Direct debt constitutes debt directly issued by the County while overlapping debt constitutes that portion of debt issued by different public entities within the same tax rate area as the County’s. The County is not responsible for the overlapping debt of other local agencies.

The statement of direct and overlapping debt (the “Debt Report”) set forth below was prepared by California Municipal Statistics, Inc., and is dated as of [____] 1, 2024. The Debt Report includes only such information as has been reported to California Municipal Statistics, Inc. by the issuers of the debt described therein and by others. The Debt Report is included for general information purposes only. The County has not independently verified its completeness or accuracy and makes no representations in connection therewith.

TABLE 5
COUNTY OF SANTA CLARA
ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT
AS OF [] 1, 2024

[To be ordered from California Municipal Statistics closer to posting]

Source: California Municipal Statistics, Inc.

INVESTMENT OF FUNDS

Investment of Tax Levy. Pursuant to the Paying Agent Agreement, *ad valorem* taxes collected and received by the County will be placed in the Interest and Sinking Fund (as such term is defined in the Paying Agent Agreement) for bonds authorized by 2016 Measure A, including the Bonds. The County will maintain the Interest and Sinking Fund as a separate fund in the treasury of the County. In accordance with the Paying Agent Agreement, funds held in the Interest and Sinking Fund are to be invested by the County in Investment Securities, as such term is defined in the Paying Agent Agreement and described below.

Investment of Bond Proceeds. Pursuant to the Paying Agent Agreement, the Bond proceeds are to be deposited in the Project Fund (as such term is defined in the Paying Agent Agreement) established and maintained by the Director of Finance on behalf of the County and are to be invested by in Investment Securities as such term is defined in the Paying Agent Agreement and described below. Amounts deposited into the Project Fund are not security for the payment of the Bonds.

Investment Securities include:

- i. any bonds or other obligations which as to principal and interest constitute direct obligations of, or are unconditionally guaranteed by, the United States of America, including obligations of any of the federal agencies and federally sponsored entities set forth in clause (iii) below to the extent unconditionally guaranteed by the United States of America and including interest strips of any such obligations or of bonds issued by the Resolution Funding Corporation and held in book-entry form by the Federal Reserve Bank of New York;
- ii. any certificates, receipts, securities or other obligations evidencing ownership of, or the right to receive, a specified portion of one or more interest payments or principal payments, or any combination thereof, to be made on any bond, note, or other obligation described above in clause (i);
- iii. obligations of the Federal National Mortgage Association, the Government National Mortgage Association, Farm Credit System Financial Corporation, Federal Home Loan Banks, Federal Home Loan Mortgage Corporation, Tennessee Valley Authority, Washington Metropolitan Area Transit Authority, United States Import-Export Bank, United States Department of Housing and Urban Development, Farmers Home Administration, General Services Administration and United States Maritime Administration;
- iv. housing authority bonds issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States of America; or project notes issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America;
- v. obligations of any state, territory or commonwealth of the United States of America or any political subdivision thereof or any agency or department of the foregoing; provided that such obligations are rated in the highest Rating Category by Moody's and S&P Global Ratings;
- vi. any bonds or other obligations of any state of the United States of America or any political subdivision thereof (a) which are not callable prior to maturity or as to which irrevocable instructions have been given to the paying agent of such bonds or other obligations by the obligor to give due notice of redemption and to call such bonds for redemption on the date or dates

specified in such instructions, (b) which are secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or bonds or other obligations of the character described above in clause (i) or (ii) which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the interest payment dates and the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, (c) as to which the principal of and interest on the bonds and obligations of the character described above in clause (i) or (ii) which have been deposited in such fund along with any cash on deposit in such fund are sufficient to pay the principal of and interest and redemption premium, if any, on the bonds or other obligations described in this clause (vi) on the interest payment dates and the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in subclause (a) of this clause (vi), as appropriate, and (d) which are rated in the highest long-term Rating Category by Moody's and S&P Global Ratings;

- vii. demand or time deposits or certificates of deposit, whether negotiable or nonnegotiable, issued by any bank or trust company organized under the laws of any state of the United States of America or any national banking association (including the Paying Agent or any of its affiliates) or by a state licensed branch of any foreign bank, provided that such certificates of deposit shall be purchased directly from such a bank, trust company, national banking association or branch and shall be either (1) continuously and fully insured by the Federal Deposit Insurance Corporation, or (2) continuously and fully secured by such securities and obligations as are described above in clauses (i) through (v), inclusive, which shall have a market value (exclusive of accrued interest) at all times at least equal to the principal amount of such certificates of deposit and shall be lodged with the Paying Agent or third-party agent, as custodian, by the bank, trust company, national banking association or branch issuing such certificates of deposit, and the bank, trust company, national banking association or branch issuing each such certificate of deposit required to be so secured shall furnish the Paying Agent with an undertaking satisfactory to it that the aggregate market value of all such obligations securing each such certificate of deposit will at all times be an amount equal to the principal amount of each such certificate of deposit and the Paying Agent shall be entitled to rely on each such undertaking;
- viii. taxable commercial paper or tax-exempt commercial paper rated in the highest Rating Category by Moody's and S&P Global Ratings which matures not more than 270 calendar days after the date of purchase;
- ix. variable rate obligations required to be redeemed or purchased by the obligor or its agent or designee upon demand of the holder thereof secured as to such redemption or purchase requirement by a liquidity agreement with a corporation and as to the payment of interest and principal either upon maturity or redemption (other than upon demand by the holder thereof) thereof by an unconditional credit facility of a corporation, provided that the variable rate obligations themselves are rated in the highest short-term Rating Category, if any, and in the highest long-term Rating Category, if any, by Moody's and S&P Global Ratings, and that the corporations providing the liquidity agreement and credit facility have, at the date of acquisition of the variable rate obligations by the Paying Agent, an outstanding issue of unsecured, uninsured and unguaranteed debt obligations rated in the highest long-term Rating Category by Moody's and S&P Global Ratings;
- x. any repurchase agreement approved by the Board which does not cause the rating on the Bonds to be reduced or withdrawn, or entered into with a financial institution or insurance company which has at the date of execution thereof an outstanding issue of unsecured, uninsured and unguaranteed debt obligations or a claims paying ability rated (or the parent company of which is

rated) in the highest long-term Rating Category by Moody's and S&P Global Ratings, which agreement is secured by any one or more of the securities and obligations described in clauses (i), (ii), (iii) or (iv) above, which shall have a market value (exclusive of accrued interest and valued at least weekly) at least equal to one hundred three percent (103%) of the principal amount of such investment and shall be lodged with the Paying Agent or other fiduciary, as custodian, by the provider executing such repurchase agreement, and the provider executing each such repurchase agreement required to be so secured shall furnish the Paying Agent with an undertaking satisfactory to the Paying Agent that the aggregate market value of all such obligations securing each such repurchase agreement (as valued at least weekly) will be an amount equal to one hundred three percent (103%) of the principal amount of each such repurchase agreement and the Paying Agent shall be entitled to rely on each such undertaking;

- xi. any cash sweep or similar account arrangement of or available to the Paying Agent, the investments of which are limited to investments described in clauses (i), (ii), (iii), (iv), (v) and (x) of this definition of Investment Securities and any money market fund including money market funds from which the Paying Agent or its affiliates derive a fee for investment advisory or other services to the fund, the entire investments of which are limited to investments described in clauses (i), (ii), (iii), (iv), (v) and (x) of this definition of Investment Securities; provided that as used in this clause (xi) and clause (xii) investments will be deemed to satisfy the requirements of clause (x) if they meet the requirements set forth in clause (x) ending with the words "clauses (i), (ii), (iii) or (iv) above" and without regard to the remainder of such clause (x);
- xii. any investment agreement with, or the obligations under which are guaranteed by, a financial institution or insurance company or domestic or foreign bank which has at the date of execution thereof an outstanding issue of unsecured, uninsured and unguaranteed debt obligations or a claims paying ability rated in the highest long-term Rating Category by Moody's and S&P Global Ratings, approved by the Board and which does not cause the rating on the Bonds to be reduced or withdrawn;
- xiii. the County of Santa Clara Commingled Investment Pool;
- xiv. the Local Agency Investment Fund or similar pooled fund operated by or on behalf of the State of California and which is authorized to accept investments of moneys held in any of the funds or accounts established pursuant to the Paying Agent Agreement; and
- xv. any other investment approved by the Board which does not cause the rating on the Bonds to be reduced or withdrawn.

All investments contain a certain degree of risk. Such risks include, but are not limited to, a lower rate of return than expected, loss of market value and loss or delayed receipt of principal. The occurrence of these events with respect to amounts held under the Paying Agent Agreement or by the County could have a material adverse effect on the security of the Bonds. For additional information on the County's current investment policy and its investment pool, see "CERTAIN RISK FACTORS – Amounts Held in County Investment Pool," APPENDIX A – "COUNTY OF SANTA CLARA FINANCES AND OPERATIONS – The County Investment Pool" and APPENDIX G – "COUNTY INVESTMENT POLICY" herein.

CERTAIN RISK FACTORS

Factors Affecting Property Tax Security for the Bonds

The annual property tax rate for repayment of the Bonds will be based on the total assessed value of taxable property located within Santa Clara County and the scheduled debt service on the Bonds in each year. Because of Article XIII A's limitations on the annual increase in assessed values of taxable properties (generally a two percent per year limit on increases in the assessed value of a property absent changes in ownership or new improvements), the assessed value of many properties within Santa Clara County remains below current market values. In general, Article XIII A may cause assessed values to lag behind both increases and decreases in market values. See "SECURITY FOR THE BONDS – Levy, Tax Rate and Valuation" and "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS" herein. Fluctuations in the annual debt service on the Bonds and the assessed value of taxable property within Santa Clara County may cause the annual property tax rate applicable to the Bonds to fluctuate. Issuance by the County of additional authorized bonds payable from *ad valorem* property taxes may cause the overall property tax rate to increase.

Certain factors that may affect the security for the Bonds are discussed in more detail below. The finances of the County are discussed in more detail in APPENDIX A – "COUNTY OF SANTA CLARA FINANCES AND OPERATIONS" and APPENDIX B – "SANTA CLARA COUNTY ECONOMIC AND DEMOGRAPHIC INFORMATION."

Total Assessed Value of Taxable Property in the County. The greater the assessed value of taxable property located within Santa Clara County, the lower the tax rate necessary to generate taxes sufficient to pay scheduled debt service on general obligation bonds. According to the County Assessor, total assessed valuation of taxable property within Santa Clara County in fiscal year 2023-24 is approximately \$661.2 billion. See "SECURITY FOR THE BONDS – Levy, Tax Rate and Valuation" and accompanying discussion of assessed valuation for fiscal year 2023-24.

Natural and economic forces can affect the assessed value of taxable property within Santa Clara County. Santa Clara County is located in a seismically active region, and damage from an earthquake in or near Santa Clara County could cause moderate to extensive damage to taxable property. See "Seismic Risks" below. Other natural or manmade disasters, such as flood, fires and wildfires (see "Wildfires" below), toxic dumping, war, acts of terrorism or civil unrest, climate change (see "Climate Change" below), sea level rise (see "Sea Level Rise" below) or public health emergencies, such as the COVID-19 pandemic (see "Public Health Emergencies" below and APPENDIX A – "COUNTY OF SANTA CLARA FINANCES AND OPERATIONS – COVID-19"), could cause a reduction in the assessed value of taxable property within Santa Clara County.

For example, following a series of storms in February 2017, there was a flooding event on the Coyote Creek in San Jose, California, and a separate flooding event along U.S. Highway 101 in Morgan Hill, California. The flooding events caused millions in damage to property located within the flooding zones, and the County Assessor offered property tax payment deferrals and temporary property tax deductions to certain properties affected by the flood, including homes, commercial and industrial buildings, and mobile homes. In connection with these flooding events, the County Assessor granted 22 parcels that had applied for disaster claim relief as a result of the flooding events a reduction in assessed value totaling \$1.8 million.

Several seismic studies conducted since 2011 have determined that the Anderson Dam is at risk of damage from a large seismic event along the Calaveras fault or the Coyote Creek fault, which could lead to dam failure and uncontrolled release into the surrounding communities in the County. Since 2012,

Santa Clara Valley Water District (“SCVWD”) has undertaken its Anderson Dam Seismic Retrofit Project (the “Retrofit Project”), a multi-phase project that includes construction of a diversion tunnel with a low level outlet, construction of high-level outlet, and reconstruction of the spillway and the dam embankment. SCVWD has reported that it expects the Retrofit Project to be completed by fiscal year 2031-32, subject to its ability to obtain necessary permits, environmental reviews and agreements with consultants and contractors. Flooding events, including flooding events connected with Anderson Dam, could cause a reduction in the assessed value of taxable property within Santa Clara County and adversely impact the County’s finances and operations. However, SCVWD is working to reduce these risks through the Retrofit Project as well as compliance with various Federal Energy Regulatory Commission orders.

Economic and market forces, such as a downturn in the regional economy generally, can also affect assessed values, particularly as these forces might reverberate in the residential housing and commercial property markets. For a discussion of Santa Clara County’s economy, see APPENDIX A – “COUNTY OF SANTA CLARA FINANCES AND OPERATIONS” and APPENDIX B – “SANTA CLARA COUNTY ECONOMIC AND DEMOGRAPHIC INFORMATION.” In addition, the total assessed value can be reduced through the reclassification of taxable property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes).

Reductions in the market values of taxable property may cause property owners to appeal assessed values and may be associated with an increase in delinquency rates for taxes. See “SECURITY FOR THE BONDS – Levy, Tax Rate and Valuation – Proposition 8 Reductions and Appeals to Assessed Value” herein.

Concentration of Taxable Property Ownership. The more property (by assessed value) owned by any single taxpayer, the more exposure of tax collections to weakness in that taxpayer’s financial situation and ability or willingness to pay property taxes. In fiscal year 2022-23, no single taxpayer owned more than 1.57% of the total taxable property within Santa Clara County. See “SECURITY FOR THE BONDS – Largest Taxpayers” herein.

Property Tax Rates. One factor in the ability of taxpayers to pay taxes for general obligation bonds is the overall rate of tax. The County is divided into approximately 800 tax rate areas, which are specifically defined geographic areas developed to permit the levying of taxes for less than countywide or less than citywide special districts. Each tax area has a unique combination of taxing agencies and special assessments. A typical tax rate area has tax rates per \$100 of assessed value that include a base rate of one percent (or \$1.00 per \$100 of assessed value), plus a levy for school bonds, a levy for water bonds, a levy for the County’s pension funding and miscellaneous other levies and assessments for other debt. See “SECURITY FOR THE BONDS – Levy, Tax Rate and Valuation.”

Debt Burden on Owners of Taxable Property within Santa Clara County. Another measure of the debt burden on local taxpayers is total debt as a percentage of taxable property value. Issuance of general obligation bonds by the County is limited under the laws and Constitution of the State to 1.25 percent of the taxable property of Santa Clara County as shown by the last equalized assessment roll. See “CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS” herein. This 1.25 percent limit amounts to approximately \$[8.26] billion for the County in fiscal year 2023-24, based on a total assessed valuation of approximately \$[661.2] billion. Upon issuance of the Bonds, the County will have outstanding approximately \$[_____] in aggregate principal amount of general obligation bonds, which equals approximately [_____] % of the assessed valuation for fiscal year 2023-24. Other taxing agencies within Santa Clara County also have outstanding debt and authorized but unissued debt and possible future debt that will be paid by taxes and other assessments on taxable property. See “SECURITY FOR THE BONDS – Direct and Overlapping Debt Report.”

Additional Debt; Authorized but Unissued Bonds. Issuance of additional authorized bonds can cause the overall property tax rate to increase. After issuance of the Bonds, the County will have no remaining authorization to issue additional bonds under 2016 measure A or any other voter approval to issue new bonds payable from *ad valorem* property taxes. The County may propose further bond measures to the voters from time to time to help meet its capital needs. Other taxing agencies within Santa Clara County may have future debt that will be paid by taxes and other assessments on taxable property. See “SECURITY FOR THE BONDS – Direct and Overlapping Debt Report” and the accompanying discussion, APPENDIX A – “COUNTY OF SANTA CLARA FINANCES AND OPERATIONS – Outstanding Debt and Lease Obligations” and “– Capital Improvement Plan.”

Climate Change. Numerous scientific studies on global climate change show that, among other effects on the global ecosystem, sea levels will rise (see “Sea Level Rise” below), extreme temperatures will become more common, wildfires will become more common and intense (see “Wildfires” below), and extreme weather events will become more frequent as a result of increasing global temperatures attributable to atmospheric pollution. For example, the Fourth National Climate Assessment, published by the U.S. Global Change Research Program, in November 2018 (NCA4) finds that more frequent and intense extreme weather and climate-related events, as well as changes in average climate conditions, are expected to continue to damage infrastructure, ecosystems and social systems over the next 25 to 100 years.

The County’s Sustainability Master Plan (the “SMP”), adopted in 2021, integrates the County’s many existing policies, programs, practices, and Countywide initiatives that promote the three core elements of sustainability: Environment, Economy, and Equity. The SMP’s vision is to build and maintain a healthy and safe County by reducing climate pollution, adapting to a changing global climate, enhancing natural resources and the environment, fostering a prosperous and just regional economy, and meeting the needs of current and future generations to ensure all people have equitable opportunities to reach their full potential. The mission of the SMP is achieved through promoting actions across four priority areas (Climate Protection and Defense, Natural Resources and Environment, Community Health and Well-Being, and Prosperous and Just Economy) that combined include eight goals, 30 strategies, and 90 targets to monitor the implementation of the County’s sustainability vision. Many programs and projects in the SMP are already underway. Over the coming years, several new efforts will be completed that will further the County’s standing as a leader in sustainability and resilience.

On October 3, 2023, the County approved Roadmap to 2030 Carbon Neutrality for County Operations (the “Roadmap”) and adopted a resolution that sets a goal to achieve carbon neutrality in County operations by 2030. The Roadmap sets objectives by 2030 to (1) reduce natural gas use by 50% in buildings and facilities, (2) cut employee commute carbon emissions by 74%, (3) cut fleet carbon emissions by 75%, (4) divert 100% of organic waste, and (5) complete studies and establish carbon sequestration targets and plan by 2024.

While the County has taken steps to minimize the effects of climate change within the County through the adoption of the SMP and the Roadmap, it is still unable to predict the impact climate change will have on its finances, operations or taxable property within the County; however, the effects could be material.

Sea Level Rise. In May 2009, the California Climate Change Center released a final paper (for informational purposes only) entitled “*The Impacts of Sea-Level Rise on the California Coast*” prepared by the Pacific Institute and funded by the California Energy Commission, the California Environmental Protection Agency, the Metropolitan Transportation Commission, the California Department of Transportation, and the California Ocean Protection Council. This paper posits that increases in sea level will be a significant consequence of climate change over the next century.

Climate models predict more intense rainfall events, more frequent or extensive runoff, and more frequent and severe flood events. Localized flood events may increase in periods of heavy rain. Although climate change is likely to lead to a drier climate overall, risks from regular, more intense rainfall events can generate more frequent and/or more severe flooding that upsets California's managed balance between storage and protection. Additionally, erosion may increase and water quality may decrease as a result of increased rainfall amounts. Ultimately, the County cannot accurately project the effect of sea level rise on the County's finances, operations or taxable property within the County; however, its impact on vulnerable areas could be material.

Seismic Risks. The State, including Santa Clara County, is a seismically active region. Active earthquake faults underlie both Santa Clara County and the surrounding Bay Area, including the San Andreas Fault and the Hayward Fault. In addition to the potential damage to County-owned buildings and facilities (on which the County does not generally carry earthquake insurance), a major earthquake may cause significant temporary and possibly long-term harm to Santa Clara County's economy, tax receipts and residential and business real property values.

Wildfires. The State has experienced significant wildfires during fire season and this trend is likely to continue, resulting in significant economic and public safety challenges for the State, the Bay Area and the County. [According to the California Department of Forestry and Fire Protection ("CalFire"), 15 (or 75%) of the top 20 most destructive wildfires in the State have occurred since 2015. In addition, CalFire reports that 6 of the top 20 largest wildfires in the State's history occurred in calendar year 2020 alone. Of those top 20 largest California wildfires, a portion of the County was impacted by the SCU Lightning Complex Fire in August 2020.] Future wildfires could have a significant impact on the County's finances and operations.

Public Health Emergencies

The County's finances and operations are exposed to risks from public health events and concerns, including the occurrence of epidemics or pandemics, such as the COVID-19 pandemic. Although the federal COVID-19 public health emergency declaration ended on May 11, 2023, the economy of the County, the State, as well as national and global economies, were profoundly affected by the COVID-19 pandemic. Future public health events, alone or in combination with other events or circumstances, could have material adverse impacts on Santa Clara County's economy and the County's finances and operations. See APPENDIX A – "COUNTY OF SANTA CLARA FINANCES AND OPERATIONS – COVID-19."

Cybersecurity

The County, like other large public and private entities, relies on complex technology to conduct its operations and faces multiple cybersecurity threats including, but not limited to, hacking, viruses, malware and other attacks on its computing and other digital networks and systems. For discussion on the County's cybersecurity, see APPENDIX A – "COUNTY OF SANTA CLARA FINANCES AND OPERATIONS – Cybersecurity."

Limitation on Remedies; Bankruptcy

General. The rights of the owners of the Bonds are subject to limitations on legal remedies against counties in the State, including applicable bankruptcy or similar laws affecting the enforcement of creditors' rights generally, now or hereafter in effect. Bankruptcy proceedings, if initiated, could subject the owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy proceedings

or otherwise, and consequently may entail risks of delay, limitation or modification of the rights of the owners of the Bonds.

Bankruptcy courts are courts of equity and as such have broad discretionary powers. If the County were to become the debtor in a proceeding under Chapter 9 of the Bankruptcy Code, the parties to the proceedings may be prohibited from taking any action to collect any amount from the County (including *ad valorem* tax revenues) or to enforce any obligation of the County, without the bankruptcy court's permission. In such a proceeding, as part of its plan of adjustment in bankruptcy, the County may be able to alter the priority, interest rate, principal amount, payment terms, collateral, maturity dates, payment sources, covenants (including tax-related covenants), and other terms or provisions of the Bonds and other transaction documents related to the Bonds, as long as the bankruptcy court determines that the alterations are fair and equitable. In addition, in such a proceeding, as part of such a plan, the County may be able to eliminate the obligation of the County to raise taxes if necessary to pay the Bonds. There also may be other possible effects of a bankruptcy of the County that could result in delays or reductions in payments on the Bonds. Moreover, regardless of any specific adverse determinations in any County bankruptcy proceeding, the fact of a County bankruptcy proceeding, could have an adverse effect on the liquidity and market price of the Bonds.

As stated above, if the County were to go into bankruptcy, the bankruptcy petition would be filed under Chapter 9 of the Bankruptcy Code. Chapter 9 provides that it does not limit or impair the power of a state to control, by legislation or otherwise, a municipality of or in such state in the exercise of the political or governmental powers of such municipality, including expenditures for such exercise. For purposes of the language of Chapter 9, the County is a municipality. State law provides that the *ad valorem* taxes levied to pay the principal and interest on the Bonds shall be used for the payment of principal and interest of the County's general obligation bonds and for no other purpose. If this restriction on the expenditure of such *ad valorem* taxes is respected in a bankruptcy case, then the *ad valorem* tax revenue could not be used by the County for any purpose other than to make payments on the Bonds. It is possible, however, that a bankruptcy court could conclude that the restriction should not be respected.

Statutory Lien. Pursuant to Section 53515 of the California Government Code (which became effective on January 1, 2016, as part of Senate Bill 222), the Bonds will be secured by a statutory lien on all revenues received pursuant to the levy and collection of the tax. Section 53515 provides that the lien will automatically arise, without the need for any action or authorization by the local agency or its governing board, and will be valid and binding from the time the bonds are executed and delivered. See "SECURITY FOR THE BONDS." Although a statutory lien would not be automatically terminated by the filing of a Chapter 9 bankruptcy petition by the County, the automatic stay provisions of the Bankruptcy Code would apply and payments that become due and owing on the Bonds during the pendency of the Chapter 9 proceeding could be delayed (unless the Bonds are determined to be secured by a pledge of "special revenues" within the meaning of the Bankruptcy Code and the pledged *ad valorem* taxes are applied to pay the Bonds in a manner consistent with the Bankruptcy Code).

Special Revenues. If the *ad valorem* tax revenues that are pledged to the payment of the Bonds (see "SECURITY FOR THE BONDS") are determined to be "special revenues" within the meaning of the Bankruptcy Code, then the application in a manner consistent with the Bankruptcy Code of the pledged *ad valorem* revenues that are collected after the date of the bankruptcy filing should not be subject to the automatic stay. "Special revenues" are defined to include, among others, taxes specifically levied to finance one or more projects or systems of the debtor, but excluding receipts from general property, sales, or income taxes levied to finance the general purposes of the debtor. The County has specifically pledged the *ad valorem* taxes for payment of the Bonds. Additionally, the *ad valorem* taxes levied for payment of the Bonds are permitted under the State Constitution only where the applicable bond proposition is approved by at least two-thirds of the votes cast. State law prohibits the use of the tax

proceeds for any purpose other than payment of the bonds and the bond proceeds can only be used to fund the acquisition or improvement of real property and other capital expenditures included in the proposition so such tax revenues appear to fit the definition of special revenues. However, there is no binding judicial precedent dealing with the treatment in bankruptcy proceedings of *ad valorem* tax revenues collected for the payments of bonds in California, so no assurance can be given that a bankruptcy court would not hold otherwise.

In addition, even if the *ad valorem* tax revenues are determined to be “special revenues,” the Bankruptcy Code provides that special revenues can be applied to necessary operating expenses of the project or system, before they are applied to other obligations. This rule applies regardless of the provisions of the transaction documents. Thus, a bankruptcy court could determine that the County is entitled to use the *ad valorem* tax revenues to pay necessary operating expenses of the County before the remaining revenues are paid to the owners of the Bonds.

Possession of Tax Revenues; Remedies. If the County goes into bankruptcy and has possession of tax revenues (whether collected before or after commencement of the bankruptcy), and if the County does not voluntarily pay such tax revenues to the owners of the Bonds, it is not entirely clear what procedures the owners of the Bonds would have to follow to attempt to obtain possession of such tax revenues, how much time it would take for such procedures to be completed, or whether such procedures would ultimately be successful.

Amounts Held in County Investment Pool

The County is expected to be in possession of the annual *ad valorem* property taxes and certain funds to repay the Bonds and may invest these funds in the County’s Investment Pool, as described in APPENDIX A – “COUNTY OF SANTA CLARA FINANCES AND OPERATIONS – The County Investment Pool” and APPENDIX G – “COUNTY INVESTMENT POLICY” herein. In the event the County were to go into bankruptcy, a federal bankruptcy court might hold that the owners of the Bonds are unsecured creditors with respect to any funds received by the County prior to the bankruptcy, which may include taxes that have been collected and deposited into the Interest and Sinking Fund, where such amounts are deposited into the County Investment Pool, and such amounts may not be available for payment of the principal of, and premium, if any, and interest on the Bonds unless the owners of the Bonds can “trace” those funds. There can be no assurance that the owners could successfully “trace” such taxes on deposit in the Interest and Sinking Fund where such amounts are invested in the County Investment Pool. The Bond Resolution requires the County to annually levy *ad valorem* property taxes upon all property subject to taxation by the County, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates), for the payment of the principal of and interest on the Bonds.

CITIZENS’ OVERSIGHT COMMITTEE

2016 Measure A required that a Citizens’ Oversight Committee (the “Oversight Committee”) be created by the County to oversee that proceeds of the Bonds and other bonds to be issued under 2016 Measure A, and that all proceeds of such bonds (including the Bonds) are spent as required by 2016 Measure A. On October 4, 2016, the Board adopted Ordinance No. NS-300.902 establishing the Oversight Committee for 2016 Measure A. The Oversight Committee consists of nine members appointed by the Board. The County Assessor occupies a tenth seat on the Oversight Committee as an ex-officio, non-voting member.

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS

California law permits citizens to effect changes to the State's Constitution and statutes, without involvement by the legislature, through the initiative process. Under this process, initiative supporters submit petitions to State election officials, who are required to submit the initiative to voters if the petitions meet statutory requirements. Many provisions of State law have been added or affected by initiatives. The initiatives described as follows have materially adversely affected the County's ability to raise revenues or spend money.

Article XIII A. Article XIII A of the California Constitution limits the amount of *ad valorem* tax on real property to one percent of the full cash value of the real property plus amounts necessary to pay debt service on specified indebtedness approved by voters. Full cash value means "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 newly constructed, or when a change in ownership has occurred after the 1975 assessment." The full cash value may be adjusted annually to reflect inflation at a rate not to exceed two percent per year, or a reduction in the consumer price index or comparable local data for the area or may be reduced in the event of declining property value caused by damage, destruction or other factors including a general economic downturn.

Proposition 8, among other things, generally allows the Assessor to reduce the value of a property that has been substantially damaged, destroyed, or whose value has been reduced by other factors such as economic conditions. See "SECURITY FOR THE BONDS – Levy, Tax Rate and Valuation – Proposition 8 Reductions and Appeals to Assessed Value" herein.

Article XIII B. Article XIII B of the California Constitution limits the annual appropriations of governmental agencies. The appropriations limit for the County in each year is based on the limit for the prior year, adjusted for changes in the costs of living and changes in population, and adjusted, where applicable, for transfer of financial responsibility of providing services to or from another unit of government, with other provisions applicable in case of emergency. The change in the cost of living is, at the County's option, either (i) the percentage change in State per capita personal income, or (ii) the percentage change in the local assessment roll for the jurisdiction due to the addition of nonresidential new construction. The measurement of change in population is a blended average of statewide overall population growth, and change in attendance at local school and community college districts. Article XIII B permits the County to change the appropriations limit by vote of the electorate in conformity with statutory and Constitutional voting requirements, but any such voter-approved change can only be effective for a maximum of four years.

Appropriations subject to Article XIII B include generally any authorization to expend during the fiscal year the proceeds of taxes levied by the County, exclusive of State subventions, refunds of taxes, benefit payments from retirement, unemployment insurance and disability insurance funds. Appropriations subject to limitation pursuant to Article XIII B do not include debt service on specified indebtedness, appropriations required to comply with mandates of courts or the Federal government and appropriations for qualified outlay projects. Debt service on the Bonds, as voter approved obligations, are not subject to Article XIII B appropriation limitations. "Proceeds of taxes" include, but are not limited to, all tax revenues and the proceeds to the County from (i) regulatory licenses, user charges, and user fees to the extent such proceeds exceed the cost of providing the service or regulation, (ii) the investment of tax revenues and (iii) State subventions received by the County. The appropriations limit is tested over consecutive two-year periods. Any excess of the aggregate "proceeds of taxes" received by the County over such two-year period above the combined appropriations limits for those two years is to be returned to taxpayers by reductions in tax rates or fee schedules over the subsequent two years.

The County's appropriations limit for fiscal year 2021-22 was \$[_____] and the amount subject to the limitation was \$[_____]. The County's appropriations limit for fiscal year 2022-23 was \$[_____] and the amount subject to the limitation was \$[_____].

Proposition 62. Provisions of State law added by the voter approval of Proposition 62 in 1986 (a) require that any new or higher taxes for general governmental purposes imposed by the County be approved by a two-thirds vote of the Board and by a majority vote of the voters of the County voting in an election on the tax, (b) require that any special tax (defined as taxes levied for other than general governmental purposes) imposed by the County be approved by a two-thirds vote of the voters of the County voting in an election on the tax, (c) restrict the use of revenues from a special tax to the purposes or for the service for which the special tax was imposed, (d) prohibit the imposition of *ad valorem* taxes on real property by the County except as permitted by Article XIII A of the California Constitution and (e) prohibit the imposition of transaction taxes and sales taxes on the sale of real property by the County.

Article XIII C. Articles XIII C and XIII D of the California Constitution were added in 1996. Article XIII C requires that all new local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes of the County require a majority vote and taxes for specific purposes require a two-thirds vote. In addition Article XIII C removed many of the limitations on the initiative power in matters of reducing or repealing any local tax, assessment, fee or charge. As a result, voters of the County could approve initiatives which reduce or repeal local taxes, assessments, fees or charges currently comprising a substantial part of the County's general fund. No such initiative is currently pending, or to the knowledge of the County, proposed.

Article XIII D. Article XIII D imposes requirements and limitations for "assessments" for governmental services and programs. "Assessment" is defined to mean any levy or charge upon real property for a special benefit conferred upon the real property. Article XIII D limits "fees" and "charges," defined to mean "any levy other than an *ad valorem* tax, a special tax, or an assessment, imposed by a local government upon a parcel or upon a person as an incident of property ownership, including a user fee or charge for a property related service." Property related fees and charges (i) must not generate revenues exceeding the funds required to provide the property related service, (ii) must not be used for any purpose other than those for which the fees and charges are imposed, (iii) must be for a service actually used by, or immediately available to, the owner of the property in question, or (iv) must not be 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. Further, before any property related fee or charge may be imposed or increased, written notice must be given to the record owner of each parcel of land affected by such fee or charge. The County must then hold a hearing upon the proposed imposition or increase, and if written protests against the proposal are presented by a majority of the owners of the identified parcels, the County may not impose or increase the fee or charge. Moreover, except for fees or charges for sewer, water and refuse collection services, or fees for electrical and gas service, which are not treated as "property related" for purposes of Article XIII D, no property related fee or charge may be imposed or increased without majority approval by the property owners subject to the fee or charge or, at the option of the local agency, two-thirds voter approval by the electorate residing in the affected area.

Proposition 1A. Proposition 1A, proposed by the Legislature in connection with the 2004-05 Budget Act, 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. (Cal. Const., Art. XIII, § 25.5.) Proposition 1A also generally prohibits the State from altering the percentage of the total *ad valorem* property tax revenues allocated to the county, cities, and special districts (collectively, "local agencies") below the percentage of the total amount of revenues allocated

among those agencies pursuant to the statutes in effect on November 3, 2004. This effectively prohibits the State from shifting to schools or community colleges any share of property tax revenues allocated to the local agencies for any fiscal year, as set forth under the laws in effect as of November 3, 2004. The State may 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 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 County 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 finances of the County. See APPENDIX A – “COUNTY OF SANTA CLARA FINANCES AND OPERATIONS – County Budget - Status of FY 2024-25 Base Budget in the FY 2024 Mid-Year Budget Review – Major Revenue Assumptions – Excess ERAF Revenue” for additional information.

Proposition 22. Proposition 22 (“Proposition 22”) which was approved by California voters in November 2010, prohibits the State, even during a period of severe fiscal hardship, from delaying the distribution of tax revenues for transportation, redevelopment, or local government projects and services and prohibits fuel tax revenues from being loaned for cash-flow or budget balancing purposes to the State General Fund or any other State fund. In addition, Proposition 22 generally eliminates the State’s authority to temporarily shift property taxes from cities, counties, and special districts to schools, temporarily increase a school and community college district’s share of property tax revenues, prohibits the State from borrowing or redirecting redevelopment property tax revenues or requiring increased pass-through payments thereof, and prohibits the State from reallocating vehicle license fee revenues to pay for State-imposed mandates. In addition, Proposition 22 requires a two-thirds vote of each house of the State Legislature and a public hearing process to be conducted in order to change the amount of fuel excise tax revenues shared with cities and counties. Proposition 22 prohibits the State from enacting new laws that require redevelopment agencies to shift funds to schools or other agencies. While Proposition 22 will not change overall State and local government costs or revenues by the express terms thereof, it will cause the State to adopt alternative actions to address its fiscal and policy objectives.

Proposition 26. Proposition 26 (“Proposition 26”), which was approved by California voters in November 2010, revises the California Constitution to expand the definition of “taxes.” Proposition 26 re-categorizes many State and local fees as taxes and specifies a requirement of two-thirds voter approval for taxes levied by local governments.

Proposition 26 requires the approval of two-thirds of both houses of the State Legislature for any proposed change in State statutes, which would result in any taxpayer paying a higher tax. Proposition 26 eliminates the previous practice whereby a tax increase coupled with a tax reduction that resulted in an overall neutral fiscal effect was subject only to a majority vote in the State Legislature. Furthermore, pursuant to Proposition 26, any increase in a fee above the amount needed to provide the specific service or benefit is deemed to be a tax and the approval thereof will require such two-thirds vote of approval to be effective. In addition, for State imposed fees and charges, any fee or charge adopted after January 1, 2010 with a majority vote of approval of the State Legislature which would have required a two-thirds vote of approval of the State Legislature if Proposition 26 were effective at the time of such adoption is repealed as of November 2011 absent the re-adoption by the requisite two-thirds vote.

Proposition 26 amends Article XIII C of the State Constitution to state that a “tax” means a levy, charge or exaction of any kind imposed by a local government, except (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (2) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (4) a charge imposed for entrance to or use of local government property or the purchase rental or lease of local government property; (5) a fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government as a result of a violation of law; (6) a charge imposed as a condition of property development; or (7) assessments and property related fees imposed in accordance with the provisions of Proposition 218.

Proposition 26 applies to any levy, charge or exaction imposed, increased, or extended by local government on or after November 3, 2010, unless exempted, as stated above. Accordingly, fees adopted prior to that date are not subject to the measure until they are increased or extended or if it is determined that an exemption applies.

Future Initiatives. Article XIII A, Article XIII B, Article XIII C and Article XIII D of the State Constitution, Proposition 62, Proposition 1A, Proposition 22 and Proposition 26 were all adopted pursuant to the State’s initiative process. The limitations imposed upon the County by these provisions hinder the County’s ability to raise revenues through taxes or otherwise and may therefore prevent the County from meeting increased expenditure requirements. The County expects that other initiative measures will be adopted, some of which may place further limitations on the ability of the State, the County or local districts to increase revenues or to spend money or which could have other financially adverse effects such as requiring the County to undertake new responsibilities. Such other initiatives could have a material adverse effect on the County’s financial condition.

California law permits citizens to effect changes to the State’s Constitution and statutes, without involvement by the legislature, through the initiative process. Under this process, initiative supporters submit petitions to State election officials, who are required to submit the initiative to voters if the petitions meet statutory requirements. Many provisions of State law have been added or affected by initiatives. Some of these types of initiatives have materially adversely affected the County’s ability to raise revenues or spend money.

The California Supreme Court in *McWilliams v. City of Long Beach* (2013) 56 Cal. 4th 613, held that the claims provisions of the Government Claims Act (Government Code Section 900 et. seq.) govern local tax and fee refund actions (absent another State statute governing the issue), and that local claims presentation ordinances were without effect as to these actions. The effect of the *McWilliams* case is that local governments could face class actions over disputes involving taxes and fees. Such cases could expose local governments to significant refund claims in the future. The County cannot predict whether any such class claims will be filed against it in the future, the outcome of any such claim or its impact on the County.

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the County (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is exempt from State of California personal income taxes. Bond Counsel observes that interest on the Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”). Bond Counsel expresses no opinion regarding any other tax consequences relating to the ownership or disposition of, or the amount, accrual, or receipt of interest on, the Bonds. The proposed form of opinion of Bond Counsel is contained in Appendix D hereto.

The following discussion summarizes certain U.S. federal income tax considerations generally applicable to holders of the Bonds that acquire their Bonds in the initial offering. The discussion below is based upon laws, regulations, rulings, and decisions in effect and available on the date hereof, all of which are subject to change, possibly with retroactive effect. Prospective investors should note that no rulings have been or are expected to be sought from the U.S. Internal Revenue Service (the “IRS”) with respect to any of the U.S. federal income tax considerations discussed below, and no assurance can be given that the IRS will not take contrary positions. Further, the following discussion does not deal with U.S. tax consequences applicable to any given investor, nor does it address the U.S. tax considerations applicable to all categories of investors, some of which may be subject to special taxing rules (regardless of whether or not such investors constitute U.S. Holders), such as certain U.S. expatriates, banks, REITs, RICs, insurance companies, tax-exempt organizations, dealers or traders in securities or currencies, partnerships, S corporations, estates and trusts, investors that hold their Bonds as part of a hedge, straddle or an integrated or conversion transaction, investors whose “functional currency” is not the U.S. dollar, or certain taxpayers that are required to prepare certified financial statements or file financial statements with certain regulatory or governmental agencies. Furthermore, it does not address (i) alternative minimum tax consequences, (ii) the net investment income tax imposed under Section 1411 of the Code, or (iii) the indirect effects on persons who hold equity interests in a holder. This summary also does not consider the taxation of the Bonds under state, local or non-U.S. tax laws. In addition, this summary generally is limited to U.S. tax considerations applicable to investors that acquire their Bonds pursuant to this offering for the issue price that is applicable to such Bonds (i.e., the price at which a substantial amount of the Bonds are sold to the public) and who will hold their Bonds as “capital assets” within the meaning of Section 1221 of the Code.

As used herein, “U.S. Holder” means a Beneficial Owner of a Bond that for U.S. federal income tax purposes is an individual citizen or resident of the United States, a corporation or other entity taxable as a corporation created or organized in or under the laws of the United States or any state thereof (including the District of Columbia), an estate the income of which is subject to U.S. federal income taxation regardless of its source or a trust where a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons (as defined in the Code) have the authority to control all substantial decisions of the trust (or a trust that has made a valid election under U.S. Treasury Regulations to be treated as a domestic trust). As used herein, “Non-U.S. Holder” generally means a Beneficial Owner of a Bond (other than a partnership) that is not a U.S. Holder. If a partnership holds Bonds, the tax treatment of such partnership or a partner in such partnership generally will depend upon the status of the partner and upon the activities of the partnership. Partnerships holding Bonds, and partners in such partnerships, should consult their own tax advisors regarding the tax consequences of an investment in the Bonds (including their status as U.S. Holders or Non-U.S. Holders).

Prospective investors should consult their own tax advisors in determining the U.S. federal, state, local or non-U.S. tax consequences to them from the purchase, ownership and disposition of the Bonds in light of their particular circumstances.

U.S. Holders

Interest. Interest on the Bonds generally will be taxable to a U.S. Holder as ordinary interest income at the time such amounts are accrued or received, in accordance with the U.S. Holder's method of accounting for U.S. federal income tax purposes.

To the extent that the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds) by more than a de minimis amount, the difference may constitute original issue discount ("OID"). U.S. Holders of Bonds will be required to include OID in income for U.S. federal income tax purposes as it accrues, in accordance with a constant yield method based on a compounding of interest (which may be before the receipt of cash payments attributable to such income). Under this method, U.S. Holders generally will be required to include in income increasingly greater amounts of OID in successive accrual periods.

Bonds purchased for an amount in excess of the principal amount payable at maturity (or, in some cases, at their earlier call date) will be treated as issued at a premium. A U.S. Holder of a Bond issued at a premium may make an election, applicable to all debt securities purchased at a premium by such U.S. Holder, to amortize such premium, using a constant yield method over the term of such Bond.

Sale or Other Taxable Disposition of the Bonds. Unless a nonrecognition provision of the Code applies, the sale, exchange, redemption, retirement (including pursuant to an offer by the County) or other disposition of a Bond will be a taxable event for U.S. federal income tax purposes. In such event, in general, a U.S. Holder of a Bond will recognize gain or loss equal to the difference between (i) the amount of cash plus the fair market value of property received (except to the extent attributable to accrued but unpaid interest on the Bond, which will be taxed in the manner described above) and (ii) the U.S. Holder's adjusted U.S. federal income tax basis in the Bond (generally, the purchase price paid by the U.S. Holder for the Bond, decreased by any amortized premium, and increased by the amount of any OID previously included in income by such U.S. Holder with respect to such Bond). Any such gain or loss generally will be capital gain or loss. In the case of a non-corporate U.S. Holder of the Bonds, the maximum marginal U.S. federal income tax rate applicable to any such gain will be lower than the maximum marginal U.S. federal income tax rate applicable to ordinary income if such U.S. holder's holding period for the Bonds exceeds one year. The deductibility of capital losses is subject to limitations.

Defeasance of the Bonds. If the County defeases any Bond, the Bond may be deemed to be retired and "reissued" for U.S. federal income tax purposes as a result of the defeasance. In that event, in general, a holder will recognize taxable gain or loss equal to the difference between (i) the amount realized from the deemed sale, exchange or retirement (less any accrued qualified stated interest which will be taxable as such) and (ii) the holder's adjusted U.S. federal income tax basis in the Bond.

Information Reporting and Backup Withholding. Payments on the Bonds generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate U.S. Holder of the Bonds may be subject to backup withholding at the current rate of 24% with respect to "reportable payments," which include interest paid on the Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to

withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against the U.S. Holder's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain U.S. holders (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. A holder's failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

Non-U.S. Holders

Interest. Subject to the discussions below under the headings "Information Reporting and Backup Withholding" and "Foreign Account Tax Compliance Act ("FATCA")—U.S. Holders and Non-U.S. Holders," payments of principal of, and interest on, any Bond to a Non-U.S. Holder, other than (1) a controlled foreign corporation described in Section 881(c)(3)(C) of the Code and (2) a bank which acquires such Bond in consideration of an extension of credit made pursuant to a loan agreement entered into in the ordinary course of business, will not be subject to any U.S. federal withholding tax provided that the Beneficial Owner of the Bond provides a certification completed in compliance with applicable statutory and regulatory requirements, which requirements are discussed below under the heading "Information Reporting and Backup Withholding," or an exemption is otherwise established.

Disposition of the Bonds. Subject to the discussions below under the headings "Information Reporting and Backup Withholding" and "Foreign Account Tax Compliance Act ("FATCA")—U.S. Holders and Non-U.S. Holders," any gain realized by a Non-U.S. Holder upon the sale, exchange, redemption, retirement (including pursuant to an offer by the County or a deemed retirement due to defeasance of the Bond) or other disposition of a Bond generally will not be subject to U.S. federal income tax, unless (i) such gain is effectively connected with the conduct by such Non-U.S. Holder of a trade or business within the United States; or (ii) in the case of any gain realized by an individual Non-U.S. Holder, such holder is present in the United States for 183 days or more in the taxable year of such sale, exchange, redemption, retirement (including pursuant to an offer by the County) or other disposition and certain other conditions are met.

Information Reporting and Backup Withholding. Subject to the discussion below under the heading "Foreign Account Tax Compliance Act ("FATCA")—U.S. Holders and Non-U.S. Holders," under current U.S. Treasury Regulations, payments of principal and interest on any Bonds to a holder that is not a United States person will not be subject to any backup withholding tax requirements if the Beneficial Owner of the Bond or a financial institution holding the Bond on behalf of the Beneficial Owner in the ordinary course of its trade or business provides an appropriate certification to the payor and the payor does not have actual knowledge that the certification is false. If a Beneficial Owner provides the certification, the certification must give the name and address of such owner, state that such owner is not a United States person, or, in the case of an individual, that such owner is neither a citizen nor a resident of the United States, and the owner must sign the certificate under penalties of perjury. The current backup withholding tax rate is 24%.

Foreign Account Tax Compliance Act ("FATCA")—U.S. Holders and Non-U.S. Holders

Sections 1471 through 1474 of the Code impose a 30% withholding tax on certain types of payments made to foreign financial institutions, unless the foreign financial institution enters into an agreement with the U.S. Treasury to, among other things, undertake to identify accounts held by certain U.S. persons or U.S.-owned entities, annually report certain information about such accounts, and withhold 30% on payments to account holders whose actions prevent it from complying with these and other reporting requirements, or unless the foreign financial institution is otherwise exempt from those requirements. In addition, FATCA imposes a 30% withholding tax on the same types of payments to a

non-financial foreign entity unless the entity certifies that it does not have any substantial U.S. owners or the entity furnishes identifying information regarding each substantial U.S. owner. Under current guidance, failure to comply with the additional certification, information reporting and other specified requirements imposed under FATCA could result in the 30% withholding tax being imposed on payments of interest on the Bonds. In general, withholding under FATCA currently applies to payments of U.S. source interest (including OID) and, under current guidance, will apply to certain “passthru” payments no earlier than the date that is two years after publication of final U.S. Treasury Regulations defining the term “foreign passthru payments.” Prospective investors should consult their own tax advisors regarding FATCA and its effect on them.

The foregoing summary is included herein for general information only and does not discuss all aspects of U.S. federal taxation that may be relevant to a particular holder of Bonds in light of the holder’s particular circumstances and income tax situation. Prospective investors are urged to consult their own tax advisors as to any tax consequences to them from the purchase, ownership and disposition of Bonds, including the application and effect of state, local, non-U.S., and other tax laws.

CERTAIN LEGAL MATTERS

Orrick, Herrington & Sutcliffe LLP, San Francisco, California, Bond Counsel to the County, will render an opinion with respect to the validity of the Bonds. A complete copy of the proposed form of the opinion to be delivered by Bond Counsel is contained in Appendix D hereto. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain legal matters will be passed upon by Hawkins Delafield & Wood LLP, San Francisco, California, Disclosure Counsel. Certain legal matters will be passed upon for the County by County Counsel. Bond Counsel and Disclosure Counsel will receive compensation contingent upon the sale and delivery of the Bonds.

MUNICIPAL ADVISOR

The County has entered into an agreement with, KNN Public Finance, LLC (the “Municipal Advisor”), whereunder the Municipal Advisor provides financial recommendations and guidance to the County with respect to preparation for sale of the Bonds, timing of sale, bond market conditions, costs of issuance and other factors related to the sale of the Bonds. The Municipal Advisor has read and participated in the drafting of certain portions of this Official Statement. The Municipal Advisor has not audited, authenticated or otherwise verified the information set forth in the Official Statement. The Municipal Advisor will receive compensation contingent upon the sale and delivery of the Bonds.

ABSENCE OF LITIGATION

No litigation is pending or threatened concerning the validity of the Bonds, the ability of the County to levy the *ad valorem* tax required to pay debt service on the Bonds, the corporate existence of the County, or the entitlement to their respective offices of the officers of the County who will execute and deliver the Bonds and other documents and certificates in connection therewith. The County will furnish to the initial purchasers of the Bonds a certificate of the County as to the foregoing as of the time of the original delivery of the Bonds.

CONTINUING DISCLOSURE

The County will execute a Continuing Disclosure Certificate, to be dated as of the Closing Date (the “Continuing Disclosure Certificate”), which provides for certain disclosure obligations on the part of

the County. Under the Continuing Disclosure Certificate, the County will covenant for the benefit of Owners and beneficial owners of the Bonds to provide certain financial information and operating data relating to the County by not later than March 30 of each year, commencing with the reports for fiscal year 2023-24 which is to be filed by March 30, 2025 (the “Annual Reports”), and to provide notices of the occurrence of certain enumerated events (the “Listed Events”). The Annual Reports and notices of Listed Events will be filed with the Municipal Securities Rulemaking Board (“MSRB”). These covenants have been made in order to assist the initial purchasers of the Bonds in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the “Rule”) For a form of the Continuing Disclosure Certificate, see APPENDIX F – “FORM OF CONTINUING DISCLOSURE CERTIFICATE” attached hereto.

In connection with the issuance of certain obligations of the County, the County has covenanted to submit an annual report to the MSRB containing the County’s audited financial statements and certain other financial information and operating data relating to the County. [In the last five years, the County has not failed to comply in all material respects with any previous undertakings with regard to the Rule to provide annual reports or notices of Listed Events.] *[To be confirmed]*

RATINGS

Fitch Ratings (“Fitch”) and S&P Global Ratings (“S&P”) have assigned the Bonds the ratings of “[_____]” and “[_____]” respectively. Certain information was supplied by the County to the rating agencies to be considered in evaluating the Bonds. Such ratings express only the views of the rating agencies and are not a recommendation to buy, sell or hold the Bonds.

There is no assurance that such ratings will continue for any given period of time or that they will not be reduced or withdrawn entirely by the rating agencies, or either of them, if in their or its, judgment, circumstances so warrant. The County undertakes no responsibility to oppose any such revision or withdrawal, although the County will covenant in the Continuing Disclosure Certificate to provide notice of any rating changes to the MSRB. Any such downward revision or withdrawal may have an adverse effect on the market price of the Bonds.

SALE OF THE BONDS

The Bonds are scheduled to be sold at competitive bid on [_____] , 2024, as provided in the Official Notice of Sale, dated [_____] , 2024 (the “Official Notice of Sale”). The Official Notice of Sale provides that all Bonds would be purchased if any were purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in the Official Notice of Sale, the approval of certain legal matters by Bond Counsel and certain other conditions. The Purchaser will represent to the County that the Bonds have been reoffered to the public at the prices or yields to be stated on the cover page hereof.

ADDITIONAL INFORMATION

The purpose of this Official Statement is to supply information to prospective buyers of the Bonds. Quotations and summaries and explanations of the Bonds and of statutes and documents contained in this Official Statement do not purport to be complete, and reference is made to such documents and statutes for full and complete statements of their provisions.

The execution and delivery of this Official Statement have been duly authorized by the County.

COUNTY OF SANTA CLARA

By: _____
Margaret Olaiya
Director, Finance Agency

APPENDIX A

COUNTY OF SANTA CLARA FINANCES AND OPERATIONS

APPENDIX B

SANTA CLARA COUNTY ECONOMIC AND DEMOGRAPHIC INFORMATION

APPENDIX C

**COUNTY OF SANTA CLARA AUDITED FINANCIAL STATEMENTS FOR
FISCAL YEAR ENDED JUNE 30, 2023**

APPENDIX D

PROPOSED FORM OF OPINION OF BOND COUNSEL

[Closing Date]

County of Santa Clara
San José, California

County of Santa Clara, California
General Obligation Bonds
(Election of 2016), 2024 Series C (Federally Taxable)
(Dedicated Unlimited *Ad Valorem* Property Tax Bonds)
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the County of Santa Clara, California (the “County”), in connection with the issuance by the County of \$_____ aggregate principal amount of bonds designated as “County of Santa Clara, California General Obligation Bonds (Election of 2016), 2024 Series C (Federally Taxable) (Dedicated Unlimited *Ad Valorem* Property Tax Bonds)” (the “Bonds”), representing a portion of the \$950,000,000 of bonds authorized at an election held in the County on November 8, 2016. The Bonds are issued under and pursuant to a resolution of the Board of Supervisors of the County adopted on [May 7], 2024 (the “Resolution”), and in accordance with the terms of a Paying Agent Agreement, dated as of November 1, 2017, as supplemented by the First Supplemental Paying Agent Agreement, dated as of July 1, 2021, and a Second Supplemental Paying Agent Agreement, dated as of [July 1], 2024 (together, the “Paying Agent Agreement”), each by and between the County and U.S. Bank Trust Company, National Association (as successor-in-interest to U.S. Bank National Association), as paying agent (the “Paying Agent”). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Paying Agent Agreement.

In such connection, we have reviewed the Resolution, the Paying Agent Agreement, opinions of counsel to the County and others, certificates of the County, the Paying Agent and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after original delivery of the Bonds on the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after original delivery of the Bonds on the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. We disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures provided to us and the due and legal execution and delivery thereof by, and validity against, any parties other than the County. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Resolution and the Paying Agent Agreement. We call attention to the fact that the rights and obligations under the Bonds, the Resolution, and the Paying Agent Agreement and their enforceability may be subject to bankruptcy, insolvency,

receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases, and to the limitations on legal remedies against governmental entities such as the County in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the property described in or as subject to the lien of the Resolution, or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such property. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no view with respect thereto.

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

1. The Bonds constitute the valid and binding obligations of the County.
2. The Resolution has been duly and legally adopted and constitutes a valid and binding obligation of the County.
3. The Paying Agent Agreement has been duly authorized, executed and delivered by the County, and assuming due authorization, execution and delivery by the other party thereto, constitutes a valid and binding agreement of the County.
4. The Board of Supervisors of the County has the power and is obligated to levy *ad valorem* taxes without limitation as to rate or amount upon all property within the County subject to taxation by the County (except certain personal property which is taxable at limited rates) for the payment of the Bonds and the interest thereon.
5. Interest on the Bonds is exempt from State of California personal income taxes. We observe that interest on the Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

per

APPENDIX E

DTC AND THE BOOK-ENTRY SYSTEM

The information in this Appendix E concerning The Depository Trust Company (“DTC”), New York, New York, and DTC’s book-entry system has been obtained from DTC and the County, the Purchaser and the Paying Agent take no responsibility for the completeness or accuracy thereof. The County cannot and does not give any assurances 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) certificates 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.

The DTC will act as securities depository for 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 certificate will be issued for each Series of Bonds, each in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC 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 is rated “AA+” by Standard & Poor’s. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org; nothing contained in such websites is incorporated into this Official Statement.

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 certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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 DTC 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.

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 the 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 notices be provided directly to them.

Redemption notices shall 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.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal of, premium, if any, and interest 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 the County or the 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, the Paying Agent, or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of, premium, if any, and interest on the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County or the 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.

THE COUNTY, THE PURCHASER OR THE PAYING AGENT WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR

BENEFICIAL OWNERS WITH RESPECT TO THE PAYMENTS OR THE PROVIDING OF NOTICE TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS OR THE SELECTION OF BONDS FOR PREPAYMENT.

None of the County, the Purchaser or the Paying Agent can give any assurances that DTC, DTC Participants, Indirect Participants or others will distribute payments of principal of, premium, if any, and interest on the Bonds paid to DTC or its nominee, as the registered Owner, or any redemption or other notice, to the Beneficial Owners or that they will do so on a timely basis or that DTC will serve and act in a manner described in this Official Statement.

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

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the County, the Paying Agent and the Purchaser believe to be reliable, but the County, the Paying Agent and the Purchaser take no responsibility for the accuracy thereof.

APPENDIX F

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this “Disclosure Certificate”) is executed and delivered by the COUNTY OF SANTA CLARA, California, (the “County”) and DIGITAL ASSURANCE CERTIFICATION, L.L.C, as dissemination agent (the “Dissemination Agent”), in connection with the issuance by the County of \$_____ of its General Obligation Bonds (Election of 2016), 2024 Series C (Federally Taxable) (Dedicated Unlimited *Ad Valorem* Property Tax Bonds) (the “Bonds”). The Bonds are being issued pursuant to the provisions of Title 3, Division 3, Chapter 6, Article 1 (commencing with Section 29900) of the California Government Code (the “Government Code”), Title 5, Division 2, Chapter 3, Article 4.5 (commencing with Section 53506) of the Government Code and other applicable laws, and according to the terms set forth in the Paying Agent Agreement dated as of November 1, 2017, as supplemented by the First Supplemental Paying Agent Agreement dated as of July 1, 2021, and the Second Supplemental Paying Agent Agreement dated as of July 1, 2024 (as supplemented, the “Paying Agent Agreement”), between the County and U.S. Bank Trust Company, National Association (as successor-in-interest to U.S. Bank National Association), as Paying Agent (the “Paying Agent”), as authorized by the resolution adopted by the Board on [May 7], 2024. The County has covenanted to comply with its obligations hereunder and to assume all obligations for continuing disclosure with respect to the Bonds. The County and the Dissemination Agent covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the County and the Dissemination Agent for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12(b)(5).

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

“Annual Report” shall mean any Annual Report provided by the County pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Beneficial Owner” shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning the ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

“Disclosure Representative” shall mean the Director of Finance of the County or his or her designee, or such other officer or employee as the County shall designate in writing to the Paying Agent and the Dissemination Agent from time to time.

“Dissemination Agent” shall mean Digital Assurance Certification L.L.C. or any successor Dissemination Agent, which may be designated in writing by the County and which has filed with the Paying Agent a written acceptance of such designation.

“Financial Obligation” means “financial obligation” as such term is defined in the Rule.

“Holder” shall mean the person in whose name any Bond shall be registered.

“Listed Events” shall mean any of the events listed in Section 5(a) and 5(b) of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended.

“Official Statement” shall mean the Official Statement dated _____, 2024, issued in connection with the sale of the Bonds.

“Participating Underwriter” shall mean any of the original purchasers of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Repository” shall mean the MSRB or any other information repository as recognized from time to time by the Securities and Exchange Commission for the purposes referred to in the Rule.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934.

“State” shall mean the State of California.

SECTION 3. Provision of Annual Reports.

(a) The County shall, or shall cause the Dissemination Agent to, not later than March 30 of each calendar year, commencing with the report for Fiscal Year 2023-24 (ending June 30, 2024) to be filed by March 30, 2025, provide to each Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. 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 County may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the County’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(e).

(b) Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the Repository, the County shall provide the Annual Report to the Dissemination Agent; provided, however, that the County may distribute the Annual Report to the Repository itself after providing written notice to the Dissemination Agent. If by such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the County to determine if the County is in compliance with the first sentence of this subsection (b).

(c) If the Dissemination Agent has not received the Annual Report by 6:00 p.m. Eastern time of the date required in subsection (a) (or, if such date falls on a Saturday, Sunday or holiday, then the first business day thereafter), the Dissemination Agent shall contact the County to determine if the County provided the Annual Report to the Repository. If the County has not provided the Annual Report to the Repository, and upon direction by the County, the Dissemination Agent shall send a notice to the Repository in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall:

(1) determine each year prior to the date for providing the Annual Report the name and address of each Repository; and

(2) to the extent the County has provided the Annual Report to the Dissemination Agent, file a report with the County (if the Dissemination Agent is not the County)

certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and listing the Repository to which it was provided.

SECTION 4. Content of Annual Reports. The County's Annual Report shall contain or include by reference the following:

(a) The audited financial statements of the County for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the County's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) To the extent not included in the financial statements provided pursuant to Section 4(a), numerical and tabular information for the immediately preceding Fiscal Year of the type contained in the Official Statement under the following captions:

- (1) Table 1 – “County of Santa Clara Assessed Valuation History”;
- (2) Table 3 – “County of Santa Clara Summary of Full Cash Value and Ad Valorem Property Taxation and Delinquencies”;
- (3) Table 5 – “County of Santa Clara Estimated Direct and Overlapping Bonded Debt”;
- (4) APPENDIX A – “COUNTY OF SANTA CLARA FINANCES AND OPERATIONS – Financial Statements” (update table entitled “County of Santa Clara Combined Statement of Revenues, Expenditures and Changes in General Fund Balance”);
- (5) APPENDIX A – “COUNTY OF SANTA CLARA FINANCES AND OPERATIONS – Funding by the State of California” (update percentages of State and federal funding); and
- (6) APPENDIX A – “COUNTY OF SANTA CLARA FINANCES AND OPERATIONS – Outstanding Debt and Lease Obligations” (update financial information, including table entitled “Estimated Long Term General Fund Lease Obligations”).

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 County or related public entities, which have been submitted to the Repository or the Securities and Exchange Commission. The County shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the County shall give, or cause to be given, notice of the occurrence of any of the following events numbered (1) to (10) with respect to the Bonds not later than 10 business days after the occurrence of the event:

- (1) Principal and interest payment delinquencies;
- (2) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (3) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (4) Substitution of credit or liquidity providers, or their failure to perform;
- (5) Issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB) or adverse tax opinions;
- (6) Tender offers;
- (7) Defeasances;
- (8) Rating changes;
- (9) Bankruptcy, insolvency, receivership or similar event of the obligated person; or
- (10) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the County, any of which reflect financial difficulties.

Note: for the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under State or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) The County shall give, or cause to be given, notice of the occurrence of any of the following events numbered (11) to (18) with respect to the Bonds not later than 10 business days after the occurrence of the event, if material:

- (11) Unless described in paragraph 5(a)(5), other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
- (12) Modifications to rights of Holders;
- (13) Unscheduled or contingent bond calls;
- (14) Release, substitution, or sale of property securing repayment of the Bonds;
- (15) Non-payment related defaults;
- (16) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the

obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;

(17) Appointment of a successor or additional trustee or the change of name of a trustee; or

(18) Incurrence of a Financial Obligation of the County, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the County, any of which affect security holders.

(c) The County shall give, or cause to be given, in a timely manner, notice of a failure to provide the annual financial information on or before the date specified in Section (3) and in the manner set forth in Section (3).

(d) Whenever the County obtains knowledge of the occurrence of a Listed Event described in Section 5(b), the County shall determine if such event would be material under applicable federal securities laws.

(e) If the County learns of the occurrence of a Listed Event described in Section 5(a), or determines that knowledge of a Listed Event described in Section 5(b) would be material under applicable federal securities laws, the County shall within 10 business days of occurrence file a notice of such occurrence with the Repository in electronic format, accompanied by such identifying information as is prescribed by the Repository. Notwithstanding the foregoing, notice of the Listed Event described in subsection 5(b)(13) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds.

SECTION 6. Termination of Reporting Obligation. Each party's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the County shall give notice of such termination in the same manner as for a Listed Event under Section 5(a).

SECTION 7. Dissemination Agent. The County may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the County pursuant to this Disclosure Certificate. If at any time there is not any other designated Dissemination Agent, the County shall be the Dissemination Agent. The initial Dissemination Agent shall be Digital Assurance Certification L.L.C.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the County and the Dissemination Agent may amend this Disclosure Certificate (and the Dissemination Agent shall agree to any amendment so requested by the County provided such amendment does not impose any greater duties, nor risk of liability, on the Dissemination Agent), 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, 5(a) or 5(b), 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 Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either: (i) is approved by the Holders of the Bonds in the same manner as 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 the Paying Agent or nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the County shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the County. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements: (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the County 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 County 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 County 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 10. Electronic Filing. The County may satisfy its disclosure obligations hereunder to file any notice, document or information by filing the same with the MSRB through MSRB's Electronic Municipal Market Access system, in the format and with identifying or other information as may be required by the Securities and Exchange Commission or the MSRB, or by filing the same with any other Repository that may be recognized by the Securities and Exchange Commission, in such manner as may be required by the Securities and Exchange Commission or such Repository.

SECTION 11. Default. In the event of a failure of the County or the Dissemination Agent to comply with any provision of this Disclosure Certificate, the Paying Agent may (and, at the written request of any Participating Underwriter or the Holders of at least 25% aggregate principal amount of Outstanding Bonds, shall, but only to the extent indemnified to its satisfaction), or any Holder or Beneficial Owner of the Bonds may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the County or the Dissemination Agent, as the case may be, 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 County and the Dissemination Agent to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 12. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the

County, to the extent permitted by law, agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it 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 obligations of the County under this Section shall survive resignation or removal of the Dissemination Agent and the payment of the Bonds. The Dissemination Agent shall have no duty or obligation to review or verify any information, disclosures or notices provided to it by the County and shall not be deemed to be acting in any fiduciary capacity for the County, the Holders of the Bonds or any other party.

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

To the County: County of Santa Clara
Finance Agency
County Government Center, East Wing
70 West Hedding Street, 2nd Floor
San Jose, CA 95110
Attention: Margaret Olaiya, Director, Finance Agency
Telephone: (408) 299-5201

To the Paying Agent: U.S. Bank Trust Company, National Association
Global Corporate Trust Services
One California Street, 10th Floor, Suite 1000
San Francisco, CA 94111
Attention: Mary Wong, Vice President
Telephone: (415) 677-3602

To the Dissemination Agent: Digital Assurance Certification, L.L.C.
315 E. Robinson Street, Suite 300
Orlando, Florida 32801
Attention: Sharon Stringfellow
Telephone: (407) 515-1100
Fax: (407) 515-6513

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 County, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 15. Governing Law. This Disclosure Certificate shall be governed by the laws of the State of California.

SECTION 16. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Dated: [____], 2024

COUNTY OF SANTA CLARA

By _____
Authorized Officer

DIGITAL ASSURANCE CERTIFICATION L.L.C.,
as Dissemination Agent

By _____
Authorized Officer

EXHIBIT A

FORM OF NOTICE TO REPOSITORY OF FAILURE TO FILE ANNUAL REPORT

Name of County: County of Santa Clara, California

Name of Issue: \$_____ General Obligation Bonds (Election of 2016) 2024 Series C
(Federally Taxable) (Dedicated Unlimited *Ad Valorem* Property Tax Bonds)

Date of Issuance: _____, 2024

NOTICE IS HEREBY GIVEN that the County of Santa Clara (the “County”) has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of the Continuing Disclosure Certificate, dated _____, 2024, by and between the County and Digital Assurance Certification, L.L.C. The County anticipates that the Annual Report will be filed by _____.

Dated: _____

DIGITAL ASSURANCE CERTIFICATION, L.L.C.,
Dissemination Agent

By _____ [form only; no signature required]

APPENDIX G
COUNTY INVESTMENT POLICY