

PRELIMINARY OFFICIAL STATEMENT DATED APRIL 29, 2026**NEW ISSUE - FULL BOOK-ENTRY****RATING: Standard & Poor's: "AA+"
See "RATING" herein.**

In the opinion of Jones Hall LLP, San Mateo, California, Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the 2026 Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. Interest on the 2026 Bonds may be subject to the corporate alternative minimum tax. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "TAX MATTERS."

\$ _____ *

**CITY OF MOUNTAIN VIEW CAPITAL IMPROVEMENTS FINANCING AUTHORITY
LEASE REVENUE BONDS, SERIES 2026
(PUBLIC SAFETY BUILDING PROJECT)**

Dated: Date of Delivery**Due: May 1, as shown on inside cover**

Authority for Issuance. The bonds captioned above (the "2026 Bonds") are being issued by the City of Mountain View Capital Improvements Financing Authority (the "Authority") under a resolution adopted by the Board of Directors of the Authority on April 28, 2026, and an Indenture of Trust dated as of May 1, 2026 (the "Indenture") by and between the Authority and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"). See "THE 2026 BONDS – Authority for Issuance."

Purpose. The 2026 Bonds are being issued primarily to finance the acquisition, construction and demolition of public capital improvements of the City of Mountain View (the "City"), consisting generally of the acquisition and construction of a new Public Safety Building and subsequent demolition of the existing Mountain View Police Department building, and such other improvements that may be identified from time to time by the City. In addition, the proceeds of the 2026 Bonds will be used to pay the costs of issuing the 2026 Bonds. See "FINANCING PLAN."

Security. Under the Indenture, the 2026 Bonds are payable from and secured by a first pledge of and lien on "Revenues" consisting primarily of lease payments (the "Lease Payments") made by the City under a Lease Agreement dated as of May 1, 2026, between the Authority, as lessor, and the City, as lessee. The 2026 Bonds are also secured by certain funds on deposit under the Indenture. See "THE LEASED PROPERTY" and "SECURITY FOR THE BONDS."

Book-Entry Only. The 2026 Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"). The 2026 Bonds are issuable as fully registered securities in denominations of \$5,000 or any integral multiple of \$5,000. Purchasers of the 2026 Bonds (the "Beneficial Owners") will not receive physical certificates representing their interest in the 2026 Bonds. See "THE 2026 BONDS" and "APPENDIX F - DTC AND THE BOOK-ENTRY ONLY SYSTEM."

Payments. Interest on the 2026 Bonds accrues from the date of delivery and is payable semiannually on May 1 and November 1 of each year, commencing November 1, 2026. Payments of principal and interest on the 2026 Bonds will be paid by the Trustee to DTC for subsequent disbursement to DTC Participants, which will remit such payments to the Beneficial Owners of the 2026 Bonds. See "THE 2026 BONDS – General Provisions."

Redemption. The 2026 Bonds are subject to optional redemption, mandatory sinking fund payment redemption and special mandatory redemption from insurance or condemnation proceeds prior to maturity. See "THE 2026 BONDS – Redemption."

NONE OF THE 2026 BONDS, THE OBLIGATION OF THE AUTHORITY TO PAY PRINCIPAL OF OR INTEREST THEREON, OR THE OBLIGATION OF THE CITY TO MAKE THE LEASE PAYMENTS, CONSTITUTE A DEBT OR A LIABILITY OF THE AUTHORITY, THE CITY, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL LIMITATION ON INDEBTEDNESS, OR A PLEDGE OF THE FULL FAITH AND CREDIT OF THE CITY. THE 2026 BONDS ARE SECURED SOLELY BY THE PLEDGE OF REVENUES AND CERTAIN FUNDS HELD UNDER THE INDENTURE. THE 2026 BONDS ARE NOT SECURED BY A PLEDGE OF THE TAXING POWER OF THE CITY.

**MATURITY SCHEDULE
(see inside cover)**

Cover Page. This cover page contains certain information for general reference only. It is not a summary of all the provisions of the 2026 Bonds. Prospective investors must read the entire Official Statement to obtain information essential to making an informed investment decision.

The 2026 Bonds are offered when, as and if issued and accepted by the Underwriters, subject to approval as to their legality by Jones Hall LLP, San Mateo, California, Bond Counsel, and subject to certain other conditions. Certain legal matters will also be passed upon for the Authority and the City by Jones Hall LLP as Disclosure Counsel. Certain legal matters will be passed upon for the City by the City Attorney. Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, is serving as counsel to the Underwriters. It is anticipated that the 2026 Bonds will be delivered in book-entry form through the facilities of DTC on or about _____, 2026.

STIFEL

Morgan Stanley

The date of this Official Statement is: _____, 2026

* Preliminary; subject to change.

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

**CITY OF MOUNTAIN VIEW CAPITAL IMPROVEMENTS FINANCING AUTHORITY
LEASE REVENUE BONDS, SERIES 2026
(PUBLIC SAFETY BUILDING PROJECT)**

**MATURITY SCHEDULE*
(Base CUSIP:† _____)**

\$_____ Serial Bonds

Maturity Date (<u>May 1</u>)	Principal <u>Amount</u>	Interest <u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP</u>†
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\$_____ % Term Bond Due May 1, _____, Yield _____%, Price: _____%, CUSIP: _____

* *Preliminary; subject to change.*

† CUSIP Global Services (CGS) is managed on behalf of American Bankers Association by FactSet Research Systems Inc. Copyright© 2026 CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the City, the Authority or the Underwriters take any responsibility for the accuracy of the CUSIP data.

**CITY OF MOUNTAIN VIEW CAPITAL IMPROVEMENTS FINANCING AUTHORITY
CITY OF MOUNTAIN VIEW**

**BOARD OF DIRECTORS OF THE AUTHORITY
AND MEMBERS OF THE CITY COUNCIL**

Emily Ann Ramos, *Chair and Mayor*
Chris Clark, *Vice Chair and Vice Mayor*
Alison Hicks, *Member and Council Member*
Ellen Kamei, *Member and Council Member*
John McAlister, *Member and Council Member*
Lucas Ramirez, *Member and Council Member*
Pat Showalter, *Member and Council Member*

CITY STAFF

Kimbra McCarthy, City Manager
Jennifer Logue, City Attorney
Arn Andrews, Assistant City Manager
Derek Rampone, Finance and Administrative Services Director

PROFESSIONAL SERVICES

BOND AND DISCLOSURE COUNSEL

Jones Hall LLP
San Mateo, California

MUNICIPAL ADVISOR

Urban Futures, Inc.
Walnut Creek, California

Trustee

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

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

Use of Official Statement. This Official Statement is submitted in connection with the sale of the 2026 Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not a contract between any bond owner and the Authority or the Underwriters.

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

No Unlawful Offers or Solicitations. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor may there be any sale of the 2026 Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

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

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

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

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

No Securities Laws Registration. The 2026 Bonds have not been registered under the Securities Act of 1933, as amended, in reliance upon exceptions therein for the issuance and sale of municipal securities. The 2026 Bonds have not been registered or qualified under the securities laws of any state.

Effective Date. This Official Statement speaks only as of its date, and the information and expressions of opinion contained in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the 2026 Bonds will, under any circumstances, give rise to any implication that there has been no change in the affairs of the City, the Authority, the other parties described in this Official Statement, or the condition of the property within the City since the date of this Official Statement.

Website. The City maintains a website. However, the information presented on the website is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the 2026 Bonds.

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- APPENDIX E - FORM OF CONTINUING DISCLOSURE CERTIFICATE
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OFFICIAL STATEMENT

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**CITY OF MOUNTAIN VIEW CAPITAL IMPROVEMENTS FINANCING AUTHORITY
LEASE REVENUE BONDS, SERIES 2026
(PUBLIC SAFETY BUILDING PROJECT)**

The purpose of this Official Statement, which includes the cover page, inside cover page and attached appendices, is to set forth certain information concerning the sale and delivery of the bonds captioned above (the “**2026 Bonds**”) by the City of Mountain View Capital Improvements Financing Authority (the “**Authority**”). All capitalized terms used in this Official Statement, unless noted otherwise, have the meanings set forth in the Indenture (as defined below).

INTRODUCTION

This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the 2026 Bonds to potential investors is made only by means of the entire Official Statement.

Authority for Issuance. The Authority is issuing the 2026 Bonds under the following:

- (a) Article 4 of Chapter 5, Division 7, Title 1 of the California Government Code, as amended, commencing with Section 6584 (the “**Law**”),
- (b) resolutions adopted by the Board of Directors (the “**Board**”) of the Authority on April 28, 2026 (the “**Authority Resolution**”), and by the City Council (the “**City Council**”) of the City of Mountain View (the “**City**”) on April 28, 2026 (the “**City Resolution**”), and
- (c) an Indenture of Trust (the “**Indenture**”) dated as of May 1, 2026, by and between the Authority and U.S. Bank Trust Company, National Association, as trustee (the “**Trustee**”).

The Authority. The Authority is a joint powers authority between the City and the Mountain View Shoreline Regional Park Community established under a Joint Exercise of Powers Agreement dated February 25, 1992, entered into under Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the California Government Code, as amended, for the purpose, among others, of issuing its bonds to be used to finance and refinance the acquisition, construction and improvement of public capital improvements of the City.

* Preliminary; subject to change.

The City. The City, which occupies about 12 square miles, is located in the County of Santa Clara (the “**County**”) approximately 36 miles southeast of the City of San Francisco and 15 miles northwest of the City of San Jose. The City is part of the “Silicon Valley” area of Northern California, and several high technology businesses are located within its boundaries. See “CITY FINANCIAL INFORMATION – General.”

Purpose of the 2026 Bonds. The 2026 Bonds are being issued primarily to finance the acquisition, construction and demolition of public capital improvements of the City, consisting primarily of the acquisition and construction of a new Public Safety Building and the subsequent demolition of the existing Police and Fire Administration building, together with such other improvements that may be identified from time to time by the City. In addition, proceeds of the 2026 Bonds will be used to pay the costs of issuing the 2026 Bonds. See “FINANCING PLAN.”

Security for the 2026 Bonds and Pledge of Revenues. Under the Indenture, the 2026 Bonds are payable from and secured by a first pledge of and lien on “**Revenues**,” consisting primarily of lease payments (the “**Lease Payments**”) made by the City for the lease of property under the Lease Agreement dated as of May 1, 2026, between the Authority, as lessor, and the City, as lessee (the “**Lease Agreement**”), concerning the leaseback of certain real property owned by the City (the “**Leased Property**”), which will initially consist of the Project Site (and the improvements thereon) and the Civic Center Complex, as defined herein. See “FINANCING PLAN – The Project” and “THE LEASED PROPERTY.”

The 2026 Bonds are also secured by certain funds on deposit under the Indenture. See “SECURITY FOR THE BONDS.”

In order to provide the upfront site lease payment to facilitate the financing plan, the City and the Authority will enter into a Site Lease dated as of May 1, 2026 (the “**Site Lease**”), under which the City will lease the Leased Property to the Authority. Concurrently, the City and the Authority will enter into the Lease Agreement, under which the Authority will lease the Leased Property back to the City. See “THE LEASED PROPERTY.”

No Reserve Fund. No debt service reserve fund has been established with respect to the 2026 Bonds. See “BOND OWNERS’ RISKS – No Debt Service Reserve Fund.”

Form of Bonds; Book-Entry Only. The 2026 Bonds will be issued in fully registered form, registered in the name of The Depository Trust Company, New York, New York (“**DTC**”), or its nominee, which will act as securities depository for the 2026 Bonds. Purchasers of the 2026 Bonds will not receive certificates representing the 2026 Bonds that are purchased. See “THE 2026 BONDS - Book-Entry Only System” and “APPENDIX F – DTC AND THE BOOK-ENTRY ONLY SYSTEM.”

Redemption. The 2026 Bonds are subject to optional redemption, mandatory redemption from sinking fund payments, and special mandatory redemption from the proceeds of insurance or condemnation proceeds prior to their stated maturity dates. See “THE 2026 BONDS – Redemption.”

Abatement. The Lease Payments are subject to complete or partial abatement in the event and to the extent that there is substantial interference with the City’s use and possession of the Leased Property or any portion thereof. If the Lease Payments are abated under the Lease Agreement, the Owners of the 2026 Bonds would receive less than the full amount of principal and interest on the 2026 Bonds. To the extent proceeds of rental interruption insurance are

available (as described below), Lease Payments (or a portion thereof) may be made from those proceeds during periods of abatement. See “SECURITY FOR THE BONDS – Abatement” and “BOND OWNERS’ RISKS.”

Additional Bonds. The Indenture permits the Authority, by supplemental indenture, to establish one or more other issues of additional bonds (“**Additional Bonds**”) secured by a pledge of and payable from Revenues on a parity with the 2026 Bonds, subject to certain conditions set forth in the Indenture. See “SECURITY FOR THE BONDS – Additional Bonds.” The 2026 Bonds and any Additional Bonds are referred to in this Official Statement collectively as the “**Bonds**.”

Legal Opinion. Upon delivery of the 2026 Bonds, Jones Hall LLP, San Mateo, California, Bond Counsel (“**Bond Counsel**”) will release its final approving legal opinion with respect to the 2026 Bonds, regarding the validity and tax-exempt status of the 2026 Bonds, in the form attached hereto as APPENDIX D.

Risks of Investment. Debt service on the 2026 Bonds is payable only from Lease Payments and other amounts payable by the City to the Authority under the Lease Agreement. For a discussion of some of the risks associated with the purchase of the 2026 Bonds, see “BOND OWNERS’ RISKS.”

NONE OF THE BONDS, THE OBLIGATION OF THE AUTHORITY TO PAY PRINCIPAL OF OR INTEREST THEREON, OR THE OBLIGATION OF THE CITY TO MAKE THE LEASE PAYMENTS, CONSTITUTE A DEBT OR A LIABILITY OF THE AUTHORITY, THE CITY, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL LIMITATION ON INDEBTEDNESS, OR A PLEDGE OF THE FULL FAITH AND CREDIT OF THE CITY. THE BONDS ARE SECURED SOLELY BY THE PLEDGE OF REVENUES AND CERTAIN FUNDS HELD UNDER THE INDENTURE. THE BONDS ARE NOT SECURED BY A PLEDGE OF THE TAXING POWER OF THE CITY.

FINANCING PLAN

The Project

A portion of the proceeds of the 2026 Bonds will be used primarily to finance the acquisition and construction of a new City public safety building (the “**Public Safety Building**”) and demolition of the existing City police department and fire department headquarters (the “**Police and Fire Administration Building**”) and, collectively, the “**Project**”). The Public Safety Building will be constructed adjacent to the Police and Fire Administration Building on a larger site owned by the City.

The proposed Public Safety Building is anticipated to consist of a 3-story building containing approximately 75,000 square feet located at 1000 Villa Street, at the corner of Villa Street and Franklin Street, and to include space for Police Department operations, Emergency Dispatch, the Fire Department operations, and the Emergency Operations Center.

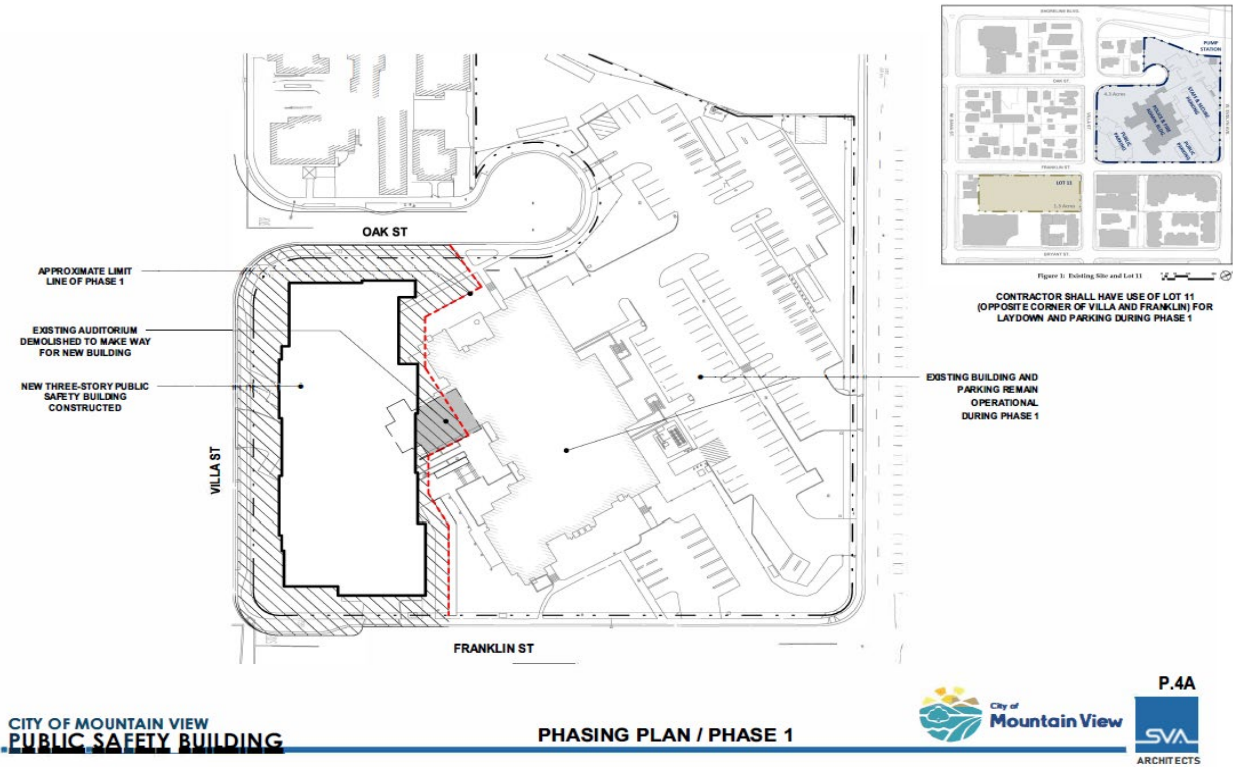
The City currently anticipates that the Project will commence with the partial demolition of the existing Police and Fire Administration Building, followed by construction of the Public Safety Building, and ending with the final demolition of the Police and Fire Administration Building and redevelopment of the balance of the Project Site with secure staff parking, public parking, and a public events space.

The Project is expected to commence in July 2026, and be completed in late 2030.

The total cost of the Project is currently anticipated to be approximately \$189 million, which the City plans to pay in part with a portion of the proceeds of the 2026 Bonds and in part with City reserves and other sources of funding.

A diagram of the Project is shown on the following page.

PROJECT DIAGRAM



Estimated Sources and Uses of Funds

The estimated sources and uses of funds relating to the 2026 Bonds are as follows:

Sources of Funds:

Principal Amount of 2026 Bonds	\$
<i>Plus:</i> Net Original Issue Premium	
<i>TOTAL SOURCES</i>	<hr/> \$

Uses of Funds:

Deposit to Project Fund	\$
Deposit to Costs of Issuance Fund ⁽¹⁾	
Underwriters' Discount	
<i>TOTAL USES</i>	<hr/> \$

(1) Represents funds to be used to pay Costs of Issuance, which include legal fees, printing costs, rating agency fees, and other costs of issuing the 2026 Bonds.

THE LEASED PROPERTY

Description and Location

Lease Payments will be made by the City under the Lease Agreement for the use and occupancy of the real property and improvements constituting the Leased Property, which initially consists of (i) the parcel containing the existing Police and Fire Administration Building and future site of the Public Safety Building (the “**Project Site**”) and the improvements thereon, and (ii) the “**Civic Center Complex**,” as further described below.

- The Project Site consists of approximately 4.3 acres bordered by Villa Street, Franklin Street and West Evelyn Avenue in the downtown area of the City. The Project Site is improved with the existing Police and Fire Administration Building, which is a 2-story structure containing approximately 44,000 square feet originally constructed in 1980, and housing the headquarters for both the police and fire departments. The Public Safety Building is intended, upon completion, to replace the Police and Fire Administration Building. During the term of the Lease Agreement, the City will construct the Public Safety Building on the Project Site and demolish the existing Police and Fire Administration building on the Project Site.

- The Civic Center Complex consists of approximately 7.83 acres located between Castro Street, Mercy Street, Franklin Street and Church Street in the downtown area of the City. The Civic Center Complex includes:

- City Hall, a 3-story building containing approximately 97,000 square feet originally constructed in 1990,

- the Public Library, a 2-story building containing approximately 93,000 square feet originally constructed in 1999,

- the Center for the Performing Arts, a 3-story building containing approximately 46,000 square feet and two stages, and

- the Civic Center Parking Garage, an underground public parking garage with 224 parking spaces.

The Civic Center Complex is subject to two unrecorded leases and one unrecorded license agreement: (i) a lease of approximately 1,200 square feet in City Hall to Bean Scene Café expiring in 2027; (ii) a ground lease of a stand-alone building in Pioneer Park containing approximately 6,000 square feet to the Chamber of Commerce, with two five-year extensions that would extend the lease term to 2035; and (iii) one or more unrecorded facility license agreements as they may be executed from time to time for use of the Performing Arts Center. These arrangements are included as Permitted Encumbrances under the Lease Agreement.

The Civic Center Complex also contains Pioneer Memorial Park.

Based on 2024 insured values, the City estimates that the structure and land values of the Police and Fire Administration Building and the four structures making up the Civic Center Complex are not less than the following:

	<u>Insured Value</u>	<u>Land Value</u>
Project Site		
Police and Fire Administration Building	\$16.9 million	\$34.0 million
Civic Center Complex		
City Hall	59.9 million	\$63.0 million
Public Library	43.2 million	--*
Center for Performing Arts	35.4 million	--*
Civic Center Parking Garage	14.2 million	--*
Total:	\$169.6 million	\$97.0 million

*All located on the Civic Center Complex.

The City has determined that the fair rental value of the Leased Property is commensurate with the annual Lease Payments with respect thereto. During the term of the Lease Agreement, the City will construct the Public Safety Building on the Project Site and, after completion of the Public Safety Building, demolish the existing Police and Fire Administration building on the Project Site. The City has determined that the real property and improvements constituting the existing Police and Fire Administration building will be substantially available for use and occupancy by the City during construction of the Public Safety Building, and that the real property and improvements constituting the Public Safety Building will be substantially available for use and occupancy by the City during demolition of the Police and Fire Administration building.

Following the completion and occupancy of the Public Safety Building, the Civic Center Complex is intended to be released from the Lease Agreement, leaving the Project Site (including the completed Public Safety Building) as the sole components of the Leased Property, subject to the conditions set forth in the Lease Agreement. As set forth below, under the Lease Agreement the City will have the right to release the Civic Center Complex from the Lease Agreement and the Site Lease, regardless of whether the existing Police and Fire Administration Building has been demolished. See “– Release of Civic Center Complex” below.

Modification of Leased Property

Under the Lease Agreement, the City has the right, at its own expense, to make additions, modifications and improvements to the Leased Property or any portion thereof. All additions, modifications and improvements to the Leased Property will thereafter comprise part of the Leased Property and become subject to the provisions of the Lease Agreement.

Such additions, modifications and improvements may not in any way damage the Leased Property, or cause the Leased Property to be used for purposes other than those authorized under the provisions of state and federal law; and the City must certify to the Trustee that the estimated value of the Leased Property, upon completion of any additions, modifications and improvements made thereto under this provision of the Lease Agreement, is at least equal to the aggregate Outstanding principal amount of the Bonds and the fair rental value of the Leased Property is at least equal to the Lease Payments thereafter coming due and payable under the Lease Agreement.

The City will not permit any mechanic's or other lien to be established or remain against the Leased Property for labor or materials furnished in connection with any remodeling, additions, modifications, improvements, repairs, renewals or replacements made by the City under this provision of the Lease Agreement; except that if any such lien is established and the City first notifies or causes to be notified the Authority of the City's intention to do so, the City may in good faith contest any lien filed or established against the Leased Property, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom and will provide the Authority with full security against any loss or forfeiture which might arise from the nonpayment of any such item, in form satisfactory to the Authority. The Authority will cooperate fully in any such contest, upon the request and at the expense of the City.

The Lease Agreement provides that the limitations on the modification of the Leased Property summarized above shall not apply to the construction of the Public Safety Building on the Project Site or demolition of the Police and Fire Administration Building on the Project Site.

Substitution of Leased Property

Under the Lease Agreement, the City has the option at any time and from time to time, to substitute other real property (the "**Substitute Property**") for the Leased Property or any portion thereof (the "**Former Property**"), upon satisfaction of all of the requirements set forth in the Lease Agreement, which include (among others) the following:

- The City has filed with the Authority and the Trustee, and caused to be recorded in the office of the County Recorder, sufficient memorialization of an amendment of the Lease Agreement that adds the legal description of the Substitute Property and deletes therefrom the legal description of the Former Property, and has filed and caused to be recorded corresponding amendments to the Site Lease and Assignment Agreement.
- The City has obtained a CLTA policy of title insurance insuring the City's leasehold estate under the Lease Agreement in the Substitute Property, subject only to Permitted Encumbrances (as defined in the Lease Agreement), together with (i) an endorsement thereto making such policy payable to the Trustee for the benefit of the Owners, (ii) if applicable, a tie-in endorsement such that the total insured amount under the title insurance policies then in effect with respect to the Leased Property following the proposed substitution will be at least equal to the aggregate principal amount of outstanding Bonds at the time of the substitution, and (iii) a certificate of the City to the effect that the exceptions, if any, contained in such policy do not interfere with the beneficial use and occupancy of the Leased Property by the City.
- The City has certified in writing to the Authority and the Trustee that the Substitute Property serves the municipal purposes of the City and constitutes property which the City is permitted to lease under the laws of the State of California, and has been determined to be essential to the proper, efficient and economic operation of the City and to serve an essential governmental function of the City.
- The City has filed with the Authority and the Trustee a written certificate of the City or other written evidencing stating that the useful life of the Substitute Property at least extends to May 1, 2056, that the estimated value of the Leased Property,

after substitution of the Substitute Property and release of the Former Property, is at least equal to the aggregate outstanding principal amount of the Bonds, and the fair rental value of the Leased Property, after substitution of the Substitute Property and release of the Former Property, is at least equal to the Lease Payments thereafter coming due and payable under the Lease Agreement.

See APPENDIX B.

Upon the satisfaction of all such conditions precedent, the Term of the Lease Agreement will thereupon end as to the Former Property and commence as to the Substitute Property, and all references to the Former Property will apply with full force and effect to the Substitute Property. The City is not entitled to any reduction, diminution, extension or other modification of the Lease Payments whatsoever as a result of any substitution of property under this provision of the Lease Agreement.

Release of Leased Property

General. Under the Lease Agreement, the City has the option at any time and from time to time to release any portion of the Leased Property from the Lease Agreement (the “**Released Property**”) provided that the City has satisfied all of the requirements under the Lease Agreement that are conditions precedent to such release, which include (among others) the following:

- The City has filed with the Authority and the Trustee, and caused to be recorded in the office of the County Recorder, sufficient memorialization of an amendment of the Lease Agreement, Site Lease and Assignment Agreement which removes the Released Property from the Lease Agreement, Site Lease and Assignment Agreement.
- The City has certified in writing to the Authority and the Trustee that the value of the property which remains subject to the Lease Agreement following such release is at least equal to the aggregate outstanding principal amount of the Bonds, and the fair rental value of the property which remains subject to the Lease Agreement following such release is at least equal to the Lease Payments thereafter coming due and payable thereunder.

See APPENDIX B.

Upon the satisfaction of all such conditions precedent, the Term of the Lease Agreement will thereupon end as to the Released Property. The City is not entitled to any reduction, diminution, extension or other modification of the Lease Payments whatsoever as a result of such release.

Release of Civic Center Complex. Notwithstanding any other provision of the Lease Agreement, including the provisions described in “-*General*” above, upon Final Completion of the Public Safety Building, the City will have the absolute right to make the Public Safety Building and its related site the Leased Property subject to the Lease Agreement and the Site Lease, and to release the Civic Center Complex from the Lease Agreement and the Site Lease without meeting the conditions set forth above.

The City will effectuate such release by (1) certifying, in a certificate of completion provided to the Trustee, that the Final Completion of the Public Safety Building has occurred and the fair

rental value of the Public Safety Building and its related site is at least equal to the Lease Payments, (2) causing a certificate of the City to be delivered to the Trustee evidencing that the insurance policies required by this Lease Agreement are in full force and effect with respect to the Public Safety Building and (3) causing a notice of release of the Leased Property to be recorded in the real property records of the County.

Subsequent to the execution and recordation of such notice of release of the Leased Property, subject to any future authorized substitution, release or addition of the Leased Property pursuant to the Lease Agreement, references to the Leased Property therein will be deemed to refer to the Public Safety Building and the related site, and will not be deemed to refer to the Civic Center Complex so released.

For the avoidance of doubt, under the Lease Agreement the City will have the right to release the Civic Center Complex from this Lease Agreement and the Site Lease, regardless of whether the existing Police and Fire Administration Building has been demolished.

Addition of Property

Under the Lease Agreement, the City may, at any time it deems it necessary or advisable, amend the Lease Agreement, and enter into any necessary or advisable site or ground lease, to add additional property to the property originally leased under the Lease Agreement.

If the addition to the Leased Property (the “**Addition**”) is being done in connection with the issuance of Additional Bonds, the following requirements will apply, among others:

- The City certifies in writing to the Authority and the Trustee that
 - (i) the Addition serves the purposes of the City and constitutes property which the City is permitted to lease under the laws of the State of California, and has been determined to be essential to the proper, efficient and economic operation of the City and to serve an essential governmental function of the City,
 - (ii) the useful life of the Addition at least extends to the last day that precedes the final maturity of the Additional Bonds,
 - (iii) the estimated value of the Leased Property (including the Addition) is at least equal to the aggregate outstanding principal amount of the Bonds, and
 - (iv) the fair rental value of the Leased Property (including the Addition) is at least equal to the Lease Payments thereafter coming due and payable under the Lease Agreement.

For the purposes of the certification described in clause (iv) above, the City may, if necessary to make such certification, assume completion of construction of the Addition if the Addition is being constructed with proceeds of the Additional Bonds as long as capitalized interest has been deposited in accordance with the Indenture.

- The City delivers to the Authority and the Trustee an Opinion of Bond Counsel to the effect that the amendment to the Lease Agreement has been duly authorized, executed and delivered and the Lease Agreement as so amended represents a valid and binding obligation of the City and the Authority and that the Addition will not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes.
- The City causes to be recorded in the Office of the County Recorder sufficient memorialization of an amendment of the Lease Agreement that adds the legal description of the Addition, and has filed and caused to be recorded corresponding amendments to the Site Lease and Assignment Agreement.
- The City delivers to the Authority and the Trustee a CLTA standard form policy of title insurance in substantially the same form as delivered in connection with the issuance and delivery of the Bonds insuring the City's leasehold interest in the Addition to the Leased Property under the Lease Agreement, together with (i) an endorsement thereto making such policy payable to the Trustee for the benefit of the Owners, (ii) a tie-in endorsement such that the total insured amount under the title insurance policies then in effect with respect to the Leased Property following the proposed Addition will be at least equal to the aggregate principal amount of outstanding Bonds at the time of the Addition, and (iii) a certificate of the City to the effect that the exceptions, if any, contained in such policy do not interfere with the beneficial use and occupancy of the Leased Property by the City.

See APPENDIX B.

Upon the satisfaction of all such conditions precedent, the Term of the Lease Agreement will thereupon commence as to the Addition, and all references to the Leased Property will apply with full force and effect to the Addition.

THE 2026 BONDS

This section provides summaries of the 2026 Bonds and certain provisions of the Indenture. See APPENDIX B for a more complete summary of the Indenture. Capitalized terms used but not defined in this section have the meanings given in APPENDIX B.

Authority for Issuance

The 2026 Bonds are being issued under the Law, the Authority Resolution (which was adopted by the Board of the Authority on April 28, 2026), the City Resolution (which was adopted by the City Council on April 28, 2026), and the Indenture. Under the Authority Resolution and the City Resolution, the 2026 Bonds may be issued in a principal amount not to exceed \$140,000,000.

General Provisions

Bond Terms. The 2026 Bonds will be dated their date of delivery and issued in fully registered form without coupons in integral multiples of \$5,000, so long as no 2026 Bond has more than one maturity date.

The 2026 Bonds will mature on May 1 in each of the years and in the amounts, and bear interest at the rates, set forth on the inside cover page of this Official Statement.

Calculation of Interest. Interest on the 2026 Bonds will be payable on May 1 and November 1 in each year, commencing November 1, 2026 (each an “**Interest Payment Date**”).

Interest on the 2026 Bonds is payable from the Interest Payment Date next preceding the date of authentication thereof unless:

- (a) a 2026 Bond is authenticated on or before an Interest Payment Date and after the close of business on the preceding Record Date, in which event it will bear interest from such Interest Payment Date,
- (b) a 2026 Bond is authenticated on or before the first Record Date, in which event interest thereon will be payable from the Closing Date, or
- (c) interest on any 2026 Bond is in default as of the date of authentication thereof, in which event interest thereon will be payable from the date to which interest has been paid in full, payable on each Interest Payment Date.

Interest with respect to the 2026 Bonds will be computed on the basis of a 360-day year composed of 12 months of 30 days each.

Record Date. Under the Indenture, “**Record Date**” means, with respect to any Interest Payment Date, the 15th calendar day of the month preceding such Interest Payment Date, whether or not such day is a Business Day.

Payments of Principal and Interest. Interest is payable on each Interest Payment Date to the persons in whose names the ownership of the 2026 Bonds is registered on the Registration Books at the close of business on the immediately preceding Record Date, except as provided below. Interest on any 2026 Bond which is not punctually paid or duly provided for on any Interest Payment Date is payable to the person in whose name the ownership of such 2026 Bond is

registered on the Registration Books at the close of business on a special record date for the payment of such defaulted interest to be fixed by the Trustee, notice of which is given to such Owner by first-class mail not less than 10 days prior to such special record date.

The Trustee will pay interest on the 2026 Bonds by check of the Trustee mailed by first class mail, postage prepaid, on each Interest Payment Date to the Owners of the 2026 Bonds at their respective addresses shown on the Registration Books as of the close of business on the preceding Record Date. At the written request of the Owner of 2026 Bonds in an aggregate principal amount of at least \$1,000,000, which written request is on file with the Trustee as of any Record Date, the Trustee will pay interest on such 2026 Bonds on each succeeding Interest Payment Date by wire transfer in immediately available funds to such account of a financial institution within the United States of America as specified in such written request, which will remain in effect until rescinded in writing by the Owner.

The Trustee will pay principal of the 2026 Bonds (including the principal amount of any Term Bonds that is subject to mandatory sinking fund redemption) in lawful money of the United States of America by check of the Trustee upon presentation and surrender thereof at the Office of the Trustee.

While the 2026 Bonds are subject to the book-entry system, the principal, interest and any redemption premium with respect to the 2026 Bonds will be paid by the Trustee to DTC for subsequent disbursement to beneficial owners of the 2026 Bonds. See “– Book-Entry Only System” below.

Redemption*

Optional Redemption. The 2026 Bonds maturing on or before May 1, 20__, are not subject to optional redemption prior to their stated maturity. The 2026 Bonds maturing on or after May 1, 20__, are subject to redemption, as a whole or in part at the election of the Authority among maturities on such basis as designated by the Authority and by lot within a maturity, at the option of the Authority, on _____ 1, 20__, and on any date thereafter, at a redemption price equal to 100% of the principal amount of 2026 Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

Special Mandatory Redemption From Insurance or Condemnation Proceeds. The 2026 Bonds are subject to redemption as a whole, or in part on a pro rata basis among maturities, on any date, from any Net Proceeds required to be used for such purpose as provided in the Indenture, at a redemption price equal to 100% of the principal amount thereof plus interest accrued thereon to the date fixed for redemption, without premium.

Mandatory Sinking Fund Redemption. The Term Bonds are subject to mandatory redemption in whole, or in part by lot, from sinking fund payments made under the Indenture, at a redemption price equal to the principal amount thereof to be redeemed, without premium, plus accrued interest to the date of redemption, in the aggregate respective principal amounts and on May 1 in the years as set forth in the following tables:

* Preliminary; subject to change.

Term Bonds Maturing May 1, 20

Sinking Fund Redemption Date (<u>May 1</u>)	Principal Amount <u>To Be Redeemed</u>
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Term Bonds Maturing May 1, 20

Sinking Fund Redemption Date (<u>May 1</u>)	Principal Amount <u>To Be Redeemed</u>
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However, if some but not all of the Term Bonds have been redeemed through an optional redemption or special mandatory redemption from insurance or condemnation proceeds, the total amount of all future sinking fund payments will be reduced by the aggregate principal amount of the Term Bonds so redeemed, to be allocated among such sinking fund payments on a pro rata basis as determined by the Authority, which shall notify the Trustee in writing of such determination.

Selection of Bonds for Redemption. Whenever provision is made in the Indenture for the redemption of less than all of the 2026 Bonds of a single maturity, the Trustee will select the 2026 Bonds of that maturity to be redeemed by lot in any manner which the Trustee in its sole discretion deems appropriate. For purposes of such selection, the Trustee will treat each 2026 Bond as consisting of separate \$5,000 portions and each such portion will be subject to redemption as if such portion were a separate 2026 Bond.

Whenever less than all of the outstanding 2026 Bonds of more than one series are called for redemption at any one time, the Trustee will select the outstanding 2026 Bonds or portions thereof to be redeemed as directed by the Authority.

Notice of Redemption. The Trustee will mail notice of redemption of the 2026 Bonds by first class mail, postage prepaid, not less than 20 nor more than 60 days before any redemption date, to the respective Owners of any 2026 Bonds designated for redemption at their addresses appearing on the Registration Books and to one or more Securities Depositories and to the Municipal Securities Rulemaking Board.

Neither the failure to receive any notice nor any defect therein will affect the sufficiency of the proceedings for such redemption or the cessation of accrual of interest from and after the redemption date.

Conditional Redemption Notices; Rescission of Redemption. Redemption notices may be conditional. The Authority has the right to rescind any notice of optional redemption of the 2026 Bonds by written notice to the Trustee on or prior to the date fixed for redemption.

Any notice of redemption shall be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the 2026 Bonds then called for redemption, and such cancellation will not constitute an Event of Default under the Indenture.

The Authority and the Trustee have no liability to the Owners of the 2026 Bonds or any other party related to or arising from such rescission of redemption. The Trustee will mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent under the Indenture.

Partial Redemption of 2026 Bonds. Upon surrender of any 2026 Bonds redeemed in part only, the Authority will execute and the Trustee will authenticate and deliver to the Owner thereof, at the expense of the Authority, a new 2026 Bond or 2026 Bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of the 2026 Bonds surrendered.

Effect of Redemption. If notice of redemption has been duly given as provided in the Indenture, and moneys for payment of the redemption price of, together with interest accrued to the date fixed for redemption on, including any applicable premium, the 2026 Bonds (or portions thereof) so called for redemption being held by the Trustee, on the redemption date designated in such notice, the 2026 Bonds (or portions thereof) so called for redemption will become due and payable, interest on the 2026 Bonds so called for redemption will cease to accrue, said 2026 Bonds (or portions thereof) will cease to be entitled to any benefit or security under the Indenture, and the Owners of said 2026 Bonds will have no rights in respect thereof except to receive payment of the redemption price thereof.

Book-Entry Only System

The 2026 Bonds will be issued as fully registered bonds in book-entry only form, registered in the name of Cede & Co. as nominee of DTC, and will be available to ultimate purchasers in the denomination of \$5,000 or any integral multiple of \$5,000, under the book-entry system maintained by DTC. While the 2026 Bonds are subject to the book-entry system, the principal, interest and any redemption premium with respect to a 2026 Bond will be paid by the Trustee to DTC, which in turn is obligated to remit such payment to its DTC Participants for subsequent disbursement to Beneficial Owners of the 2026 Bonds. Purchasers of the 2026 Bonds will not receive certificates representing their interests therein, which will be held at DTC.

See “APPENDIX F – DTC AND THE BOOK-ENTRY ONLY SYSTEM” for further information regarding DTC and the book-entry system.

Transfer, Registration and Exchange

The following provisions regarding the exchange and transfer of the 2026 Bonds apply only during any period in which the 2026 Bonds are not subject to DTC’s book-entry system. While the 2026 Bonds are subject to DTC’s book-entry system, their exchange and transfer will be effected through DTC and the Participants and will be subject to the procedures, rules and requirements established by DTC. See “APPENDIX F – DTC AND THE BOOK-ENTRY ONLY SYSTEM.”

Bond Register. The Trustee will keep or cause to be kept, at the Office of the Trustee, sufficient records for the registration and transfer of ownership of the 2026 Bonds, which will upon

reasonable notice as agreed to by the Trustee, be open to inspection during regular business hours by the Authority; and, upon presentation for such purpose, the Trustee will, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on such records, the ownership of the 2026 Bonds as provided in the Indenture.

Transfer of Bonds. Any 2026 Bond may, in accordance with its terms, be transferred, upon the Registration Books, by the person in whose name it is registered, in person or by a duly authorized attorney of such person, upon surrender of such 2026 Bond to the Trustee at its Office for cancellation, accompanied by delivery of a written instrument of transfer in a form acceptable to the Trustee, duly executed. The Trustee will require the Owner requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer.

Whenever any 2026 Bond is or 2026 Bonds are surrendered for transfer, the Authority will execute and the Trustee will authenticate and deliver to the transferee a new 2026 Bond or 2026 Bonds of like series, interest rate, maturity and aggregate principal amount. The Authority will pay the cost of printing 2026 Bonds and any services rendered or expenses incurred by the Trustee in connection with any transfer of 2026 Bonds.

Prior to any transfer of the 2026 Bonds outside the book-entry system (including, but not limited to, the initial transfer outside the book-entry system) the transferor will provide or cause to be provided to the Trustee all information necessary to allow the Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Internal Revenue Code Section 6045, as amended. The Trustee will conclusively rely on the information provided to it and have no responsibility to verify or ensure the accuracy of such information.

Exchange of Bonds. The 2026 Bonds may be exchanged at the Office of the Trustee for a like aggregate principal amount of 2026 Bonds of other authorized denominations and of the same series, interest rate and maturity. The Trustee will require the Owner requesting such exchange to pay any tax or other governmental charge required to be paid with respect to such exchange. The Authority will pay the cost of printing 2026 Bonds and any services rendered or expenses incurred by the Trustee in connection with any exchange of 2026 Bonds.

Limitations on Transfer and Exchange. The Trustee may refuse to transfer or exchange, under these provisions of the Indenture, any 2026 Bonds selected by the Trustee for redemption under the Indenture, or any 2026 Bonds during the period established by the Trustee for the selection of 2026 Bonds for redemption.

DEBT SERVICE SCHEDULE

The table below shows scheduled annual debt service payments on the 2026 Bonds, assuming no optional redemption or special mandatory redemption from insurance or condemnation proceeds before maturity, which are equal to scheduled Lease Payments.

Year Ending May 1	2026 Bonds Principal	2026 Bonds Interest	Total Debt Service
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
2050			
2051			
2052			
2053			
2054			
2055			
2056			
Total:			

SECURITY FOR THE BONDS

The principal of and interest on the Bonds are not a debt of the Authority or the City, nor a legal or equitable pledge, charge, lien or encumbrance, upon any of their respective property, or upon any of their income, receipts, or revenues except the Revenues and other amounts pledged under the Indenture.

This section provides summaries of the security for the Bonds and certain provisions of the Indenture, the Lease Agreement and the Site Lease. See APPENDIX B for a more complete summary of the Indenture, the Lease Agreement and the Site Lease. Capitalized terms used but not defined in this section have the meanings given in APPENDIX B.

Revenues; Pledge of Revenues

Pledge of Revenues and Other Amounts. Subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein, all of the Revenues and all amounts held in any fund or account established under the Indenture (except the Project Fund, the Costs of Issuance Fund and such other funds and accounts specified in a Supplemental Indenture) are pledged to secure the payment of the principal (including the principal amount of any Term Bonds that is subject to mandatory sinking fund redemption) of and interest and premium (if any) on the Bonds in accordance with their terms and the provisions of the Indenture.

This pledge constitutes a lien on and security interest in the Revenues and such amounts and will attach, be perfected and be valid and binding from and after the Closing Date, without the need for any physical delivery thereof or further act.

Definition of Revenues. “Revenues” are defined in the Indenture as follows:

(a) all amounts received by the Authority or the Trustee under or with respect to the Lease Agreement, including, without limiting the generality of the foregoing, all of the Lease Payments (including both timely and delinquent payments and any late charges` paid from any source), but excluding any Additional Rental Payments (consisting of certain administrative costs due to the Authority and the Trustee under the Lease Agreement), and

(b) all interest, profits or other income derived from the investment of amounts in any fund or account established under the Indenture.

Assignment to Trustee. Under the Assignment Agreement, the Authority has transferred to the Trustee all of the rights of the Authority in the Lease Agreement (other than the rights of the Authority under the provisions of the Lease Agreement regarding Additional Rental Payments, advances, release and indemnification covenants, and agreement to pay attorneys’ fees).

The Trustee is entitled to collect and receive all of the Revenues, and any Revenues collected or received by the Authority will be deemed to be held, and to have been collected or received, by the Authority as the agent of the Trustee and will forthwith be paid by the Authority to the Trustee.

The Trustee is also entitled to and required to, subject to the provisions of the Indenture regarding rights of the Trustee, take all steps, actions and proceedings which the Trustee

determines to be reasonably necessary in its judgment to enforce, either jointly with the Authority or separately, all of the rights of the Authority and all of the obligations of the City under the Lease Agreement.

Allocation of Revenues by Trustee; Application of Funds

Deposit of Revenues in Bond Fund. All Revenues will be promptly deposited by the Trustee upon receipt thereof in a special fund designated as the “**Bond Fund**” which the Trustee will establish, maintain and hold in trust; except that all moneys received by the Trustee and required under the Indenture or under the Lease Agreement to be deposited in the Redemption Fund or the Insurance and Condemnation Fund will be promptly deposited in such funds.

All Revenues deposited with the Trustee will be held, disbursed, allocated and applied by the Trustee only as provided in the Indenture.

Any surplus remaining in the Bond Fund, after payment in full of the principal (including the principal amount of any Term Bonds that is subject to mandatory sinking fund redemption) of and interest on the Bonds or provision is made therefor under the Indenture, and any applicable fees and expenses to the Trustee, will be withdrawn by the Trustee and remitted to the City.

Allocation of Revenues. On or before each Interest Payment Date, the Trustee will transfer from the Bond Fund and deposit into the following respective accounts (each of which the Trustee will establish and maintain within the Bond Fund), the following amounts in the following order of priority:

(a) Deposit to Interest Account. The Trustee will deposit in the Interest Account an amount required to cause the aggregate amount on deposit in the Interest Account to be at least equal to the amount of interest becoming due and payable on such Interest Payment Date on all Bonds then Outstanding.

(b) Deposit to Principal Account. The Trustee will deposit in the Principal Account an amount required to cause the aggregate amount on deposit in the Principal Account to equal the principal (including the principal amount of any Term Bonds that is subject to mandatory sinking fund redemption) amount of the Bonds coming due and payable on such Interest Payment Date.

Lease Payments; Covenant to Appropriate

Obligation to Pay. Under the Lease Agreement, subject to the provisions of the Lease Agreement regarding abatement and prepayment, the City agrees to pay to the Authority, its successors and assigns, the Lease Payments in the amounts specified in the Lease Agreement, to be due and payable in immediately available funds on the Interest Payment Date immediately following each Lease Payment Date specified in the Lease Agreement (as it may be amended in connection with the issuance of Additional Bonds), and to be deposited by the City with the Trustee on the Lease Payment Dates specified in the Lease Agreement (as it may be amended in connection with the issuance of Additional Bonds).

Any amount held in the Bond Fund, the Interest Account and the Principal Account on any Lease Payment Date (other than amounts resulting from the prepayment of the Lease Payments in part but not in whole under the Lease Agreement, and amounts required for payment of past due principal or interest on any Bonds not presented for payment) will be credited towards the

Lease Payment then required to be paid under the Lease Agreement. The City is not required to deposit any Lease Payment with the Trustee on any Lease Payment Date if the amounts then held in the Bond Fund, the Interest Account and the Principal Account are at least equal to the Lease Payment then required to be deposited with the Trustee under the Lease Agreement.

The Lease Payments payable in any Rental Period are for the use of the Leased Property during that Rental Period.

Fair Rental Value. The aggregate amount of the Lease Payments and Additional Rental Payments coming due and payable during each Rental Period constitute the total rental for the Leased Property for such Rental Period, and are payable by the City in each Rental Period for and in consideration of the right of the use and occupancy of, and the continued quiet use and enjoyment of, the Leased Property during each Rental Period.

The City and the Authority have agreed and determined that the total Lease Payments represent the fair rental value of the Leased Property. In making that determination, consideration has been given to the estimated value of the Leased Property, other obligations of the City and the Authority under the Lease Agreement, the uses and purposes which may be served by the Leased Property and the benefits therefrom which will accrue to the City and the general public.

Source of Payments; Covenant to Budget and Appropriate. Under the Lease Agreement, the Lease Payments are payable from any source of available funds of the City, subject to the provisions of the Lease Agreement regarding abatement. See “ – Abatement” below.

The City covenants in the Lease Agreement to take all actions required to include the Lease Payments in each of its budgets during the Term of the Lease Agreement and to make the necessary appropriations for all Lease Payments and Additional Rental Payments. This covenant of the City constitutes a duty imposed by law and each and every public official of the City is required to take all actions required by law in the performance of the official duty of such officials to enable the City to carry out and perform the covenants and agreements agreed to be carried out and performed by the City under the Lease Agreement.

Limited Obligation

THE OBLIGATION OF THE CITY TO MAKE THE LEASE PAYMENTS DOES NOT CONSTITUTE A DEBT OF THE CITY, THE AUTHORITY OR THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMIT OR RESTRICTION, AND DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION.

Abatement

Termination or Abatement Due to Eminent Domain. Under the Lease Agreement, if the Leased Property is taken permanently under the power of eminent domain or sold to a government threatening to exercise the power of eminent domain, the Term of the Lease Agreement thereupon ceases as of the day possession is taken. If less than all of the Leased Property is taken permanently, or if the Leased Property is taken temporarily, under the power of eminent domain, then:

(a) the Lease Agreement will continue in full force and effect with respect thereto and does not terminate by virtue of such taking, and the City and Authority waive the benefit of any law to the contrary; and

(b) the Lease Payments are subject to abatement in an amount determined by the City such that the resulting Lease Payments represent fair consideration for the use and occupancy of the remaining usable portions of the Leased Property.

Abatement Due to Damage or Destruction. Under the Lease Agreement, the Lease Payments are subject to abatement during any period in which by reason of damage or destruction (other than by eminent domain as described above) there is substantial interference with the use and occupancy by the City of the Leased Property or any portion thereof.

The Lease Payments are subject to abatement in an amount determined by the City such that the resulting Lease Payments represent fair consideration for the use and occupancy of the remaining usable portions of the Leased Property not damaged or destroyed. Such abatement will continue for the period commencing with such damage or destruction and ending with the substantial completion of the work of repair or reconstruction.

In the event of any such damage or destruction, the Lease Agreement continues in full force and effect and the City waives any right to terminate the Lease Agreement by virtue of any such damage and destruction.

Notwithstanding the foregoing, there will be no abatement of Lease Payments under the Lease Agreement to the extent that the proceeds of hazard insurance or rental interruption insurance are available to pay Lease Payments that would otherwise be abated under the Lease Agreement, it being declared that such proceeds and amounts constitute a special fund for the payment of the Lease Payments.

Abatement Due to Non-Completion of the Project. The Leased Property initially consists of the Project Site and related improvements and the Civic Center Complex. During the term of the Lease Agreement, the City will construct the Public Safety Building on the Project Site and demolish the existing Police and Fire Administration Building on the Project Site.

The City has determined under the City Resolution that the City will have substantial use and occupancy of the Leased Property during construction of the Public Safety Building and demolition of the existing Police and Fire Administration building. In addition, the City expects the Civic Center Complex to be components of the Leased Property until the Public Safety Building is completed. Consequently, the City does not expect the Lease Payments to be abated pursuant to this provision of the Lease.

Additional Bonds

Under the Indenture, the Authority may, by Supplemental Indenture, establish one or more other issues of Additional Bonds secured by a pledge of and payable from Revenues on a parity with the 2026 Bonds, and may issue and deliver such Additional Bonds in such principal amount as shall be determined by the Authority, but only upon compliance by the Authority with the provisions of the Indenture, and subject to the following specific conditions which are conditions precedent to the issuance of such Additional Bonds:

(a) Such Additional Bonds must be authorized to finance capital improvements for the City, or to refund bonds previously issued to finance such capital improvements, and the issuance thereof must be determined and declared by the Authority, in a Supplemental Indenture, to be necessary for that purpose.

(b) The Authority and the City must be in compliance with all covenants and undertakings set forth in the Indenture and in the Lease Agreement and the Site Lease.

(c) The aggregate principal amount of Bonds issued and at any time Outstanding under the Indenture may not exceed any limit imposed by law, by the Indenture or by any Supplemental Indenture.

(d) Such Additional Bonds must be equally and ratably secured by the Revenues with the 2026 Bonds authorized under the Indenture.

(e) The Authority must enter into an amendment to the Lease Agreement, in and by which the City obligates itself in the manner provided in the Lease Agreement to make Lease Payments for the lease of the Leased Property at the times and in the amounts sufficient to provide for the payment of the principal (including the principal amount of any Term Bonds that is subject to mandatory sinking fund redemption) of and interest on such Additional Bonds as such principal (including the principal amount of any Term Bonds that is subject to mandatory sinking fund redemption) and interest become due and to make all other payments in the manner provided in the Lease Agreement, and the City must certify in writing that such Lease Payments, as amended, in any Rental Period will not exceed the fair rental value of the Leased Property.

(f) If necessary to ensure that the Lease Payments payable after the issuance of Additional Bonds do not exceed the fair rental value of the Leased Property in any Rental Period, the Authority and the City must amend the Lease Agreement pursuant to the terms thereof to add additional property to the Leased Property.

(g) If the Additional Bonds are being issued to finance the construction of a to-be-built project, and such project is to be part of the Leased Property prior to its completion, the Supplemental Indenture authorizing the issuance of such Additional Bonds must require the deposit into a separate account (the “**Capitalized Interest Account**”) in the Interest Account, or a subaccount therein, an amount sufficient to pay interest on such Additional Bonds through a date which is not less than six months after the anticipated completion date of the project, but only if such Additional Bonds are issued prior to the substantial completion of such project and only if the City is unable to make a finding that the fair rental value of the Leased Property prior to the completion of the project is equal to or greater than the aggregate amount of the Lease Payments and Additional Rental Payments coming due and payable during each Rental Period.

See APPENDIX B for a summary of the proceedings required for the issuance of Additional Bonds under the Indenture.

No Reserve Fund

No debt service reserve fund has been established with respect to the 2026 Bonds. See “BOND OWNERS’ RISKS – No Debt Service Reserve Fund.”

Property Insurance

Liability and Property Damage Insurance. Under the Lease Agreement, the City is required to maintain or cause to be maintained throughout the Term of the Lease Agreement, but only if and to the extent available from reputable insurers at reasonable cost in the reasonable opinion of the City, a standard commercial general liability insurance policy or policies in protection of the Authority, the City, and their respective members, officers, agents, employees and assigns. Said policy or policies must provide for indemnification of said parties against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the operation of the Leased Property.

Such policy or policies must provide coverage in such liability limits and be subject to such deductibles as the City deems adequate and prudent. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City, and may be maintained in whole or in part in the form of self-insurance by the City, subject to the provisions of the Lease Agreement, or in the form of the participation by the City in a joint powers agency or other program providing pooled insurance.

The proceeds of such liability insurance must be applied toward extinguishment or satisfaction of the liability with respect to which such proceeds were paid.

Property Insurance. Under the Lease Agreement, the City is required to procure and maintain, or cause to be procured and maintained, throughout the Term of the Lease Agreement, property insurance against loss or damage to all buildings situated on the Leased Property, in an amount at least equal to the lesser of (a) 100% of the aggregate of the replacement value of each insured improvement considered separately, or (b) 100% of the aggregate principal amount of the Outstanding Bonds.

Such insurance must, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance, and must include earthquake insurance if available at commercially reasonable cost from reputable insurers in the judgment of the City.

Such insurance may be subject to such deductibles as the City deems adequate and prudent. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City, and may be maintained in whole or in part in the form of the participation by the City in a joint powers agency or other program providing pooled insurance; provided that such insurance may not be maintained by the City in the form of self-insurance. The Net Proceeds of such insurance must be applied as provided in the Lease Agreement and described below.

Rental Interruption Insurance. Under the Lease Agreement, the City is required to procure and maintain, or cause to be procured and maintained, throughout the Term of the Lease Agreement, rental interruption or use and occupancy insurance to cover loss, total or partial, of the use of any portion of the Leased Property constituting buildings or other improvements as a result of any of the hazards covered in the property insurance described above, in an amount at least equal to the maximum Lease Payments coming due and payable during any consecutive two Fiscal Years.

Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City, and may be maintained in whole or in part in the form of the

participation by the City in a joint powers agency or other program providing pooled insurance; provided that such insurance may not be maintained by the City in the form of self-insurance.

The Net Proceeds of such insurance, if any, must be paid to the Trustee and deposited in the Bond Fund, to be applied as a credit towards the payment of the Lease Payments allocable to the insured improvements as the same become due and payable.

Application of Net Proceeds. The Trustee, as assignee of the Authority under the Assignment Agreement, has the right to receive all Net Proceeds. As provided in the Indenture, the Trustee will deposit all Net Proceeds in the Insurance and Condemnation Fund to be applied to the redemption of Bonds as set forth in the Indenture.

Remedies on Default

Under the Lease Agreement, upon the occurrence and continuance of any Event of Default, the Authority may exercise the remedies set forth in the Lease Agreement, which include (a) enforcement of the Lease Payments without termination of the Lease Agreement, (b) termination of the Lease Agreement and re-leasing the Leased Property, and (c) taking whatever action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due under the Lease Agreement or to enforce any other of its rights under the Lease Agreement. Under the Assignment Agreement, such remedies will be exercised by the Trustee and the Bond Owners as provided in the Indenture. Neither the Authority nor the Trustee may accelerate the Lease Payments or otherwise declare any Lease Payments not then in default to be immediately due and payable. See APPENDIX B.

CITY FINANCIAL INFORMATION

General

The City was incorporated on November 7, 1902. The City Charter was originally approved by voters in 1952 and requires the City to operate under a Council-Manager form of government. Seven Councilmembers are elected at large for four-year terms that are staggered, so three or four seats are filled at the general municipal election in November of every even-numbered year. Continuous service on the City Council is limited to two consecutive terms. Each year, in January, Council elects one of its members as Mayor and another as Vice Mayor.

With a population of approximately 86,535 and occupying just over 12.2 square miles, the City is situated in Silicon Valley, about 36 miles southeast of the City of San Francisco and 15 miles northwest of the City of San Jose.

The City provides the following full range of municipal services, including:

- General government (city management, legal, human resources, information technology, and financial activities);
- Public safety (police and fire services);
- Public works (engineering, design, and utility maintenance);
- Community development (land use, development review, inspections, and affordable housing); and
- Culture and recreation (library, parks, recreation, performing arts, and golf course).

The City also provides water, wastewater, and solid waste utility enterprise activities.

Certain demographic information concerning the City is included in APPENDIX A.

Management

Kimbra McCarthy, City Manager. Kimbra McCarthy began her tenure as City Manager in March 2020, reporting directly to the City Council and leading an organization of more than 700 employees.

Prior to her appointment as City Manager, Kimbra worked for the City of Redwood City from 2016 to 2020, where she served as the Assistant City Manager, leading the administrative services department and working on citywide policy initiatives. Kimbra returned to Mountain View after serving as its Deputy City Manager from 2014 to 2016. Kimbra also held leadership roles at the County of Santa Barbara in the County Executive Office and the District Attorney's Office. Prior to entering government service, Kimbra worked in the legal field.

Kimbra has a Juris Doctorate from Washburn University School of Law, a Masters of Law in European Law from the University of Limerick, Ireland, and a Bachelor of Arts in Political Science from Washburn University. Kimbra is a member of the Next Gen Silicon Valley committee, helping to develop the next generation of public sector leaders, and has served as President of the Santa Clara County City Managers Association.

Jennifer Logue, City Attorney. Jennifer Logue began her tenure as City Attorney in April 2022, reporting directly to the City Council and leading a team of five attorneys who provide legal

advice, support and representation to all City officials, departments, and employees and two code enforcement officers responsible for enforcing City Code provisions.

Prior to her appointment as City Attorney for the City, Jennifer served as the supervising attorney in the General Government & Finance Unit of the Oakland City Attorney's Office where she led a team of four senior attorneys who advised on legal issues in a wide variety of practice areas including municipal finance, public contracting, public works, community services, elections, and information technology. Jennifer also served as chief counsel to the Oakland Police and Fire Retirement System. Jennifer has over 10 years of experience litigating in state and federal trial courts and courts of appeal on behalf of public entities and served as a staff attorney to United States Court of Appeals for the Ninth Circuit from 2001-2006.

Jennifer received her J.D. from Georgetown University Law Center and is licensed to practice law in California, Maryland, and the District of Columbia. Jennifer received a B.A. in Psychology from Whittier College, in Whittier, California.

Arn Andrews, Assistant City Manager. Arn Andrews began his tenure as Assistant City Manager in February 2023, reporting directly to the City Manager with oversight of the Information Technology, Human Resources, and Finance and Administrative Services Departments.

Prior to his appointment, Arn served as the Assistant Town Manager for the Town of Los Gatos (2017-2023) and multiple financial roles for the City of San Jose (2007-2017) including Assistant Finance Director and Chief Investment Officer. Arn began his career in the private sector as a professional equity options trader. During that time he held floor memberships and positions on the American Stock Exchange, Chicago Board Options Exchange, Philadelphia Stock Exchange and the New York Options Exchange NYSE (1987-2003).

Arn earned a Bachelor of Arts degree in business administration from Adelphi University of Garden City, New York and a Masters in Public Administration from New Mexico State University. In addition, Arn is currently an At Large Board member for Cal-ICMA.

Derek Rampone, Finance and Administrative Services Director. Derek Rampone began his tenure as the Finance and Administrative Services Director in January 2023, reporting directly to the Assistant City Manager.

Prior to his appointment, Derek held the roles of Assistant Director of Administrative Services and Financial Services Manager for the City of Redwood City from 2016 to 2023. Derek began his career in the private sector as Audit Manager, Senior Accountant, and Staff Accountant, for Moss, Levy & Hartzheim, LLP (2000-2016). Between public and private sector experience Derek has over 26 years of accounting and finance experience, including extensive experience auditing California municipalities and leading the finance and administrative services departments of two Bay Area cities.

Derek holds a Bachelor of Arts in Business Economics with an emphasis in Accounting, University of California at Santa Barbara. In addition, Derek is currently the Chair of the Peninsula Chapter of the California Society of Municipal Finance Officers.

Budget Process

The City Council is required by the City Charter to adopt a budget by June 30 to be in effect for the ensuing Fiscal Year, which begins July 1. Budgets are approved at the fund and

department level (legal level of control) and may not be exceeded without City Council approval. Transfers and adjustments between funds, departments or capital projects must be submitted to the City Council for approval. The City Charter requires approval by five votes of the seven-member City Council to amend the budget.

In accordance with the City's Financial and Budgetary Policy, the adopted City budget serves as the annual financial plan for the City. This financial plan includes the goals and objectives set by the City Council and the level of services determined by the City Council. A structurally balanced General Fund budget is adopted annually, whereby recurring operating expenditures may not exceed recurring operating revenues. A mid-year budget status report is presented to the City Council annually. The recommended budget is prepared by City staff and submitted to the City Council prior to the budget hearing each Fiscal Year. The Finance and Administrative Services Director has authority to make minor corrections in compiling the adopted Budget. The City Manager or their designee has discretion for budget adjustments within a fund and a department's operating budget. All budget adjustments between funds or departments must be submitted to the City Council for approval.

The City's Fiscal Year runs from July 1 to June 30. The proposed Fiscal Year 2026-27 budget is scheduled to be released on May 29, 2026. A public hearing is anticipated to be held on or about June 9, 2026, where the City Council will review and consider the proposed operating budget prepared by City staff. It is anticipated that the City Council will review and adopt the budget on or about June 23, 2026.

General Fund Budgets

General. The following table provides the adopted Fiscal Year 2024-25 General Fund budget comparisons, plus the adopted General Fund budget for Fiscal Year 2025-26. See "– General Fund Budget Summary" for a further discussion of the budget variances and actual results shown in the following table.

Table 1
General Fund
Fiscal Year 2024-25 Budget Comparison
(\$000s)

	Adopted Budget 2024-25	Final Adjusted Budget 2024-25	Actual 2024-25	Variance with Final Adjusted Budget 2024-25	Adopted Budget 2025-26
Revenues					
Property taxes [1]	\$78,063	\$79,616	\$89,770	\$10,154	\$84,168
Sales taxes	24,478	21,487	21,177	(310)	22,843
Other taxes	23,676	24,948	29,435	4,487	40,114
Licenses, permits and fees	10,600	10,600	10,840	240	11,687
Fines and forfeitures	457	457	746	289	457
Use of money and property	33,148	33,148	54,964	21,816	35,716
Intergovernmental	727	1,104	1,414	310	751
Charges for services	20,466	20,466	22,942	2,476	23,491
Developer fees and contributions	586	586	494	(92)	
Other	2,206	3,553	5,088	1,535	2,203
Total Revenues	194,407	195,965	236,870	40,905	221,430
Expenditures					
Current					
General Government					
City council	549	582	380	202	524
City clerk	1,511	1,512	1,333	179	1,414
City attorney	3,901	4,166	3,239	927	4,348
City manager	16,334	17,693	8,329	9,364	15,198
Human resources	5,948	8,190	7,194	996	5,957
Information technology	9,365	9,568	7,395	2,173	10,092
Finance and administrative services	13,890	14,182	12,493	1,689	15,860
Public Safety					
Fire	38,040	39,337	37,305	2,032	39,452
Police	55,187	55,924	52,688	3,236	58,092
Public Works					
Community Development	27,750	29,945	23,466	6,479	28,677
Community Development					
Community Development	15,985	16,237	12,638	3,599	19,470
Housing	735	771	741	30	537
Culture and Recreation					
Community Services	25,219	25,755	23,155	2,600	26,763
Library Services	8,564	9,052	7,888	1,164	8,822
Capital outlay	271	731	5,960	(5,229)	682
Debt Service					
Principal	--	--	1,433	(1,433)	--
Interest and fiscal charges	--	--	239	(239)	--
Total Expenditures	223,249	233,645	205,876	27,769	235,888
Revenues Over (Under) Expenditures	(28,842)	(37,680)	30,994	68,674	(14,458)
Other Financing Sources					
Transfers in	1,770	4,670	8,837	4,167	1,997
Transfers out [2]	(8,946)	(18,086)	(18,087)	(1)	(23,769)
Proceeds from long-term debt	--	--	5,407	5,407	135,000
Other Financing Sources (Uses) Total	(7,176)	(13,416)	(3,843)	9,573	113,228
Net Change in Fund Balance	(\$36,018)	(\$51,096)	\$27,151	\$78,247	\$98,770

[1] Budgeted amounts exclude anticipated ERAF revenues.

[2] Transfers out of \$18,087 in Fiscal Year 2024-25 primarily represent \$16,029 to the Capital Project Fund, \$617 to the Housing Fund, and \$1,441 to the Internal Service Fund. Transfers out of \$23,769 in the Fiscal Year 2025-26 budget primarily represent \$6,633 to the Capital Project Fund, \$2,468 to the Housing Fund, \$8,816 to Public Safety Debt, and \$5,745 to Land Use Document Fee Fund.

Source: City of Mountain View.

General Fund Budget Summary

Fiscal Year 2024-25 Actual Results. General Fund differences between the original Fiscal Year 2024-25 budget and the final amended budget resulted in an increase of approximately \$1.6 million in budgeted revenue and a \$10.4 million increase in expenditure appropriations. Increases in budgeted revenue consisted of \$1.6 million in property taxes, \$1.3 million in other revenues, \$1.3 million in other taxes (primarily Transient Occupancy Tax), and \$0.4 million in intergovernmental revenue (grants), partially offset by a decrease of \$3.0 million in sales taxes. Approximately \$8.2 million of the adjustment in expenditure appropriations is related to prior-year encumbrances that carry forward at the beginning of the Fiscal Year as specified in the City Charter. An additional \$1.8 million of appropriations was established for the payment of compensated absences. The balance of adjustments were made at midyear for various operational needs not anticipated at budget adoption and grants or reimbursements received during the Fiscal Year.

General Fund actual revenues were \$40.9 million or 20.9% higher than the final amended budget for the Fiscal Year. The positive variance is primarily due to the following revenues exceeding expectations:

- Investment and lease interest income—\$21.8 million higher (primarily due to noncash mark-to-market accounting adjustments for unrealized portfolio gains).
- Property tax revenues—\$10.2 million higher (driven largely by \$9.5 million in Excess Educational Revenue Augmentation Fund (“**Excess ERAF**”) property taxes).
- Other taxes—\$4.5 million higher (resulting from unbudgeted property transfer tax revenue of \$2.0 million and higher-than-expected utility user tax and transient occupancy tax revenues of \$1.1 million and \$0.9 million, respectively).
- Charges for services—\$2.5 million higher (primarily due to higher-than-expected administrative cost recovery related to capital projects of \$2.0 million).

The above increases were partially offset by decreases in Sales Taxes (\$0.3 million) and Developer Fees and Contributions (\$0.1 million).

Also contributing to the large variance is the City’s practice of analyzing and projecting revenues throughout the Fiscal Year but only adjusting the original revenue budgets of the City’s largest revenue sources when needed. In addition, the City does not generally budget for uncertain or one-time revenues, such as Excess ERAF and reimbursements, including adjusting the budget after receiving the revenue. Both of these practices can result in budgeted amounts that are much lower than actual amounts.

Actual expenditures for the General Fund were \$27.8 million lower than the final adjusted budget for the Fiscal Year. The variance is primarily attributable to continued salary and benefit savings resulting from vacant positions, as well as budgeted amounts for limited-period funding, one-time programs, and nondepartmental costs that were included in the final adjusted budget but were not fully expended during the Fiscal Year. As the City continues to accelerate recruitment for newly authorized recently vacated positions, actual salary and benefit expenditures are expected to more closely align with budgeted levels. Since vacancy savings are

not formally budgeted, but instead assumed as part of normal operations, these savings also contribute to the variance from budget.

As a result of higher-than-expected revenues and expenditure appropriations that were not fully expended, the General Fund realized a positive budget-to-actual variance of nearly \$78.2 million in Fiscal Year 2024-25, after including variances associated with transfers in/out.

Fiscal Year 2025-26 Adopted Budget. The City Council adopted the Fiscal Year 2025-26 Budget on June 24, 2025, which includes total General Fund revenues of \$221.4 million and total expenditures of \$235.9 million.

Adopted revenues for Fiscal Year 2025-26 are \$27.0 million, or 13.9%, higher than the Fiscal Year 2024-25 Adopted Budget. This increase is primarily attributable to a change in accounting treatment for conveyance tax revenues, which are now recorded within the General Fund rather than a separate Construction and Conveyance Tax Fund. This change, implemented in the latter part of Fiscal Year 2024-25, accounts for approximately \$14.5 million of the year-over-year increase. Property tax revenues are also projected to increase by \$6.1 million. Other revenue categories are generally budgeted to increase modestly, with the exception of sales tax and developer fees and contributions.

Adopted expenditures for Fiscal Year 2025-26 are \$12.6 million, or 5.7%, higher than the Fiscal Year 2024-25 Adopted Budget. The increase is primarily driven by personnel-related costs, reflecting the City's service-oriented operating model, in which a significant portion of General Fund expenditures is attributable to employee salaries and benefits required to deliver services.

A midyear budget status report was presented to the City Council on February 24, 2026, focusing primarily on the City's General Operating Fund (the "**GOF**"), the City's main operating fund. At that time, staff projected that the GOF would end Fiscal Year 2025-26 with an operating balance of approximately \$1.7 million.

On April 14, 2026, staff presented a Preliminary Review of the Fiscal Year 2026-27 Recommended Budget to the City Council, which included an updated projection for the Fiscal Year 2025-26 GOF. Based on this update, revenue estimates increased by approximately \$1.0 million, primarily due to higher-than-anticipated Transient Occupancy Taxes, Utility Users Tax, and miscellaneous reimbursements. These increases were partially offset by lower investment earnings and the reversal of an administrative overhead transfer from the Development Services Fund due to its lower fund balance.

In addition, a \$2.0 million transfer from the GOF to the Public Safety Building Reserve was incorporated into the updated projection, which was approved at the April 14, 2026 City Council meeting as a separate item. As a result, the projected GOF operating balance at June 30, 2026 is approximately \$1.5 million, compared to the \$1.7 million projected at midyear.

Long-Term Financial Planning

Long-term financial planning is a key component of the City's financial management practices and provides an outlook on the City's future financial condition by identifying potential long-term financial needs and structural imbalances. The City prepares an annual five-year financial forecast for its General Fund and, on a periodic basis, a Long-Range Financial Forecast that evaluates revenue and expenditure trends over a ten-year horizon.

As part of the Fiscal Year 2025-26 Adopted Budget, the City prepared a Five-Year Financial Forecast (the “**Forecast**”) covering Fiscal Years 2025-26 through 2029-30. The Forecast is intended to provide a framework for evaluating long-term financial trends, identifying potential fiscal challenges, and informing policy and budgetary decisions. While projections are subject to uncertainty due to the variability in key revenue sources and their sensitivity to regional, state, national, and global economic conditions, the Forecast provides a reasonable basis for assessing the City’s financial trajectory and supporting long-term fiscal sustainability.

The Forecast projects a modest positive operating balance for Fiscal Year 2025-26, followed by modest operating deficits in subsequent Fiscal Years. If realized, these projected imbalances may require future budgetary adjustments, including expenditure management, revenue enhancements, or the strategic use of available fund balance. The City maintains reserve policies intended to provide financial flexibility and to mitigate the effects of economic volatility. .

Following strong revenue performance in recent Fiscal Years, key City revenues have generally stabilized above pre-pandemic levels. However, current projections indicate a moderation in revenue growth in Fiscal Year 2025-26 and beyond. This outlook reflects ongoing uncertainty related to inflation, interest rates, national and state economic conditions and policies, and broader geopolitical factors. At the same time, expenditures are projected to grow at a faster pace than revenues, driven largely by increases in personnel and other operating costs. The City continues to monitor these trends and evaluate strategies to maintain long-term fiscal strength and stability.

Reserve Policies Summary

In accordance with the City’s Financial and Budgetary Policy, the City has established a number of reserves. The City Council has the authority to add or remove reserves as needed at their discretion. Reserves that affect the financial stability and credit worthiness of the City, such as the General Fund Reserve, will be maintained to the degree financial stability and credit worthiness are unaffected to the greatest extent possible. Existing City reserves in the General Fund include the following:

A five-year history of fund balance allocations in the General Fund is included in the balance sheet history shown below. See “– Financial Statements.”

General Fund Reserve. The General Fund Reserve is funded at a level between 20.0% and 25.0% of General Fund budgeted expenditures, net of budget savings, and is used: (1) for City Council-approved expenditures not appropriated during the annual budget process; (2) to cover unanticipated revenue shortfalls; (3) in situations of extreme physical or financial emergency (with the approval of the City Council); (4) to generate ongoing investment earnings; and (5) as a funding source for interfund loans and other loans or advances from the General Fund as approved by the City Council. Such loans and advances should accrue interest earnings for the General Fund and include principal repayment to the extent possible.

General Fund Budget Contingency Reserve. The General Fund Budget Contingency Reserve is used to provide one-time financial resources during uncertain economic conditions. This reserve may be used for such things as the transitioning of positions to be eliminated, the phasing out of certain expenditures, smoothing of employee benefit changes, or anticipated or unanticipated revenue declines, as approved by the City Council.

General Fund Transportation Reserve. The General Fund Transportation Reserve is used for the purpose of major priority transportation projects to mitigate traffic congestion, improve infrastructure, and meet the needs of the City, as authorized by the City Council.

General Fund Capital Improvement Reserve. The General Fund Capital Improvement Reserve, funded with a goal of a minimum balance of \$5,000,000, is used for the funding of unanticipated priority capital improvement projects authorized by the City Council. To the extent possible, General Fund carryovers remaining from the end of the Fiscal Year, not designated for other reserve purposes, may be applied to this Reserve.

General Fund Earned Lease Revenue Reserve. The General Fund Earned Lease Revenue Reserve is used to accumulate the rent from the ground lease of a portion of the City's Charleston East property to Google LLC ("**Google**"). Google prepaid \$30.0 million as rent for the initial approximately 52-year lease term. The intent is for this reserve to accumulate the rent, as it is earned, to fund one-time expenses of the City. See "– Other Taxes and Revenues – Significant Lease Arrangements" below.

General Fund Property Management Reserve. The General Fund Property Management Reserve is used to provide a source of funds for obligations which could arise from the City's leasing of property, including legal services, certain responsibilities identified in land leases, environmental testing, or other costs normally incurred by a lessor.

State Budget and Its Impact on the City

General. Information about the Fiscal Year 2025-26 adopted State budget and other State budgets is regularly available at various State-maintained websites. An impartial analysis of the budget is posted by the Legislative Analyst Office at www.lao.ca.gov. In addition, various State official statements, many of which contain a summary of the current and past State budgets, may be found at the website of the State Treasurer, www.treasurer.ca.gov. *The information referred to in this paragraph is prepared by the respective State agency maintaining each website and not by the City or the Underwriters, and the City and the Underwriters take no responsibility for the continued accuracy of the Internet addresses or for the accuracy or timeliness of information posted there, and such information is not incorporated in this Official Statement by these references.*

Future State Budgets. The City cannot predict what actions will be taken in future years by the State Legislature and the Governor to address a State budget deficit. Future State budgets will be affected by national and state economic conditions and other factors over which the City has no control. To the extent that the State budget process results in reduced revenues to the City, the City will be required to make adjustments to its budget.

Financial Statements

The City's audited financial statements are prepared in conformity with the principles and standards for financial reporting set forth by the Governmental Accounting Standards Board (GASB) and in compliance with Section 1106 of the City Charter. GASB Statement No. 34 provides guidelines to auditors, state and local governments and special purpose governments such as school districts and public utilities, on new requirements for financial reporting for all governmental agencies in the United States. Generally, the basic financial statements and required supplementary information should include (i) Management's Discussion and Analysis; (ii) financial statements prepared using the economic measurement focus and the accrual basis

of accounting; (iii) fund financial statements prepared using the current financial resources measurement focus and the modified accrual method of accounting; and (iv) required supplementary information.

The government-wide, proprietary fund, and fiduciary fund financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues, except sales taxes, reported in the governmental funds to be available if the revenues are collected within sixty days after Fiscal Year end. A ninety-day availability period is used for sales taxes in order to include the State of California final distribution of sales taxes revenue for the Fiscal Year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, landfill containment costs and compensated absences, which are recognized as expenditures to the extent they have matured and are due and payable at year end. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from long-term debt issuance and leases financing are reported as other financing sources.

Non-exchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. On the accrual basis, revenues from property taxes are recognized in the Fiscal Year for which the taxes are levied. Revenues from grants, entitlements and donations are recognized in the Fiscal Year in which all eligibility requirements have been satisfied.

Those revenues susceptible to accrual are property taxes, sales taxes, certain intergovernmental revenues, transient occupancy taxes, utility user taxes, earned grant entitlements, special assessments due within the current Fiscal Year and investment revenue. All other revenue items are considered to be measurable and available only when cash is received.

The City's most recent audited financial statements are included in the Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2025, which is attached as APPENDIX C to this Official Statement. The financial statements were prepared by the City and audited by Badawi & Associates, CPAs, Berkeley, California (the "**Auditor**").

The Financial Statements should be read in their entirety. The City has neither requested nor obtained permission from the Auditor to include the audited financial statements as an appendix to this Official Statement. Accordingly, the Auditor has not performed any post-audit review of the financial condition or operations of the City or General Fund. In addition, the Auditor has not reviewed this Official Statement.

Set forth on the following pages are (i) a general fund balance sheet for Fiscal Years 2020-21 through 2024-25 and (ii) a statement of revenues, expenditures and changes in fund balances for the City's general fund for the same period.

Table 2
General Fund Balance Sheet
(\$000s)

	Audited 2020-21	Audited 2021-22	Audited 2022-23	Audited 2023-24	Audited 2024-25
Assets:					
Cash and investments	\$191,169	\$215,187	\$228,016	\$218,368	\$229,039
Restricted cash and investments					195
Receivables:					
Accounts	2,772	1,272	1,477	2,338	2,179
Taxes	4,267	5,435	6,903	6,808	7,222
Interest	928	1,054	1,485	1,425	1,791
Loans and notes	2,033	2,377	2,377	2,033	2,033
Leases [1]	--	794,487	777,815	768,060	740,875
Due from other funds	--	292	--	--	757
Inventory	748	767	667	642	3,777
Deposits and prepaid items	3,544	3,068	4,293	4,384	7,222
Total assets	205,461	1,023,939	1,023,033	1,004,058	987,868
Liabilities:					
Accounts payable	11,092	11,592	9,180	17,085	16,094
Refundable deposits	5,882	5,154	6,035	5,095	6,635
Unearned revenue	28,469	28,542	25,124	24,502	2,102
Advances from other funds	--	--	--	--	
Total liabilities	45,443	45,288	40,339	46,682	24,831
Deferred inflows of resources:					
Deferred inflows - leases	--	781,366	746,114	718,722	697,232
Fund Balance:					
Nonspendable	4,292	835	1,960	7,059	6,567
Restricted	437	436	445	442	449
Committed	83,453	96,704	100,554	92,519	91,754
Assigned	4,044	5,920	6,479	5,293	4,899
Unassigned	67,792	93,390	127,142	133,341	162,136
Total fund balance	160,018	197,285	236,580	238,654	265,805
Total liabilities, deferred inflows of resources and fund balance	\$205,461	\$1,023,939	\$1,023,033	\$1,004,058	\$987,868

[1] The implementation of GASB 87 in FY2021-22 fundamentally changed lease accounting by requiring lessees to recognize lease liabilities and right-of-use assets, while lessors had to record lease receivables and deferred inflows of resources. As a result, the City, as a lessor of many properties, recorded a large amount of leased receivables and deferred inflows on the balance sheet.

Source: City of Mountain View Annual Comprehensive Financial Reports.

Table 3
Statement of General Fund Revenues, Expenditures
and Changes in Fund Balance
(\$000s)

	Audited 2020-21	Audited 2021-22	Audited 2022-23	Audited 2023-24	Audited 2024-25
<u>Revenues:</u>					
Property taxes	\$66,625	\$72,256	\$79,030	\$81,121	\$89,770
Sales Tax	18,284	23,456	25,394	24,492	21,177
Other Tax	13,717	19,431	25,189	21,205	29,435
Licenses, permits and fees	12,515	11,867	11,545	10,784	10,840
Fines and forfeitures	312	316	506	506	746
Use of money and property	21,615	37,672	47,528	51,441	54,964
Intergovernmental	1,832	8,072	10,918	1,425	1,414
Charges for service	22,847	26,520	26,362	22,886	22,942
Developer fees and contributions	1,378	1,223	1,080	529	494
Other	6,478	12,419	6,442	6,699	5,088
Total revenues	<u>165,603</u>	<u>213,232</u>	<u>233,994</u>	<u>221,088</u>	<u>236,870</u>
<u>Expenditures:</u>					
Current:					
General government	29,475	32,181	32,834	39,610	40,363
Public Safety	71,211	74,924	78,233	83,433	89,993
Public works	17,456	20,093	21,999	22,135	23,466
Community development	12,054	14,086	16,528	13,224	13,379
Culture and recreation	20,851	23,253	25,081	27,711	31,043
Capital outlay	585	672	8,272	1,787	5,960
Debt service:					
Principal	--	--	604	944	1,433
Interest and fiscal charges	--	--	17	124	239
Total expenditures	<u>151,632</u>	<u>165,209</u>	<u>183,568</u>	<u>188,968</u>	<u>205,876</u>
Excess of revenues over (under) expenditures	13,971	48,023	50,426	32,120	30,994
<u>Other financing sources (uses):</u>					
Lease and SBITA financing	--	--	4,790	--	5,407
Transfers in	3,776	2,415	3,994	6,051	8,837
Transfers out [1]	(9,741)	(10,966)	(19,915)	(36,571)	(18,087)
Proceeds from leases	--	--	--	474	--
Total other financing sources (uses)	<u>(5,965)</u>	<u>(8,551)</u>	<u>(11,131)</u>	<u>(30,046)</u>	<u>(3,843)</u>
Net change in fund balance	8,006	39,472	39,295	2,074	27,151
Fund balance - July 1	<u>152,012</u>	<u>160,018</u>	<u>197,285</u>	<u>236,580</u>	<u>238,654</u>
Change in Accounting Principle	--	<u>(2,205)</u>	--	--	--
Adjusted Fund Balance	--	<u>157,813</u>	--	--	--
Fund balance - June 30	<u>\$160,018</u>	<u>\$197,285</u>	<u>\$236,580</u>	<u>\$238,654</u>	<u>\$265,805</u>

[1] Transfers out of \$18,087 include \$16,029 to the Capital Project Fund, \$617 to the Housing Fund, and \$1,441 to the Internal Service Fund.

Source: *City of Mountain View Annual Comprehensive Financial Reports.*

Major Revenues

General. Taxes and other sources of revenue received by the City are listed in the table below, which presents the major revenues of the City's General Fund for the last three audited Fiscal Years and the budgeted amounts for Fiscal Year 2025-26.

In Fiscal Year 2024-25, taxes comprised over 70% of the City's General Fund revenues; Property Tax and Sales Tax contributed approximately 46.8% of the total income for the General Fund (and 79% of the total taxes); Use of Money and Property, primarily derived from rents and leases was the City's second major revenue source, contributing 23.2% of the total income. Although the City cannot foresee all economic trends, the City annually completes a five-year forecast based upon historical collections, market trends and consumer demands. The City's revenues are diversified among Property Tax, Sales Tax, and other revenues. Sales Tax is the most responsive to the volatility changes of the economy, while Property Tax tends to lag by 18 to 24 months. This allows the City to adjust more gradually to changes such as an economic downturn.

Certain general taxes currently imposed by the City are affected by Proposition 218. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS – Article XIIC and Article XIID of the State Constitution."

Table 4
Major General Fund Revenues by Source
(\$000s)

	Audited 2022-23	Audited 2023-24	Audited 2024-25	% of 2024-25 Total	Adopted Budget 2025-26	% of 2025-26 Total
Property Taxes [1]	\$79,030	\$81,121	\$89,770	37.9%	\$84,168	38.0%
Sales and Use Taxes	25,394	24,492	21,177	8.9	22,843	10.3
Other Taxes	25,189	21,205	29,435	12.4	40,114	18.1
Licenses, permits and fees	11,545	10,784	10,840	4.6	11,687	5.3
Fines and forfeitures	506	506	746	0.3	457	0.2
Use of money and property [2]	47,528	51,441	54,964	23.2	35,716	16.1
Intergovernmental	10,918	1,425	1,414	0.6	751	0.4
Charges for services	26,362	22,886	22,942	9.7	23,491	10.6
Developer fees and contributions	1,080	529	494	0.2	-0-	-
Other	6,442	6,699	5,088	2.2	2,203	1.0
Total	\$233,994	\$221,088	\$236,870	100.0%	\$221,430	100.0%

[1] For adopted budget, Property Taxes exclude Excess ERAF revenue to prevent dependence on the revenues to fund ongoing expenditures.

[2] The use of money and property includes the amounts recorded in accordance with GASB pronouncements, as well as leasehold revenues. See "– Other Taxes and Revenues – Significant Lease Arrangements."

Source: *City of Mountain View Annual Comprehensive Financial Reports and City of Mountain View Fiscal Year 2025-26 Adopted Budget.*

Property Taxes

General. This section describes property tax levy and collection procedures and certain information regarding historical assessed values and major property taxpayers in the City.

Property taxes represent one of the largest source of revenues to the General Fund at approximately 37.9% in Fiscal Year 2024-25, up from 36.7% of total General Fund revenues in Fiscal Year 2023-24. Excluding Excess ERAF revenues, property taxes increased \$5.6 million, or 7.5%, from Fiscal Year 2023-24 to Fiscal Year 2024-25. Even though property tax revenue has experienced significant growth over the past five years, future growth is expected to slow from commercial properties. Property taxes were projected to grow 4.8% in Fiscal Year 2025-26, excluding Excess ERAF revenue. However, updated information from the Santa Clara County Assessor after the start of the current Fiscal Year indicates that total General Fund assessed value as of July 1, 2025 increased by a net 2.3% compared with July 1, 2024. Looking beyond the current Fiscal Year, the City's property tax consultant projects potential assessed value reductions of approximately \$1.8 billion related to pending appeals, which could result in an estimated \$2.7 million reduction in property tax revenues.

Property taxes have historically been the primary revenue source affected by voter initiatives and legislative actions. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS" and "BOND OWNERS' RISKS – Limitations on Taxes and Fees."

ERAF Shift Legislation. Certain property taxes have been shifted from local government agencies to schools by the State Legislature for deposit in the Education Revenue Augmentation Fund ("**ERAF**"), a shift that has resulted in diversion of City property taxes since Fiscal Year 1992-93.

Levy and Collection. Property taxes are levied for each Fiscal Year on taxable real and personal property as of the preceding January 1. For assessment and collection purposes, property is classified either as "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State-assessed public utilities property and real property the taxes on which are a lien sufficient, in the opinion of the County Assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll."

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of each Fiscal Year, and become delinquent on December 10 and April 10, respectively. A penalty of 10% attaches immediately to all delinquent payments. Property on the secured roll with respect to which taxes are delinquent become tax defaulted on or about June 30 of the Fiscal Year. Such property may thereafter be redeemed by payment of a penalty of 1.5% per month to the time of redemption, plus costs and a redemption fee. If taxes are unpaid for a period of five years or more, the property may be sold at public auction.

Property taxes on the unsecured roll are due as of the January 1 lien dates and become delinquent on August 31. A 10% penalty attaches to delinquent unsecured taxes. If unsecured taxes are unpaid at 5:00 p.m. on October 31, an additional penalty of 1.5% attaches to them on the first day of each month until paid. The County has four ways of collecting delinquent unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a judgment in the office of the County Clerk specifying certain facts in order to obtain a lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the County Recorder's office in

order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee.

Assessed Valuation. All property is assessed using full cash value as defined by Article XIII A of the State Constitution. State law provides exemptions from *ad valorem* property taxation for certain classes of property such as churches, colleges, non-profit hospitals, and charitable institutions. See “CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS.”

Future assessed valuation growth allowed under Article XIII A of the State Constitution (new construction, certain changes of ownership, lesser of the actual inflationary rate or 2% inflation) will be allocated on the basis of “situs” among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies and schools will share the growth of “base” revenues from the tax rate area. Each year’s growth allocation becomes part of each agency’s allocation in the following year.

Assessed Valuation History. The following table shows a ten-year history of the City’s assessed valuation by land use (excluding assessed valuation of the property within the Mountain View Shoreline Regional Park Community).

Table 5
Assessed Value of Taxable Property
Fiscal Years 2015-16 through 2025-26
(\$000s)

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Other Secured	Unsecured	Less: Tax-Exempt Property	Total Taxable Assessed Value
2015-16	\$12,448,818	\$3,243,376	\$2,089,728	\$537,799	\$1,685,212	\$(958,474)	\$19,046,459
2016-17	13,981,725	4,090,288	1,965,073	620,220	1,714,590	(1,052,644)	21,319,252
2017-18	15,549,458	4,645,266	2,151,776	584,204	2,198,299	(1,109,854)	24,019,149
2018-19	16,602,651	5,210,302	2,339,098	564,724	1,863,360	(1,086,166)	25,493,969
2019-20	18,283,904	5,495,343	2,453,199	737,817	2,077,906	(1,361,294)	27,686,875
2020-21	19,969,033	5,775,343	2,454,244	1,219,793	2,237,308	(1,570,528)	30,085,193
2021-22	21,210,275	6,105,423	2,645,325	1,230,073	2,178,923	(1,446,416)	31,923,603
2022-23	23,056,123	6,471,901	2,932,026	2,175,582	2,124,233	(1,605,025)	35,154,840
2023-24	24,502,584	6,900,906	3,191,012	2,323,820	2,301,364	(1,610,359)	37,609,327
2024-25	26,535,751	7,317,362	3,401,313	2,553,422	2,572,295	(1,942,994)	40,437,149
2025-26	27,815,902	7,085,034	3,569,966	2,489,256	2,516,556	(2,106,110)	41,370,604

Source: City of Mountain View, based on information provided by Santa Clara County Assessor.

Proposition 13 and Proposition 8 Property Value Adjustments. Proposition 13, adopted in 1978, established the base year value concept for property tax assessments. Under Proposition 13, the 1975-76 Fiscal Year serves as the original base year used in determining the assessment for real property. Thereafter, annual increases to the base year value are limited to

the inflation rate, as measured by the California Consumer Price Index, or 2%, whichever is less. A new base year value, however, is generally established whenever a property, or portion thereof, has had a change in ownership or has been newly constructed.

Proposition 8, enacted in 1978, allows for a temporary reduction in assessed value when a property suffers a “decline-in-value.” As of January 1st (lien date) each year, the Assessor must enroll either a property’s Proposition 13 value (adjusted annually for inflation by no more than 2%) or its current market value, whichever is less. When the current market value replaces the higher Proposition 13 value, the lower value is commonly referred to as a “Proposition 8 Value.” “Proposition 8 values” are temporary and, once enrolled, must be reviewed annually by the assessor until the Proposition 13 adjusted base year value is enrolled.

Major Property Taxpayers. The following table shows the principal property taxpayers in the City (excluding assessed valuation of the property within the Mountain View Shoreline Regional Park Community) as determined by their taxable assessed valuations in Fiscal Year 2025-26.

**Table 6
Top Ten Property Taxpayers
(\$000s)**

	Fiscal Year 2025-26	
<u>Taxpayer^[1]</u>	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value
Google LLC	\$ 3,516,024	8.5%
Orion V Sac Village Office Property LLC	684,991	1.7%
LinkedIn Corporation	551,800	1.3%
Intuit Inc	491,751	1.2%
San Antonio Apartments LLC	396,313	1.0%
LH Shoreline Apartments LP	331,758	0.8%
Samsung Electronics America Inc	317,358	0.8%
350 Ellis Street Owner LLC	314,000	0.8%
Marazzo Realty Holdings LLC	269,356	0.6%
Eagle Square Partners II	267,419	0.6%
Top Ten Total ^[2]	\$7,140,770	17.3%

[1] Ranking based on assessed valuation.

[2] Fiscal Year 2025-26 Total Net Assessed Valuation: \$41,370,604.

Source Santa Clara County Assessor 2025-26 Combined Tax Rolls.

Google is the largest property taxpayer in the City (excluding assessed valuation of the property within the Mountain View Shoreline Regional Park Community), representing approximately \$3.5 billion in taxable assessed value, or 8.5% of the total assessed value in the City (excluding assessed valuation of the property within the Mountain View Shoreline Regional Park Community). Of this, approximately \$3.0 billion is secured and \$513.2 million is unsecured. For Fiscal Year 2025-26, Google’s property generates general fund property tax revenues of approximately \$4.5 million from the secured value and \$770,000 from the unsecured value.

Teeter Plan. The Board of Supervisors of the County has approved the implementation of 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 California Revenue and Taxation Code. Under the Teeter Plan, the County apportions secured property taxes on an accrual basis when due (irrespective of actual collections) to local political subdivisions, including the City, for which the County acts as the tax-levying or tax-collecting agency.

The Teeter Plan is applicable to all tax levies on secured property for which the County acts as the tax-levying or tax-collecting agency, or for which the County treasury is the legal depository of the tax collections.

The Teeter Plan is to remain in effect unless the Board of Supervisors of the County orders its discontinuance or unless, prior to the commencement of any Fiscal Year of the County (which commences on July 1), the Board of Supervisors receives a petition for its discontinuance joined in by resolutions adopted by at least two-thirds of the participating revenue districts in the County, in which event the Board of Supervisors is to order discontinuance of the Teeter Plan effective at the commencement of the subsequent Fiscal Year. If the Teeter Plan is discontinued subsequent to its implementation, only those secured property taxes actually collected would be allocated to political subdivisions (including the City) for which the County acts as the tax-levying or tax-collecting agency.

Sales and Use Taxes

General. Sales taxes represent one of the largest source of General Fund revenue to the City at approximately 8.9% in Fiscal Year 2024-25, down from 11.1% of total General Fund revenues in Fiscal Year 2023-24. Sales tax revenue in the General Fund totaled \$21.2 million in Fiscal Year 2024-25 compared to \$24.5 million in Fiscal Year 2023-24, a decrease of \$3.3 million, or 13.5%.

This section describes the current system for levying, collecting and distributing sales and use tax revenues in the State of California.

Background Regarding Sales Taxes. The City collects a percentage of taxable sales in the City (minus certain administrative costs imposed by the State) pursuant to the Bradley-Burns Uniform Local Sales and Use Tax (the “**Sales Tax Law**”).

Local taxes are included in the statewide sales and use tax rate of 7.25%. Additional local taxes approved by voters (also referred to as district taxes or “transaction taxes”) are applied to purchases where the goods are delivered or placed into use in the City.

Sales and use taxes are complementary taxes; when one applies, the other does not. In general, the statewide sales tax applies to gross receipts of retailers from the sale of tangible personal property in the State of California. The use tax is imposed on the purchase, for storage, use or other consumption in the State of tangible personal property from any retailer. The use tax generally applies to purchases of personal property from a retailer outside the State of California where the use will occur within the State of California. The Sales Tax is imposed upon the same transactions and items as the statewide sales tax and the statewide use tax.

Certain transactions are exempt from the State sales tax, including sales of the following products:

- food products for home consumption;

- prescription medicine;
- newspapers and periodicals;
- edible livestock and their feed;
- seed and fertilizer used in raising food for human consumption; and
- gas, electricity and water when delivered to consumers through mains, lines and pipes.

This is not an exhaustive list of exempt transactions. A comprehensive list can be found in the State Board of Equalization’s Publication No. 61 entitled “Sales and Use Taxes: Exemptions and Exclusions,” which can be found on the California Department of Tax and Fee Administration (“CDTFA”) website at www.cdtfa.ca.gov. *The reference to this Internet website is provided for reference and convenience only. The information contained within the website may not be current, has not been reviewed by the City and is not incorporated in this Official Statement by reference.*

Sales Tax Rates. Currently, taxable transactions in the City are subject to the following sales and use tax, of which the City’s share is only a portion. The State collects and administers the tax, and makes distributions on taxes collected within the City, as follows:

**Table 7
Sales Tax Rates
Fiscal Year 2025-26
As of April 1, 2026**

<u>Component</u>	<u>Rate</u>
California	6.000%
Santa Clara County	0.250
City of Mountain View	1.000
Special District Taxes [1]	1.875
Special District Taxes – Measure A [2]	0.625
Total Sales Tax Rate	9.750%

[1] Further information regarding special district taxes can be found in CDTFA Publication No. 105, District Taxes, Rates, and Effective Dates at <https://cdtfa.ca.gov/formspubs/cdtfa105.pdf>.

[2] Santa Clara County voters approved Measure A in November 2025, enacting a temporary 0.625% sales tax increase effective April 1, 2026, to support critical local services such as trauma, emergency room, mental health, and public safety. The tax expires on March 31, 2031.

Source *City of Mountain View.*

Public Safety Half-Cent Sales Tax (Proposition 172). Proposition 172 provides a half-cent public safety tax that is set by a pro-rata factor determined by the County’s ratio of sales tax collections to the statewide total. Receipts from all counties are placed in a pool from which the State Controller’s Office makes monthly payments using the pro-rata factors. The City is allocated a share of the collections to offset property taxes lost through ERAF. The half-cent tax represented approximately 6.5% of the total sales tax in Fiscal Year 2024-25.

Sales Tax Collection Procedures. Collection of the sales and use tax is administered by the CDTFA. Retailers engaged in business in California must register with the CDTFA and pay the state’s sales tax, which applies to all retail sales of goods and merchandise except those sales specifically exempted by law. The use tax generally applies to the storage, use, or other consumption in California of goods purchased from retailers in transactions not subject to the

sales tax. Use tax may also apply to purchases shipped to a California consumer from another state, including purchases made by mail order, telephone, or Internet. The sales and use tax rate in a specific California location has three parts: the state tax rate, the local tax rate, and any district tax rate that may be in effect. These transmittals are required to be made at least twice in each calendar quarter.

Beginning the second quarter of 2020, the CDTFA revised their advance payment calculation to closely track actual tax receipts and accelerate allocations to local jurisdictions and districts. According to CDTFA, it distributes quarterly tax revenues to cities, counties and special districts using the following method:

The CDTFA disburses Local and District Tax payments to all local jurisdictions three times per quarter.

- The first two monthly payments are comprised of two distinct components:
 - the estimated advance, plus
 - the current distributions processed during the month.
- The third monthly payment (February, May, August, November) then trues-up the total quarterly allocation against payments disbursed in the prior two months, net of administrative fees.
- In the past, the estimated advances for the first two monthly payments were calculated based on the total dollars allocated for the same quarter of the prior year.

CDTFA receives an administrative fee based on the cost of services provided by CDTFA to the City in administering the City's sales tax, which is deducted from revenue generated by the sales and use tax before it is distributed to the City. In addition, the City receives auditing and forecasting services from HdL to ensure that the City receives the proper allocation of sales tax revenue.

Historical Composition of Sales Tax Revenue. A historical summary of sales tax composition by major industry groups is shown in the following table. The data presented show the full value of the City's 1.0% share of sales taxes under the Sales Tax Law, and do not reflect administrative fees. The table below is provided by the City's sales tax consultant, HdL, and reflects allocation on a Fiscal Year basis.

Table 8
Taxable Sales and Use Tax Revenues by Major Industry Groups
(Fiscal Year Basis)
(\$000s)

Major Industry Groups	2020-21	2021-22	2022-23	2023-24	2024-25
Point of Sale					
Autos and Transportation	\$1,662	\$2,198	\$2,292	\$2,005	\$1,946
Building and Construction	789	567	571	468	494
Business and Industry	1,854	3,865	4,067	2,570	1,905
Food and Drugs	1,029	1,027	1,005	986	937
Fuel and Service Stations	1,075	1,759	1,661	1,632	1,453
General Consumer Goods	3,458	3,519	3,406	3,492	3,315
Restaurants and Hotels	3,447	5,056	6,230	6,661	6,486
Other	11	193	25	18	22
Total Point of Sale	13,325	18,184	19,257	17,832	16,558
County Pool Allocations	3,436	4,309	4,447	3,656	3,919
State Pool Allocations	10	1	10	11	8
Total Sales and Use Tax Receipts [1]	\$16,368	\$22,494	\$23,714	\$21,499	\$20,485

[1] The total will not match the City of Mountain View Annual Comprehensive Financial Reports since the timing of distributions require the City to accrue for Q2 at year-end. It also excludes administrative fees and the Public Safety Half-Cent Sales Tax.

Source: City of Mountain View, based on information provided by HdL.

The following table shows the top 25 sales tax payers in the City as of the third quarter of 2025, in alphabetical order without regard to the amount paid.

Table 9
Top 25 Sales Tax Payers Listed Alphabetically

Sales Tax Payer Name		
Allison BMW	In N Out Burger	Total Wine & More
Best Buy	Kiwi Co.	Valley Oil
Bon Appetit	Marshalls	Walmart
Bruce Bauer Lumber & Supplies	Mountain View Shell	Waymo
Chevron	Response Motors	Wisk Aero
Compass Group USA	Ross	
Costco	Safeway	
Fii Usa	Shoreline Amphitheatre	
Financial Services Vehicle Trust	Sparks Marketing	
Google Fiber	Target	

Source: City of Mountain View, based on information provided by HdL.

Other Taxes and Revenues

General. The following table below summarizes the major other taxes and uses of revenues money and property for the General Fund.

Table 10
Other Taxes and Use of Money Detail
(\$000s)

	Audited 2022-23	Audited 2023-24	Audited 2024-25	% of 2024-25 Total	Adopted Budget 2025-26	% of 2025-26 Total
Other Taxes						
Transient Occupancy Tax	\$9,521	\$7,961	\$10,564	4.9%	\$9,390	4.2%
Business License Tax	5,996	5,581	5,677	2.6%	5,423	2.4%
Utility Users Tax	9,672	7,648	11,084	5.1%	10,801	4.9%
Conveyance Tax	-0-	-0-	2,046	0.9%	14,500	6.5%
Cannabis Tax	-0-	15	64	-	-0-	-
Use of Money and Property						
Investment Earnings [1]	5,912	7,390	10,074	4.6%	9,373	4.2%
Rents and Leases [1]	25,697	25,295	25,582	11.8%	26,343	11.9%

[1] Investment Earnings and Rents and Leases exclude the amounts recorded in accordance with GASB accounting treatments.
Source: City of Mountain View Fiscal Year 2025-26 Adopted Budget.

Use of Money and Property. Use of money and property, which consists primarily of lease revenue and investment earnings, is the second largest source of General Fund revenue and accounted for 16.4% of total General Fund revenues in Fiscal Year 2024-25 (excluding GASB Accounting Treatments). For reference, use of money and property revenue accounted for 16.2% of total General Fund revenues in Fiscal Year 2023-24 (excluding GASB Accounting Treatment). This revenue source generated \$35.7 million in Fiscal Year 2024-25, an increase of \$3.0 million, or 9.1%, when compared to Fiscal Year 2023-24. Use of Money and Property revenue is projected to remain flat in Fiscal Year 2026-27, with increase in rents and leases expected to offset declines in investment returns.

Significant Lease Arrangements. The City has strategically developed City-owned properties and negotiated lease agreements that generate long-term revenue for the General Fund. These leases and the revenue generated are important during economic downturns as they generally do not immediately fluctuate with the economy, and most include annual inflationary increases.

The following table below summarizes the major lease agreements that generate revenues for the General Fund. Additional information regarding each lease agreement is set forth below.

**Table 11
Major Lease Summary**

Lessee	Property	Start Date	End Date	Renewal Options	Fiscal Year 2024-25 Revenues
Google	Amphitheatre Campus	3/15/1995	3/14/2050	Four 10-year	\$7,804,210
Google	Crittenden Campus	12/12/1996	12/11/2051	Four 10-year	8,053,502
Google	Charleston East Campus	2/01/2008	1/31/2063	Four 10-year	2,238,390
SFX/Live Nation	Shoreline Amphitheatre	3/15/2006	12/31/2025	One 5-year	2,081,418
MV 101 Development	Ameswell Hotel/ Office	4/01/2015	3/31/2070	Four 10-year	2,174,435
Totals					\$22,351,956

Source: City of Mountain View.

Google Amphitheatre Campus and Crittenden Campus. The City, as lessor, entered into a 55-year lease with Silicon Graphics, Inc. (“**SGI**”), an entity not affiliated with the City, for the rental of City land located at 1600 Amphitheatre Parkway within the Shoreline Community. In addition, the City, as lessor, entered into another 55-year lease with SGI for the rental of City land located at 1200-1500 Crittendon Lane within the Shoreline Community.

Through a subsequent series of assignments, these two leases were eventually assigned to Google in 2006. These leases provide for rent increases of 4.0% per annum and the rent is to be adjusted every 10 years to the greater of 6.0% of the then-fair value of the property or the initial base rent.

Charleston East Campus. The City, as lessor, entered into a 55-year lease with Google for property known as the Charleston East Campus (Lot 1). This lease provides for rent increases of 3.0% per annum, and the rent is to be adjusted every 10 years to the greater of 7.0% of the then-fair value of the property or the initial base rent.

In addition, the City, as lessor, entered into a 52-year lease with Google for property known as the Charleston East Campus (Lot 2). Google advanced the rent for the entire lease term in the amount of \$30.0 million to the City. The City recognizes the lease revenue annually as it is earned.

Shoreline Amphitheatre. The City, the Shoreline Community, and SFX Entertainment, Inc. (“**SFX**”), wholly owned by Live Nation, have entered into multiple Amphitheatre Ground Lease Agreements for the Shoreline Amphitheatre located at 2400 North Shoreline Boulevard. Last year, SFX exercised a five-year option to extend the lease with an expiration date of December 31, 2030. SFX is required to pay annual base rent to the City, due in nine equal installments in the months of April through December.

Ameswell Property. The City, as lessor, entered into a disposition and development agreement and a 55-year ground lease with MV 101 Development, LLC, (“**MV 101 Development**”). The disposition and development agreement provided for the

development of 6.69 acres of land owned by the City at 750 Moffett Boulevard, commonly referred to as Ameswell (formerly Moffett Gateway) in conjunction with adjacent land formerly owned by Caltrans and acquired by MV 101 Development, with a hotel, office building and joint parking structure. The ground lease provides for the rental of the City land for 55 years with four 10-year extensions. The agreement also provides for office building minimum rent annual escalation factors.

In 2018, the City Council earmarked this revenue, along with any Transient Occupancy Tax, property tax, and sales tax generated from the property, for the Project. The revenues derived from the Ameswell lease currently provides approximately \$4.9 million in annual revenue and has accumulated a fund balance to date of approximately \$27.6 million in available funding toward the Project. This annual revenue is expected to continue to generate funding through the term of the lease.

The City currently intends to apply lease/other payments derived from the lease of the Ameswell property toward the Lease Payments supporting debt service on the 2026 Bonds.

Utility User Tax. The City imposes a 3.0% utility user tax levy on telecom, electric, and natural gas utility bills. In 2010 voters approved a modernization of the utility user tax and affirmed the 3.0% rate. For Fiscal Year 2024-25, utility user tax revenues were \$11.1 million or approximately 5.1% of total revenues.

Transient Occupancy Tax. The City has 21 hotels with 1,911 hotel rooms including two new hotels opened since 2020. The City currently has a 10.0% transient occupancy tax rate which was adopted by voters in 1991. Transient occupancy tax revenues for Fiscal Year 2024-25 were \$10.6 million or approximately 4.9% of total revenues.

Measure G Real Property Transfer Tax

At the November 5, 2024 election, voters within the City approved a ballot measure known as Measure G that enacted a new real property transfer tax on sales of certain residential and commercial property within the City (the "Measure G Transfer Taxes"). The Measure G Transfer Taxes constitute a general tax, the proceeds of which are authorized to be used for the acquisition, improvement, maintenance, expansion, or implementation of the capital improvement program of the City, including public park, playground, cultural, educational, recreational, police, fire, sewer, storm drain, water system and street improvements, and for operational and maintenance costs related to those capital improvements, including debt service on any bonds issued in connection with those improvements.

By action in September 2024, the City Council approved a resolution establishing programmatic goals and spending priorities for the anticipated revenues to be generated by the Measure G Transfer Taxes, which allocated 35% to 40% of annual tax revenues to public safety facilities.

The City currently intends to apply these funds toward the Lease Payments supporting debt service on the 2026 Bonds.

If Measure G had been in effect over the prior six Fiscal Years, Measure G Transfer Taxes would have generated revenue averaging approximately \$8.8 million per year. However, documentary transfer taxes such as Measure G Transfer Taxes may vary greatly from year to

year, and as such, no assurance can be given that transfers of real property within the City will occur, or Measure G Transfer Tax revenues will be generated, consistent with historical revenues. Since its inception Measure G generated approximately \$116,000 in Fiscal Year 2024-25 and approximately \$5.1 million as of February 2026 for Fiscal Year 2025-26.

Long-Term Obligations

The City generally incurs long-term debt to finance projects or purchase assets that will have useful lives equal to or greater than the related debt. The City currently has no long-term obligations payable from the General Fund. See Note 7 in the City's Fiscal Year 2024-25 Annual Comprehensive Financial Report, which is attached as APPENDIX C, for additional information about the City's long-term obligations.

Direct and Overlapping Debt

Set forth following is a direct and overlapping debt report (the "**Debt Report**") prepared by California Municipal Statistics, Inc. and effective May 1, 2026. The Debt Report is included for general information purposes only. The City has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

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

The contents of the Debt Report are as follows: (1) the first column indicates the public agencies which have outstanding debt as of the date of the Debt Report and whose territory overlaps the City; (2) the second column shows the percentage of the assessed valuation of the overlapping public agency identified in column 1 which is represented by property located within the City; and (3) the third column is an apportionment of the dollar amount of each public agency's outstanding debt (which amount is not shown in the table) to property in the City, as determined by multiplying the total outstanding debt of each agency by the percentage of the City's assessed valuation represented in column 2.

Table 12
Summary of Direct and Overlapping Debt
As of May 1, 2026

2025-26 Assessed Valuation: \$47,929,037,656

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 5/1/26</u>
Santa Clara County	6.616%	\$77,774,719
Foothill-DeAnza Community College District	18.698	128,862,560
Fremont Union High School District	0.398	3,045,775
Mountain View-Los Altos Union High School District	57.922	132,748,122
Los Altos School District	17.041	37,859,990
Sunnyvale School District	0.874	3,104,761
Mountain View-Whisman School District	91.709	372,333,955
El Camino Hospital District	32.879	31,359,236
Midpeninsula Regional Open Space District	10.753	12,060,027
Santa Clara Valley Water District Benefit Assessment District	6.616	1,351,318
Santa Clara Valley Water District Parcel Tax Obligations	6.616	7,795,964
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		\$808,296,427
<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>		
Santa Clara County General Fund Obligations	6.616%	\$ 87,788,961
Santa Clara County Pension Obligation Bonds	6.616	20,608,860
Santa Clara County Board of Education Certificates of Participation	6.616	740,954
Mountain View-Los Altos Union High School District General Fund Obligations	57.922	558,947
Los Altos School District Certificates of Participation	17.041	117,206
City of Mountain View	100.000	0 (1)
Midpeninsula Regional Park District General Fund Obligations	10.753	7,303,502
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$117,118,430
Less: Santa Clara County supported obligations		143,236
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$116,975,194
<u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</u>	100.000%	\$78,550,000
GROSS COMBINED TOTAL DEBT		\$1,003,964,857 (2)
NET COMBINED TOTAL DEBT		\$1,003,821,621

(1) Excludes issue to be sold.

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

Source: California Municipal Statistics, Inc.

Employee Relations

As of March 1, 2026, there were approximately 700.5 full-time equivalent budgeted positions and an additional 11.5 limited-period positions for a total of 712 full-time equivalent positions. This includes 76.5 unrepresented positions, and 635.5 positions represented by formal labor organizations, as shown in the table below. The City's represented groups are Service Employees International Union (SEIU), Police Officers Association (POA), International Association of Fire Fighters (IAFF), and EAGLES (the bargaining unit that represents analysts, accountants, managers, supervisors, civil engineers, planners, librarians and other professionals).

<u>Labor Group</u>	<u>Number of Employees</u>	<u>Contract Expiration Date</u>
EAGLES	264.0	June 30, 2027
IAFF	68.0	June 30, 2027
POA	107.5	June 30, 2027
SEIU	196.0	June 30, 2027
Total	635.5	

Risk Management

The City is exposed to various risks of loss related to torts, errors and omissions, injuries to employees or others, and unemployment. The City has established various self-insurance programs to account for and finance its uninsured risks of loss. Under the self-insurance programs, the City retains the risk of loss up to a maximum of \$1.0 million for general liability and property claims, \$750,000 for workers' compensation claims with statutory excess insurance and actual costs incurred for unemployment.

For general liability claims, the City has excess liability coverage through the Authority for California Cities Excess Liabilities ("**ACCEL**") to cover the risk of loss for claims in excess of \$1.0 million per incident. ACCEL is a joint powers authority of medium-sized California municipalities, which pools catastrophic general liability, automobile liability and public officials' errors and omissions losses.

Charges to the General Fund and other insured funds are determined from an analysis of self-insured claims costs and reserve requirements and are recorded as operating expenditures or expenses of such funds and operating revenues of the various internal service funds.

Estimated liabilities are recorded for claims in cases where such amounts are reasonably determinable and where the liability is likely for claims which are incurred through the end of the Fiscal Year but not reported until after that date. The estimated liability is determined based upon historical claims data discounted at 2.5% annually and independently determined estimates of the amounts needed to pay prior and current year claims.

The City has not significantly reduced its insurance coverage from the prior Fiscal Year. Furthermore, settlements have not exceeded insurance coverage for the past three Fiscal Years.

See Note 10 in the City's Fiscal Year 2024-25 Annual Comprehensive Financial Report, which is attached as APPENDIX C, for additional information about the City's risk management practices.

Employee Retirement System

This caption contains certain information relating to California Public Employees' Retirement System ("CalPERS"). The information is primarily derived from the City's Annual Comprehensive Financial Report and information produced by CalPERS, its independent accountants and actuaries. The City has not independently verified the information provided by CalPERS and makes no representations and expresses no opinion as to the accuracy of the information provided by CalPERS.

The annual comprehensive financial reports of CalPERS are available on its Internet website at www.calpers.ca.gov. The CalPERS website also contains CalPERS' most recent actuarial valuation reports and other information concerning benefits and other matters. The CalPERS web site and the information contained therein are not incorporated by reference in this Official Statement. None of the Authority, the City or the Underwriters guarantee the accuracy or completeness of such information.

Actuarial assessments are "forward-looking" statements that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may not materialize or may be changed in the future. Actuarial assessments will change with the future experience of the pension plans.

Plan Descriptions. All qualified regular and probationary employees are eligible to participate in either the City's Miscellaneous (all other) or Safety (police and fire) plans (Plans), agent multiple-employer defined benefit pension plans administered by CalPERS, which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided. CalPERS provides service retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, age at retirement and compensation. The cost-of-living adjustments for the CalPERS plans are applied as specified by the Public Employees' Retirement Law. The California Public Employees' Pension Reform Act ("PEPRA"), which became effective in January 2013, changes the way CalPERS retirement and health benefits are applied, and places compensation limits on members. As such, members who established CalPERS membership on or after January 1, 2013 are known as "PEPRA" members

A summary of the City's benefit formulas as of June 30, 2025, is provided below:

Miscellaneous

Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.7% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50+	52+
Required employee contribution rates	8.00%	7.00%
Required employer contribution rates	12.18%	12.18%

Safety

Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	3.0% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50+	50+
Required employee contribution rates	9.00%	12.00%
Required employer contribution rates	23.44%	23.44%

Employees Covered. At the June 30, 2024, measurement date, the following employees were covered by the benefit terms for each plan:

	Miscellaneous	Safety
Active employees	500	153
Inactive employees entitled to but not yet receiving benefits	591	99
Retired employees and beneficiaries	791	346
Total	<u>1,882</u>	<u>598</u>

Contributions. Section 20814(c) of the California Public Employees’ Retirement Law requires the employer contribution rates for all public employers to be determined on an annual basis by the CalPERS actuary and shall be effective on the July 1 following notice of a change in the rate. The actuarially determined Normal Cost rate is the projected amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability (UAL). The City is required to contribute the difference between the actuarially determined Normal Cost rate and the contribution rate of employees. In addition, the City makes a UAL contribution. The table below provides the estimated total employer contributions for the Miscellaneous Plan for Fiscal Years 2025-26 and 2026-27.

Miscellaneous Plan	Fiscal Year 2025-26	Fiscal Year 2026-27
Total Normal Cost	\$11,805,109	\$12,772,428
Expected Employee Contributions	(4,601,156)	(5,047,827)
Employer Normal Cost	7,203,953	7,724,601
UAL Contribution	14,883,686	16,092,897
Estimated Total Employer Contribution	\$22,087,639	\$23,817,498

Source: City of Mountain View June 30, 2024, CalPERS Actuarial Valuation

The table below provides the estimated total employer contributions for the Safety Plan for Fiscal Years 2025-26 and 2026-27.

Safety Plan	Fiscal Year 2025-26	Fiscal Year 2026-27
Total Normal Cost	\$10,211,508	\$10,371,445
Expected Employee Contributions	(3,093,921)	(3,261,645)
Employer Normal Cost	7,117,587	7,109,800
UAL Contribution	12,078,465	12,955,546
Estimated Total Employer Contribution	\$19,196,052	\$20,065,346

Source: City of Mountain View June 30, 2024, CalPERS Actuarial Valuation

Projected Contributions. The tables below show the City's required and projected contributions (before cost sharing) for the next six Fiscal Years, as projected by CalPERS. Projected results reflect the adopted changes to the CalPERS discount rate. The projections also assume that all actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur during the projection period. The projected normal cost percentages in these projections do not reflect that the normal cost will decline over time as new employees are hired into PEPRAs or other lower cost benefit tiers.

Miscellaneous Plan

Fiscal Year	Required Contribution	Projected Future Employer Contributions (Assumes 6.80% Return for Fiscal Year 2024-25)				
		2027-28	2028-29	2029-30	2030-31	2031-32
Normal Cost %	11.37%	11.1%	10.9%	10.7%	10.4%	10.2%
UAL Payment	\$16,092,897	\$16,718,000	\$18,428,000	\$18,647,000	\$18,807,000	\$11,434,000

Source: CalPERS Actuarial Report dated June 30, 2024.

Safety Plan

Fiscal Year	Required Contribution	Projected Future Employer Contributions (Assumes 6.80% Return for Fiscal Year 2024-25)				
		2027-28	2028-29	2029-30	2030-31	2031-32
Normal Cost %	21.82%	21.0%	20.2%	19.4%	18.6%	17.8%
UAL Payment	\$ 12,955,546	\$13,477,000	\$14,876,000	\$ 15,040,000	\$15,153,000	15,497,000

Source: CalPERS Actuarial Report dated June 30, 2024.

Funded Status. The value of the projected benefit that is not allocated to future service is referred to as the Accrued Liability and is the plan's funding target on the valuation date. The Unfunded Accrued Liability (UAL) equals the funding target minus the assets. The UAL is an absolute measure of funded status and can be viewed as employer debt. The funded ratio equals the assets divided by the funding target. A funded ratio of 100% (UAL of \$0) implies that the funding of the plan is on target and that future contributions equal to the normal cost of the active plan members will be sufficient to fully fund all retirement benefits if future experience matches the actuarial assumptions. A funded ratio of less than 100% (positive UAL) implies that in addition to normal costs, payments toward the UAL will be required. The table below shows the recent history of the actuarial accrued liability, market value of assets, unfunded accrued liability, and funded ratio for the City's Miscellaneous and Safety pension plans as of the five most recent actuarial valuation dates.

Miscellaneous Plan

Valuation Date (June 30)	Accrued Liability	Market Value of Assets	Unfunded Accrued Liability	Funded Ratio ⁽¹⁾
2020	473,975,105	346,558,288	127,416,818	73.1%
2021	502,405,004	423,281,332	79,123,672	84.3%
2022	529,569,378	388,148,095	141,421,283	73.3%
2023	557,276,016	407,699,625	149,576,391	73.2%
2024	583,457,320	444,054,985	139,402,335	76.1%

(1) Based on the market value of assets.
Source: CalPERS Actuarial Report Dated June 30, 2024.

Safety Plan

Valuation Date (June 30)	Accrued Liability	Market Value of Assets	Unfunded Accrued Liability	Funded Ratio ⁽¹⁾
2020	409,956,694	287,997,109	121,959,585	70.3%
2021	440,792,022	350,889,822	89,902,200	79.6%
2022	463,123,039	320,876,396	142,246,643	69.3%
2023	485,889,472	336,590,573	149,298,899	69.3 %
2024	507,228,018	366,331,930	140,896,088	72.2%

(1) Based on the market value of assets.
Source: CalPERS Actuarial Report Dated June 30, 2024.

For the purpose of augmenting the funded status of the Plans, the City has contributed Additional Discretionary Payments (“ADPs”) toward the UAL. The following table provides a recent history of actual ADPs made to the Miscellaneous Plan and the Safety Plan.

ADP Payments

Fiscal Year	Miscellaneous Plan	Safety Plan
2018-19	\$4,745,054	\$4,108,000
2019-20	4,489,479	3,887,000
2020-21	1,113,846	756,000
2021-22	2,227,926	1,407,000
2022-23	1,928,497	1,125,000
2023-24	4,094,596	3,043,000
2024-25	2,707,191	1,636,000

Potential Impacts on Future Required Contributions. The CalPERS Board of Administration has adjusted and may in the future further adjust certain assumptions used in the CalPERS actuarial valuations, which adjustments may increase the City’s required contributions to CalPERS in future years. Accordingly, the City cannot provide any assurances that the City’s required contributions to CalPERS in future years will not significantly increase (or otherwise vary) from any past or current projected levels of contributions.

Change in Assumptions/Discount Rate. On December 21, 2016, the CalPERS Board of Administration voted to lower its discount rate from the then-current rate of 7.50% to 7.00% over a three-year period. The change was reflected in the June 30, 2016 actuarial report, which lowered the discount rate from 7.50% to 7.375%; in the June 30, 2017 actuarial report, which lowered the discount rate from 7.375% to 7.25%; and in the June 30, 2018 actuarial report, which lowered the discount rate from 7.25% to 7.00%. CalPERS further reduced the discount rate to 6.8% in September 2021. On April 16, 2024, the CalPERS Board of Administration took action to modify the Funding Risk Mitigation Policy to remove the automatic change to the discount rate when the investment return exceeds various thresholds. Rather than an automatic change to the discount rate, a CalPERS Board of Administration discussion would be placed on the calendar.

As part of the 2025 Asset Liability Management (ALM) process, the CalPERS Board of Administration voted to maintain the discount rate at 6.8% and adopted a Total Fund Portfolio Management investment strategy. Starting July 1, 2026, the total portfolio approach (TPA), will replace the strategic asset allocation (SAA) model CalPERS has used to guide investment decision-making. The CalPERS Board of Administration also adopted new economic and demographic actuarial assumptions. These updated assumptions will affect employer contribution rates beginning in Fiscal Year 2027-28 for public agencies and Fiscal Year 2026-27 for state and school employers.

Calculations in the actuarial reports for the funding target reflect the CalPERS expected long-term investment return of 6.8%. If it were known on the valuation date that future investment returns will average something greater/less than the expected return, the CalPERS calculated normal costs and accrued liabilities provided in their reports would be less/greater than the results shown. For illustrative purposes, funded statuses based on a 1% lower and higher average future investment return (discount rate) are presented by CalPERS as follows:

Miscellaneous Plan	1% Lower Average Return	Current Assumption	1% Higher Average Return
Discount Rate	5.8%	6.8%	7.8%
Present Value of Benefits	\$802,147,296	\$687,818,039	\$598,455,866
Entry Age Accrued Liability (AL)	659,404,830	583,457,320	520,812,088
Market Value of Assets (MVA)	444,054,985	444,054,985	444,054,985
Unfunded Accrued Liability (UAL)	\$215,349,845	\$139,402,335	\$76,757,103
Funded Ratio	67.3%	76.1%	85.3%

Safety Plan	1% Lower Average Return	Current Assumption	1% Higher Average Return
Discount Rate	5.8%	6.8%	7.8%
Present Value of Benefits	\$671,210,856	\$580,350,248	\$508,070,634
Entry Age Accrued Liability (AL)	573,405,558	507,228,018	452,605,259
Market Value of Assets (MVA)	366,331,930	366,331,930	366,331,930
Unfunded Accrued Liability (UAL)	\$207,073,628	\$140,896,088	\$86,273,329
Funded Ratio	63.9%	72.2%	80.9%

Investment Performance. The table below shows annualized investment returns of the Public Employees’ Retirement Fund (“**PERF**”) for various time periods ending on June 30, 2024. These returns are the annual rates that if compounded over the indicated number of years would equate to the actual time-weighted investment performance of the PERF. It should be recognized that in any given year the rate of return is volatile.

	1 Year	5 Year	10 Year	20 Year	30 Year
Compound Annual Return	9.3%	6.6%	6.2%	6.7%	7.7%

Source: City of Mountain View June 30, 2024, CalPERS Actuarial Valuation

CalPERS reported a preliminary net return of 11.6% on its investments for the 12-month period ending June 30, 2025. Preliminary total fund annualized returns for the five-year period ending June 30, 2025, stood at 8.0%; the 10-year period at 7.1%; the 20-year period at 6.7%; and the 30-year period at 7.6%. Once finalized, Fiscal Year performance returns are used to set contribution levels for contracting counties, cities, and special districts in the 2027-28 Fiscal Year. Future earnings performance may increase or decrease future contribution rates for plan participants, including the City.

Under the current provisions of the CalPERS Asset Liability Management process, investment returns that exceed the established 6.8% discount rate require the CalPERS Board of Administration to review whether to lower the discount rate for future years. This process is included in the CalPERS Funding Risk Mitigation Policy.

The CalPERS Fiscal Year 2023-24 investment gain of 9.3% is not included as an amortization base in the most recent CalPERS valuation report and is not reflected in the numbers included herein. Future earnings performance may increase or decrease future contribution rates for plan participants, including the City.

Other Post-Employment Benefits (“OPEB”)

This caption contains certain information relating to the City’s OPEB plan, and is primarily derived from the City’s Annual Comprehensive Financial Report, City’s Adopted Budget Document, and June 30, 2024, Actuarial Valuation.

Plan Description. By Council resolution and through agreements with its labor units, the City provides certain health care benefits for retirees (spouse and dependents are not included for CalPERS Miscellaneous employees, but are included for CalPERS Safety employees in the CalPERS Health Program governed by the Public Employees’ Medical and Hospital Care Act) under a single employer defined benefit OPEB plan.

In December 2008, the City entered into an agreement with CalPERS to participate in the California Employers Retiree Benefit Trust (“CERBT”), a qualified IRS Section 115 trust managed by CalPERS, to fund the City’s OPEB. CERBT is managed by an appointed board not under the control of the City Council.

The City also offers a Defined Contribution Plan (“**DC Plan**”) to eligible miscellaneous employees. If an employee elects to participate in the DC Plan, the City makes contributions on behalf of the employee into a Health Savings Account. Employees who have elected the DC Plan are not included in the City’s actuarial valuation for OPEB.

Membership of the Plan consisted of the following as of June 30, 2025, the date of the latest actuarial valuation:

Active employees	372
Retired employees and beneficiaries	485
Total	857

Funded Status and Contributions. The City’s OPEB funding policy is to contribute 100% or more of the actuarially determined contribution each year. In addition, from Fiscal Years 2014-15 to 2023-24, the City has contributed \$11.5 million in additional discretionary payments toward the OPEB liability. It should also be noted that as part of the agreement for Public Safety to join the CalPERS Health Care System, Public Safety employees are contributing an ongoing 1.2% of salary toward the OPEB liability. The following table illustrates the schedule of funding progress.

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio
7/1/2011	\$53,983,939	\$82,687,793	\$28,703,854	65.3%
7/1/2013	69,469,136	94,859,256	25,390,120	73.2%
7/1/2015	90,248,788	123,829,352	33,580,564	72.9%
7/1/2017	113,380,187	147,705,981	34,325,794	76.8%
7/1/2019	136,588,600	145,040,268	8,451,668	94.2%
7/1/2021	159,515,259	148,746,771	(10,768,488)	107.2%
7/1/2023	170,132,645	163,684,239	(6,448,406)	103.9%
7/1/2025	180,627,677	180,473,397	(154,280)	100.1%

Source: City of Mountain View June 30, 2023, Actuarial Valuation

For the year ended June 30, 2025, the City’s contributions totaled \$6.7 million. For the purpose of increasing the funded status of the OPEB Plan, the City contributed \$2.5 million in excess of the actuarially determined contributions during the Fiscal Year ended June 30, 2025, including \$2.0 million from the implied subsidy. The actuarially determined contributions for the Fiscal Years ending June 30, 2026, and June 30, 2027, are shown below.

	6/30/2026	6/30/2027
Actuarially Determined Contribution (ADC)	\$4,959,785	\$5,442,544
Expected employer paid benefits for retirees	7,171,414	7,340,629
Current year's implicit subsidy credit	2,132,607	2,177,964
Expected contribution to OPEB trust	(4,344,236)	(4,076,049)
Total Expected OPEB Contributions	\$4,959,785	\$5,442,544

Source: City of Mountain View June 30, 2025, Actuarial Valuation

Actuarial Methods and Assumptions. The total OPEB liability as of June 30, 2025, was determined using actuarial assumptions as follows:

Valuation date	June 30, 2025
Measurement date	June 30, 2025
Actuarial cost method	Entry Age Normal Cost Method
Actuarial assumptions	
Discount rate	5.60%
Inflation	2.50%
Projected salary increase	3.00%
Healthcare trend	6.5% in 2027, fluctuating down to 3.9% by 2075
Mortality	2021 CalPERS Experience Study

Changes in OPEB Liability and Funding Status. The changes in OPEB liability and funding status using the Actuarial Value of Assets and the Market Value of Assets of the City as of June 30, 2025 compared to June 30, 2023, are shown in the following table:

Changes In OPEB Liability versus Prior Valuation

	6/30/2023	6/30/2025	6/30/2025
Discount Rate	5.60%	5.60%	5.60%
Actuarial Accrued Liability (AAL)			
Explicit Liability	130,246,833	144,483,996	
Implicit Liability	33,437,406	35,989,401	
Total AAL	163,684,234	180,473,397	180,473,397
Actuarial Value (AV) or Market Value (MV) of Assets	170,132,645	180,627,677	180,473,397
Unfunded Actuarial Accrued Liability (surplus)	(6,448,406)	(154,280)	(962,555)
Funded % (ratio of Actuarial Value of Assets to AAL)	103.9%	100.1%	100.5%

Source: City of Mountain View June 30, 2025, Actuarial Valuation

The following presents the net OPEB liability of the City if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for period ended June 30, 2025:

	Discount Rate (-1%) 4.60%	Current Discount Rate 5.60%	Discount Rate + 1% 6.60%
Net OPEB Liability	\$29,329	\$6,550	\$(12,208)

Source: City of Mountain View Fiscal Year 2024-25 Annual Comprehensive Financial Report.

See Note 9 in the City’s Fiscal Year 2024-25 Annual Comprehensive Financial Report, which is attached as APPENDIX C, for additional information about the City’s OPEB plan.

Investment Policies and Procedures

The City invests its funds in accordance with the City’s Investment Policy (the “**Investment Policy**”), which was adopted and may be revised from time to time by the City Council.

The purpose of the Investment Policy is to establish a clear understanding for the City Council, City management, responsible employees, and third parties of the objectives, policies, and guidelines for the investment of the City’s idle and surplus funds; to offer guidance to investment staff and any outside advisors on the investment of City funds; and to establish a basis for evaluating investment results. The general purpose of the Investment Policy is to outline a philosophy and attitude which will guide the investment of City funds toward the desired investment goals. It is intended to be sufficiently specific to be meaningful, yet adequately flexible to be practical.

It is the policy of the City to invest public funds in a manner that will provide the highest investment return with maximum security while meeting the daily cash flow demands of the City and conforming to all state and local statutes governing the investment of public funds.

The primary objectives, in priority order, of the City’s investment activities are safety, liquidity, and return on investment.

As of December 2025, the City has invested funds as set forth in the table below. Since the City pools all cash and investments across all funds, the balance below includes cash and investments that belong to the Shoreline Regional Park Community Fund. The amounts shown below do not include accrued interest.

Table 13
Investment Portfolio as of December 31, 2025
(\$000s)

	Market Value	Percentage of Portfolio
Investments in City Pool:		
Local Agency Investment Fund (LAIF)	\$ 35,554	3.49%
US Treasury Obligations	616,828	60.48
US Agency Securities	112,471	11.03
Medium-Term Notes	137,107	13.44
Supranational Securities	100,595	9.86
Municipal Bonds – Shoreline Regional Park Community 2018 Revenue Bonds	2,398	0.23
Money Market Mutual Funds	14,953	1.47
Total City Pool Investments	\$1,019,906	100.00%
Investments Held by Trustees:		
Money Market Funds	\$72,679	
Total Investments	\$1,092,585	

Source: City of Mountain View.

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS

The constitutional and statutory provisions discussed in this section have the potential to affect the ability of the City to levy taxes and spend tax proceeds for operating and other purposes.

Article XIII A of the State Constitution

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

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

Legislation Implementing Article XIII A

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

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

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

Article XIII B of the State Constitution

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

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

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

The City has never exceeded its appropriations limit.

Articles XIII C and XIII D of the State Constitution

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

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

XIIIC define “taxes” that are subject to voter approval as “any levy, charge, or exaction of any kind imposed by a local government,” with certain exceptions.

Taxes. Article XIIIC requires that all new local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes of the City (“general taxes”) require a majority vote; taxes for specific purposes (“special taxes”), even if deposited in the City’s General Fund, require a two-thirds vote.

Property-Related Fees and Charges. Article XIIID also adds several provisions making it generally more difficult for local agencies to levy and maintain property-related fees, charges, and assessments for municipal services and programs.

Reduction or Repeal of Taxes, Assessments, Fees and Charges. Article XIIIC also removes limitations on the initiative power in matters of reducing or repealing local taxes, assessments, fees or charges. No assurance can be given that the voters of the City will not, in the future, approve an initiative or initiatives which reduce or repeal local taxes, assessments, fees or charges currently comprising a substantial part of the City’s General Fund. If such repeal or reduction occurs, the City’s ability to pay debt service on the 2026 Bonds could be adversely affected.

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

Judicial Interpretation of Proposition 218. The interpretation and application of Articles XIIIC and XIIID will ultimately be determined by the courts, and it is not possible at this time to predict with certainty the outcome of such determination.

Impact on City’s General Fund. The City does not believe that any material source of General Fund revenue is subject to challenge under Proposition 218 or Proposition 26.

The approval requirements of Articles XIIIC and XIIID reduce the flexibility of the City to raise revenues for the General Fund, and no assurance can be given that the City will be able to impose, extend or increase the taxes, fees, charges or taxes in the future that it may need to meet increased expenditure needs.

Proposition 62

Proposition 62 was adopted by the voters at the November 4, 1986, general election and (a) requires that any new or higher taxes for general governmental purposes imposed by local governmental entities such as the City be approved by a two-thirds vote of the governmental entity’s legislative body and by a majority vote of the voters of the governmental entity voting in an election on the tax, (b) requires that any special tax (defined as taxes levied for other than general governmental purposes) imposed by a local governmental entity be approved by a two-thirds vote of the voters of the governmental entity voting in an election on the tax, (c) restricts the use of revenues from a special tax to the purposes or for the service for which the special tax was imposed, (d) prohibits the imposition of ad valorem taxes on real property by local

governmental entities except as permitted by Article XIII A, (e) prohibits the imposition of transaction taxes and sales taxes on the sale of real property by local governmental entities, and (f) requires that any tax imposed by a local governmental entity on or after August 1, 1985, be ratified by a majority vote of the voters voting in an election on the tax within two years of the adoption of the initiative or be terminated by November 15, 1988.

California appellate court cases have overturned the provisions of Proposition 62 pertaining to the imposition of taxes for general government purposes. However, the California Supreme Court upheld Proposition 62 in its decision on August 28, 1995, in *Fresno County Transportation Authority v. Guardino*. This decision reaffirmed the constitutionality of Proposition 62. Certain matters regarding Proposition 62 were not addressed in the Supreme Court's decision, such as what remedies exist for taxpayers subject to a tax not in compliance with Proposition 62, and whether the decision applies to charter cities. The City has not experienced any substantive adverse financial impact as a result of the passage of this initiative.

Proposition 1A; Proposition 22

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

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

Possible Future Initiatives

On July 30, 2025, the Office of the Attorney General of the State received from the Howard Jarvis Taxpayers Association (the "**Jarvis Group**") a proposed statewide initiative titled Initiative 25-0006: Local Taxpayer Protection Act to Save Proposition 13 (the "**Initiative**"). If passed the Initiative would (a) raise the voter approval threshold requirement for voter-proposed local special taxes ballot measures from a simple majority (over 50%) to two-thirds, (b) prohibit voters in charter cities from approving real estate transfer taxes other than the existing transfer tax authorized by Revenue and Taxation Code section 11911, and (c) overturn all existing voter-approved property-related taxes that do not comply with the new requirements two years after the Initiative is enacted. Subsequently, the Jarvis Group submitted approximately 1,346,661 signatures in support of placing the Initiative on the ballot. The Initiative is currently in the signature verification process. Since the raw count of signatures exceeds the total number required to qualify the Initiative (i.e., 874,641 required), the Secretary of State has directed county election offices to randomly sample signatures for validation by April 21, 2026. If the result of the random sample

indicates that valid signatures represent between 95% of the 110% of the required number of signatures to qualify the Initiative for the ballot, the Secretary of State will request a full check of signatures. As of April 10, 2026, the random sample indicates a valid signature rate of 78.05%. If the Initiative is placed on the ballot (and not subject of a successful court challenge), and if State voters approve the Initiative, it would immediately invalidate all existing charter city-enacted real estate transfer taxes (regardless of whether they were approved by local voters), effective December 31, two years following statewide voter approval of the initiative. In that event, future Measure G Transfer Taxes may not be available to help fund Lease Payments supporting debt service on the 2026 Bonds. Other than what is described in the foregoing sentences, the City cannot predict whether the Initiative will qualify for the ballot, whether, if qualified, the Initiative will receive voter approval in the upcoming election, and the impact it might have on the City's ability to fund the Lease Payments supporting debt service on the 2026 Bonds.

Articles XIII A, XIII B, XIII C and XIII D and Propositions 62, 111, 218 and 1A were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time other initiative measures could be adopted, further affecting revenues of the City or the City's ability to expend revenues. The nature and impact of these measures cannot be anticipated by the City.

BOND OWNERS' RISKS

The following describes certain special considerations and risk factors affecting the payment of and security for the 2026 Bonds. The following discussion is not meant to be an exhaustive list of the risks associated with the purchase of any 2026 Bonds and does not necessarily reflect the relative importance of the various risks. Potential investors in the 2026 Bonds are advised to consider the following special factors along with all other information in this Official Statement in evaluating the 2026 Bonds. There can be no assurance that other considerations will not materialize in the future.

No Pledge of Taxes

General. The obligation of the City to pay the Lease Payments and Additional Rental Payments does not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. The obligation of the City to pay Lease Payments and Additional Rental Payments does not constitute a debt or indebtedness of the Authority, the City, the State of California or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction.

The City is currently liable on other obligations payable from general revenues, which are described above under "CITY FINANCIAL INFORMATION – Long-Term General Fund Obligations."

Limitations on Taxes and Fees

Limitations on Taxes and Fees. Certain taxes, assessments, fees and charges presently imposed by the City could be subject to the voter approval requirements of Article XIIC and Article XIID of the State Constitution. Based upon the outcome of an election by the voters, such fees, charges, assessments and taxes might no longer be permitted to be imposed, or may be reduced or eliminated and new taxes, assessments fees and charges may not be approved. The City has assessed the potential impact on its financial condition of the provisions of Article XIIC and Article XIID of the State Constitution respecting the imposition and increase of taxes, fees, charges and assessments and does not believe that an election by the voters to reduce or eliminate the imposition of certain existing fees, charges, assessments and taxes would substantially affect its financial condition. However, the City believes that if the initiative power was exercised so that all local taxes, assessments, fees and charges that may be subject to Article XIIC and Article XIID of the State Constitution are eliminated or substantially reduced, the financial condition of the City, including its General Fund, could be materially adversely affected.

Although the City does not currently anticipate that the provisions of Article XIIC and Article XIID of the State Constitution would adversely affect its ability to pay Lease Payments and its other obligations payable from the General Fund, no assurance can be given regarding the ultimate interpretation or effect of Article XIIC and Article XIID of the State Constitution on the City's finances. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS."

Additional Obligations

The Indenture allows Additional Bonds payable from additional Lease Payments subject to certain conditions set forth in the Indenture, including a requirement that the aggregate Lease Payments will not exceed the fair rental value of the Leased Property. See "SECURITY FOR THE

BONDS – Additional Bonds” and APPENDIX B. If the Additional Bonds are being issued to finance the construction of a to-be-built project, and such project is to be part of the Leased Property prior to its completion, the Supplemental Indenture authorizing the issuance of such Additional Bonds must require the deposit into a Capitalized Interest Account in the Interest Account, or a subaccount therein, of an amount sufficient to pay interest on such Additional Bonds through a date which is not less than six months after the anticipated completion date of the project, but only if such Additional Bonds are issued prior to the substantial completion of such project and only if the City is unable to make a finding that the annual fair rental value of the Leased Property prior to the completion of the project is equal to or greater than the aggregate amount of the Lease Payments coming due and payable during each Rental Period. There is some risk that failure to complete a project that is part of the Leased Property before any capitalized interest has been fully expended could result in the fair rental value of the Leased Property being less than the scheduled Lease Payments and, in such a situation, if the proceeds of rental interruption insurance are exhausted and the reserve fund (if any) is fully depleted, abatement of the Lease Payments may occur. However, the City believes that the requirement for capitalized interest to established through a date that is not less than six months after the anticipated completion date should provide sufficient protection against this risk.

The City has existing obligations payable from its General Fund. See “CITY FINANCIAL INFORMATION – Long-Term General Fund Obligations.” The City is permitted to enter into other obligations which constitute additional charges against its revenues without the consent of Owners of the 2026 Bonds. To the extent that additional obligations are incurred by the City, the funds available to pay Lease Payments may be decreased.

The Lease Payments and other payments due under the Lease Agreement (including payment of costs of repair and maintenance of the Leased Property, taxes and other governmental charges levied against the Leased Property) are payable from funds lawfully available to the City. If the amounts that the City is obligated to pay in a Fiscal Year exceed the City’s revenues for such year, the City may choose to make some payments rather than making other payments, including Lease Payments and Additional Rental Payments, based on the perceived needs of the City. The same result could occur if, because of California Constitutional limits on expenditures, the City is not permitted to appropriate and spend all of its available revenues or is required to expend available revenues to preserve the public health, safety and welfare.

Default

Whenever any event of default referred to in the Lease Agreement happens and continues, the Authority is authorized under the terms of the Lease Agreement to exercise any and all remedies available under law or granted under the Lease Agreement. See APPENDIX B for a detailed description of available remedies in the case of a default under the Lease Agreement.

If a default occurs, there is no remedy of acceleration of the total Lease Payments due over the term of the Lease Agreement. The Trustee is not empowered to sell the Leased Property and use the proceeds of such sale to prepay the 2026 Bonds or pay debt service on the 2026 Bonds.

The City will be liable only for Lease Payments on an annual basis and, in the event of a default, the Trustee would be required to seek a separate judgment each year for that year’s defaulted Lease Payments. Any such suit for money damages would be subject to limitations on

legal remedies against municipalities in the State, including a limitation on enforcement of judgments against funds of a Fiscal Year other than the Fiscal Year in which the Lease Payments were due and against funds needed to serve the public welfare and interest.

Abatement

Under certain circumstances related to damage, destruction, condemnation, or title defects which cause a substantial interference with the use and possession of the Leased Property, the City's obligation to make Lease Payments will be subject to full or partial abatement and could result in the Trustee having inadequate funds to pay the principal and interest on the 2026 Bonds as and when due. See "SECURITY FOR THE BONDS – Abatement" and APPENDIX B.

There will be no abatement of Lease Payments under the Lease Agreement to the extent that the proceeds of hazard insurance or rental interruption insurance are available to pay Lease Payments that would otherwise be abated. See "SECURITY FOR THE BONDS – Abatement." However, there is no assurance that the Authority will receive proceeds of hazard insurance or rental interruption insurance in time to make debt service payments on the 2026 Bonds when due.

Although the City is required under the Lease Agreement to maintain property and liability insurance with respect to the Leased Property, the required insurance coverage is subject to certain conditions and restrictions. See "SECURITY FOR THE BONDS – Property Insurance."

No Debt Service Reserve Fund

The Authority will not fund a debt service reserve fund for the 2026 Bonds. If Revenues are insufficient for the Authority to pay debt service on the 2026 Bonds when due, no debt service reserve will be available under the Indenture for the Authority to make such payments.

Property Taxes

Levy and Collection. The City does not have any independent power to levy and collect property taxes. Any reduction in the tax rate or the implementation of any constitutional or legislative property tax decrease could reduce the City's property tax revenues, and accordingly, could have an adverse impact on the ability of the City to make Lease Payments. Likewise, delinquencies in the payment of property taxes could have an adverse effect on the City's ability to pay principal of and interest on the 2026 Bonds when due.

Reduction in Inflationary Rate. Article XIII A of the California Constitution provides that the full cash value base of real property used in determining assessed value may be adjusted from year to year to reflect the inflationary rate, not to exceed a 2% increase for any given year, or may be reduced to reflect a reduction in the consumer price index or comparable local data. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS." Such measure is computed on a calendar year basis. Because Article XIII A limits inflationary assessed value adjustments to the lesser of the actual inflationary rate or 2%, there have been years in which the assessed values were adjusted by actual inflationary rates, which were less than 2%. Since Article XIII A was approved, the annual adjustment for inflation has fallen below the 2% limitation a limited number of times and once was negative.

The City is unable to predict if any adjustments to the full cash value base of real property within the City, whether an increase or a reduction, will be realized in the future.

Appeals of Assessed Values. There are two types of appeals of assessed values that could adversely impact property tax revenues:

Proposition 8 Appeals. Most of the appeals that might be filed in the City would be based on Section 51 of the Revenue and Taxation Code, which requires that for each lien date the value of real property must be the lesser of its base year value annually adjusted by the inflation factor pursuant to Article XIII A of the State Constitution or its full cash value, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property or other factors causing a decline in value.

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

Any reduction in the assessment ultimately granted as a Proposition 8 appeal applies to the year for which application is made and during which the written application was filed. These reductions are often temporary and are adjusted back to their original values when market conditions improve. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIII A.

Base Year Appeals. A second type of assessment appeal is called a base year appeal, where the property owners challenge the original (basis) value of their property. Appeals for reduction in the “base year” value of an assessment, if successful, reduce the assessment for the year in which the appeal is taken and prospectively thereafter. The base year is determined by the completion date of new construction or the date of change of ownership. Any base year appeal must be made within four years of the change of ownership or new construction date.

No assurance can be given that property tax appeals in the future will not significantly reduce the City’s property tax revenues.

Natural Calamities

From time to time, the City could be subject to natural calamities that may adversely affect economic activity in the City, which could have a negative impact on the City’s finances. Additionally, a natural calamity adversely affecting the Leased Property could have a negative impact of the City’s use of such property, which could result in abatement of Lease Payments. See “– Abatement” above.

Seismic. Major earthquake fault zones in the vicinity of the City include the San Andreas fault zone to the west, among others. The 1989 Loma Prieta earthquake on the San Andreas fault was centered about 60 miles south of San Francisco and registered 6.9 on the Richter scale of earthquake intensity, and caused fires and collapses of and structural damage to buildings, highways, and bridges in the San Francisco Bay region. In 2015, the 2014 Working Group on California Earthquake Probabilities (a collaborative effort of the United States Geological Survey,

the California Geological Society and the Southern California Earthquake Center) updated the 30-year earthquake forecast for California and concluded that there is a 72% probability that at least one earthquake of magnitude 6.7 or greater will strike somewhere in the San Francisco Bay region before the year 2043. Such an earthquake would likely be very destructive and property within the City could sustain significant damage in a major earthquake, and the area's economic activity could be adversely affected.

The City cannot predict how much damage may occur within the City to the Leased Property, specifically, and how much reduction in assessed valuation in the City may result from an earthquake.

Under the Lease Agreement, the City is not required to obtain earthquake insurance on the Leased Property.

Flood. The City lies on the alluvial plain of the Santa Clara Valley, with the ground surface descending from the hills south of the City toward the San Francisco Bay. The area north of U.S. 101, including the North Bayshore Area, is a low-lying region adjacent to San Francisco Bay and is subject to flooding due to stormwater runoff and high tides and is, therefore, sensitive to sea level rise impacts. Some properties in the City lie within the Federal Emergency Management Agency (FEMA) 100-year Special Flood Hazard Area and are therefore subject to specific construction and insurance requirements.

The City's storm drainage system consists of storm drain pipes, culverts, retention and detention ponds, and pump stations with outfalls to creeks. The majority of the system performs well during a 10-year storm, with most flooding contained within streets. In general, the City drains from south to north. Surface runoff enters the storm drainage system through inlets, discharges into Stevens Creek, Permanente Creek, Hale Channel, or Adobe Creek at outfall locations, and ultimately flows into San Francisco Bay. Although Adobe Creek is primarily located in Palo Alto, it does receive surface discharges from the North Bayshore Area in the City. Some coastal flood protection is provided by a complex system of levees and ponds that were constructed to reclaim the margins of San Francisco Bay, primarily for salt production and landfill protection. Although these levees provide some level of flood protection, none are accredited by FEMA.

Sea Level Rise. Sea level rise is expected to exacerbate coastal flooding and increase inundation in low-lying areas of the Shoreline Community within the City. Projected sea level rise is also expected to worsen fluvial flooding by raising water surface elevations due to backwater effects from San Francisco Bay into Stevens Creek and Permanente Creek, and subsequently into the storm drainage system that discharges into these creeks. Coastal flood protection measures identified in the City's Sea Level Rise Capital Improvement Program are being addressed to ensure the continued functionality of the Shoreline Community.

Fire Hazards. In recent years, wildfires have caused extensive damage throughout the State. Certain of these fires have burned thousands of acres and destroyed hundreds and in some cases thousands of homes. In some instances, entire neighborhoods have been destroyed. Several fires which occurred in 2017 damaged or destroyed property in areas that were not previously considered to be at risk from such events. In November 2018, the Camp Fire occurred in Butte County, California. The Camp Fire is the deadliest and most destructive wildfire in the recorded history of the State burning more than 150,000 acres and destroying more than 11,500 structures, including most of the structures in the City of Paradise, California. Some commentators believe that climate change will lead to even more frequent and damaging wildfires in the future.

The land within the City may be susceptible to wildland fires due to a combination of factors including winds, temperatures, humidity levels, fuel moisture content of vegetation and topography. The risk to the community is increased in some areas because of the combustibility of building materials including roofs, adequacy of access roads, water supply duration, and pressure and maintenance of flammable vegetation surrounding structures.

To quantify this potential hazard, the California Department of Forestry and Fire Protection (“**Cal Fire**”) has developed a fire modeling and mapping process that utilizes three main criteria in order to evaluate and recommend potential fire hazards in wildland areas. The criteria are type of vegetation, fire weather, and topography. The maps developed by Cal Fire currently do not identify any areas within the City as Fire Hazard Severity Zones.

In the event taxable property within the City were destroyed by wildfires, the assessed valuation of such property would be reduced. Such reduction of assessed valuations could result in a reduction of property tax revenues to the City.

Droughts. California is subject to droughts from time to time. Most recently, in October, 2021, the Governor declared a Statewide drought state of emergency and requested that all water users voluntarily reduce water use by 15%. The declaration encouraged water agencies to draw upon supplies other than groundwater and to implement their water shortage contingency plans and authorized the State Water Resources Control Board to adopt regulations that prohibit wasteful water use. While some drought-related water restrictions were eased in May 2023, no assurance can be given that drought conditions will not return in the future.

Public Health Emergencies

In recent years, public health authorities have warned of threats posed by outbreaks of disease and other public health threats. For example, in 2020 the WHO announced that COVID-19, an upper respiratory tract illness, was a pandemic as it spread across the globe, having significant adverse health and financial impacts throughout the world. The spread of the COVID-19 coronavirus pandemic, and responses intended to slow its spread, resulted in negative health and economic impacts to various communities, including the City (on a temporary basis).

Although the COVID-19 pandemic is now in decline, future pandemics may arise in the future with similar or more adverse economic impacts. Uncertain too are the actions that may be taken by federal, State and local governmental authorities to contain or mitigate the effects of any such future outbreak.

Certain Risks Associated with Sales Tax and Other Local Tax Revenues

For Fiscal Year 2024-25, sales and use tax revenues were one of the largest source of General Fund revenue to the City. See “CITY FINANCIAL INFORMATION – Major Revenues” and “– Sales and Use Taxes.” Sales tax revenues are based upon the gross receipts of retail sales of tangible goods and products by retailers with taxable transactions in the City, which could be impacted by a variety of factors.

For example, the City may enter into an economic recession. In times of economic recession, the gross receipts of retailers often decline, and such a decline would cause the sales tax revenues received by the City to also decline.

In addition, changes or amendments in the laws applicable to the City's receipt of sales tax revenues or other local taxes, whether implemented by State legislative action or voter initiative, could have an adverse effect on sales tax revenues received by the City. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS – Proposition 218 – Article XIIC and Article XIID."

For example, many categories of transactions are exempt from the statewide sales tax, and additional categories could be added in the future. Currently, most sales of food products for human consumption are exempt; this exemption, however, does not apply to liquor or to restaurant meals. The rate of sales tax levied on taxable transactions in the City or the fee charged by the California Department of Tax and Fee Administration for administering the City's sales tax could also be changed.

Limitations on Remedies Available to Bond Owners

The ability of the City to comply with its covenants under the Lease Agreement may be adversely affected by actions and events outside of the control of the City, and may be adversely affected by actions taken (or not taken) by voters, property owners, taxpayers or payers of assessments, fees and charges. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS" above. Furthermore, any remedies available to the owners of the 2026 Bonds upon the occurrence of an event of default under the Lease Agreement or the Indenture are in many respects dependent upon judicial actions, which are often subject to discretion and delay and could prove both expensive and time consuming to obtain.

In addition to the limitations on Bondowner remedies contained in the Lease Agreement and the Indenture, the rights and obligations under the 2026 Bonds, the Lease Agreement and the Indenture may be subject to the following: the United States Bankruptcy Code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equity principles which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the Federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or state government, if initiated, could subject the Owners of the 2026 Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation or modification of their rights.

The opinion to be delivered by Bond Counsel concurrently with the issuance of the 2026 Bonds will include a qualification that the rights of the owners of the 2026 Bonds and the enforceability of the 2026 Bonds and the Indenture, the Lease Agreement and the Site Lease may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and may also be subject to the exercise of judicial discretion in accordance with principles of equity or otherwise in appropriate cases. See APPENDIX D — PROPOSED FORM OF OPINION OF BOND COUNSEL.

Loss of Tax-Exemption

As discussed under the caption "TAX MATTERS," interest on the 2026 Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date the 2026 Bonds were issued, as a result of future acts or omissions of the Authority or the City in

violation of their respective covenants in the Lease Agreement and the Indenture. Should such an event of taxability occur, the 2026 Bonds are not subject to special redemption and will remain Outstanding until maturity or until redeemed under other provisions set forth in the Indenture.

Secondary Market for Bonds

There can be no guarantee that there will be a secondary market for the 2026 Bonds or, if a secondary market exists, that any 2026 Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then-prevailing circumstances. Such prices could be substantially different from the original purchase price.

Cyber Security

The City, like many other public and private entities, relies on computer and other digital networks and systems to conduct its operations. As a recipient and provider of personal, private or other sensitive electronic information, the City is potentially subject to multiple cyber threats, including without limitation hacking, viruses, ransomware, malware and other attacks.

The City follows a layered cybersecurity strategy that includes detection, prevention, and monitoring. This includes the implementation of citywide multi-factor authentication and an employee cybersecurity awareness program. In addition, the City contracted with an independent cyber security consulting firm, who utilized the National Institute of Technology and Standards (NIST) Cybersecurity Framework to evaluate the City's infrastructure and identify mitigation strategies. No assurance can be given that the City's efforts to manage cyber threats and attacks will be successful in all cases, or that any such attack will not materially impact the operations or finances of the City.

The City is also reliant on other entities and service providers in connection with the administration of the 2026 Bonds, including without limitation the County tax collector for the levy and collection of property taxes, and the Trustee. No assurance can be given that the City and these other entities will not be affected by cyber threats and attacks in a manner that may affect the 2026 Bond owners.

IRS Audit of Tax-Exempt Bond Issues

The Internal Revenue Service (the "IRS") has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the 2026 Bonds will be selected for audit by the IRS. It is also possible that the market value of such 2026 Bonds might be affected as a result of such an audit of such 2026 Bonds (or by an audit of similar bonds or securities).

Impact of Legislative Proposals, Clarifications of the Tax Code and Court Decisions on Tax Exemption

Future legislative proposals, if enacted into law, clarification of the Tax Code (defined herein) or court decisions may cause interest on the 2026 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation,

or otherwise prevent 2026 Bond owners from realizing the full current benefit of the tax status of such interest.

TAX MATTERS

Federal Tax Status. In the opinion of Jones Hall LLP, San Mateo, California, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the 2026 Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. Interest on the 2026 Bonds may be subject to the corporate alternative minimum tax.

The opinions set forth in the preceding paragraph are subject to the condition that the Authority comply with all requirements of the Internal Revenue Code of 1986, as amended (the "**Tax Code**") that must be satisfied subsequent to the issuance of the 2026 Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The Authority has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the 2026 Bonds.

Tax Treatment of Original Issue Discount and Premium. If the initial offering price to the public at which a 2026 Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes "original issue discount" for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public at which a 2026 Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes "bond premium" for purposes of federal income taxes and State of California personal income taxes.

Under the Tax Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the 2026 Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such 2026 Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such 2026 Bond. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the 2026 Bonds who purchase the 2026 Bonds after the initial offering of a substantial amount of such maturity. Owners of such 2026 Bonds should consult their own tax advisors with respect to the tax consequences of ownership of 2026 Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering to the public at the first price at which a substantial amount of such 2026 Bonds is sold to the public.

Under the Tax Code, bond premium is amortized on an annual basis over the term of the 2026 Bond (said term being the shorter of the 2026 Bond's maturity date or its call date). The amount of bond premium amortized each year reduces the adjusted basis of the owner of the 2026 Bond for purposes of determining taxable gain or loss upon disposition. The amount of bond premium on a 2026 Bond is amortized each year over the term to maturity of the 2026 Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized 2026 Bond premium is not deductible for federal income tax purposes. Owners of premium 2026 Bonds, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such 2026 Bonds.

California Tax Status. In the further opinion of Bond Counsel, interest on the 2026 Bonds is exempt from California personal income taxes.

Other Tax Considerations. Current and future legislative proposals, if enacted into law, clarification of the Tax Code or court decisions may cause interest on the 2026 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Tax Code or court decisions may also affect the market price for, or marketability of, the 2026 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, such legislation would apply to bonds issued prior to enactment.

The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of such opinion, and Bond Counsel has expressed no opinion with respect to any proposed legislation or as to the tax treatment of interest on the 2026 Bonds, or as to the consequences of owning or receiving interest on the 2026 Bonds, as of any future date. Prospective purchasers of the 2026 Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Owners of the 2026 Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the 2026 Bonds may have federal or state tax consequences other than as described above. Other than as expressly described above, Bond Counsel expresses no opinion regarding other federal or state tax consequences arising with respect to the 2026 Bonds, the ownership, sale or disposition of the 2026 Bonds, or the amount, accrual or receipt of interest on the 2026 Bonds.

Bond Counsel's form of opinion regarding the tax status of the 2026 Bonds is attached as APPENDIX D.

CERTAIN LEGAL MATTERS

Jones Hall LLP, Bond Counsel, will render an opinion with respect to the validity of the 2026 Bonds, the form of which is set forth in APPENDIX D. Certain legal matters will also be passed upon for the City and the Authority by Jones Hall LLP, as Disclosure Counsel. Certain legal matters will be passed upon for the City and the Authority by the City Attorney. Certain legal matters will be passed upon for the Underwriters by their counsel, Stradling Yocca Carlson & Rauth LLP.

LITIGATION

To the best knowledge of the City, there is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state, municipal or other governmental authority pending and notice of which has been served on and received by the City or, to the knowledge of the City, threatened against or affecting the City or the assets, properties or operations of the City which, if determined adversely to the City or its interests, would have a material and adverse effect upon the consummation of the transactions contemplated by or the validity of the Lease

Agreement, the Site Lease or the Indenture, or upon the financial condition, assets, properties or operations of the City, and the City is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default might have consequences that would materially adversely affect the consummation of the transactions contemplated by the Lease Agreement, the Site Lease or the Indenture, or the financial conditions, assets, properties or operations of the City, including but not limited to the payment and performance of the City's obligations under the Lease Agreement.

Although the City does not believe it would adversely impact the City's ability to pay its Lease Payments when due, the City notes that, in 2020, San Francisco Baykeeper filed a lawsuit in federal court against the City of Sunnyvale and the City of Mountain View (USDC Case No. 20-cv-00824-EJD), alleging violations of the Clean Water Act. On March 31, 2026, the court issued findings of fact and conclusions of law ("March 31 Order") imposing \$1,178,400 in civil penalties against each city. The March 31 Order also defers ruling on a permanent injunction and directs the parties to submit additional briefing on the matter. In addition to paying civil penalties, the cities will more likely than not be required to pay attorneys' fees, the amount of which is currently unknown but may exceed \$1 million per city.

RATING

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("**S&P**"), has assigned its municipal bond rating of "AA+" to the 2026 Bonds.

This rating reflects only the views of S&P, and an explanation of the significance of this rating, and any outlook assigned to or associated with this rating, should be obtained from S&P.

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

There is no assurance that this rating will continue for any given period of time or that this rating will not be revised downward or withdrawn entirely by the rating agency, if in the judgment of the rating agency, circumstances so warrant. Any such downward revision or withdrawal of any rating on the 2026 Bonds may have an adverse effect on the market price or marketability of the 2026 Bonds.

CONTINUING DISCLOSURE

The City (on behalf of the Authority and itself) will covenant for the benefit of owners of the 2026 Bonds to provide certain financial information and operating data relating to the City (the "**Annual Report**"), by not later than seven months after the end of the City's Fiscal Year (presently June 30) and commencing January 31, 2027, with the report for the Fiscal Year ending June 30, 2026, and to provide notices of the occurrence of certain listed events.

These covenants have been made in order to assist the Underwriters in complying with Securities Exchange Commission Rule 15c2-12(b)(5), as amended (the "**Rule**"). The specific nature of the information to be contained in the Annual Report or the notices of listed events is set forth in "APPENDIX E — FORM OF CONTINUING DISCLOSURE CERTIFICATE."

The City, on its own behalf and on behalf of related entities, has entered into a number of prior continuing disclosure undertakings under the Rule in connection with the issuance of long-term obligations, and has provided annual financial information and event notices in accordance with those undertakings. Based on a third-party compliance review, the City is not aware of any material failures to comply with prior undertakings by it or its related entities during the past five years.

The City has engaged Urban Futures, Inc., Walnut Creek, California, to serve as its dissemination agent and assist the City in complying with its continuing disclosure undertakings. To further ensure such compliance, the City has adopted policies and procedures related thereto.

UNDERWRITING

The 2026 Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated, and Morgan Stanley & Co. LLC (collectively, the **“Underwriters”**), at a purchase price of \$_____ (which represents the aggregate principal amount of the 2026 Bonds (\$_____), plus an original issue premium/less an original issue discount of \$_____, less an Underwriters’ discount of \$_____).

The purchase agreement relating to the 2026 Bonds provides that the Underwriters will purchase all of the 2026 Bonds, if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in such purchase agreement.

The Underwriters may offer and sell the 2026 Bonds to certain dealers and others at prices lower than the offering prices stated on the inside cover page hereof. The offering prices may be changed from time to time by the Underwriters.

Morgan Stanley & Co. LLC, an underwriter of the 2026 Bonds, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the 2026 Bonds.

MUNICIPAL ADVISOR

The Authority has appointed Urban Futures, Inc., Walnut Creek, California, as its Municipal Advisor (the **“Municipal Advisor”**) in connection with the issuance of the 2026 Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement. The Municipal Advisor is an independent registered municipal advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

PROFESSIONAL FEES

In connection with the issuance of the 2026 Bonds, fees or compensation payable to certain professionals are contingent upon the issuance and delivery of the 2026 Bonds. Those professionals include:

- the Underwriters;
- Jones Hall LLP, as Bond Counsel and Disclosure Counsel;
- Stradling Yocca Carlson & Rauth LLP, as Underwriters' Counsel;
- Urban Futures, Inc., as municipal advisor; and
- U.S. Bank Trust Company, National Association, as Trustee.

EXECUTION

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

CITY OF MOUNTAIN VIEW CAPITAL
IMPROVEMENTS FINANCING AUTHORITY

By: _____
Manager

CITY OF MOUNTAIN VIEW

By: _____
City Manager

APPENDIX A

GENERAL INFORMATION ABOUT THE CITY OF MOUNTAIN VIEW AND THE COUNTY OF SANTA CLARA

The following information concerning the City of Mountain View (the “City”) and the County of Santa Clara (the “County”) is included only for the purpose of supplying general information regarding the area of the City. The 2026 Bonds are not a debt of the City, the County, the State of California (the “State”) or any of its political subdivisions (other than the Authority), and none of the City, the County, the State or any of its political subdivisions (other than the Authority) is liable therefor.

General

The City. Incorporated November 7, 1902, the City is one of the major cities that makes up Silicon Valley. Many of the largest technology companies including Google, Mozilla Foundation, Symantec, and Intuit are headquartered in the City. The City borders Palo Alto and the San Francisco Bay to the north, Los Altos to the south, and Moffett Federal Airfield and Sunnyvale to the east. The City operates under a council-manager form of government. Policy-making and legislative authority are vested with the city council, which is composed of seven council members elected by seat number for staggered four-year terms, with a two-term limit. In January of each year, the council elects one of its members as mayor and another as vice mayor.

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

Population

The following table lists population figures for the City and the County for the last five calendar years.

SANTA CLARA COUNTY
Population Estimates
Calendar Years 2021 through 2025
(As of January 1st)

<u>Area</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Campbell	43,461	43,010	43,320	43,377	43,281
Cupertino	59,915	59,464	59,861	59,887	59,831
Gilroy	59,910	59,686	60,860	61,531	62,205
Los Altos	31,383	31,211	31,474	31,523	31,720
Los Altos Hills	8,459	8,389	8,490	8,520	8,548
Los Gatos	33,266	33,056	33,519	33,500	33,355
Milpitas	80,358	80,707	81,980	82,401	81,915
Monte Sereno	3,462	3,488	3,583	3,613	3,637
Morgan Hill	46,267	46,069	46,449	46,573	46,599
Mountain View	83,456	83,848	84,731	86,674	86,513
Palo Alto	67,849	67,791	68,468	68,570	68,794
San José	994,319	970,089	978,546	980,174	979,415
Santa Clara	129,747	130,567	133,469	133,829	134,587
Saratoga	30,878	30,638	30,937	31,020	31,110
Sunnyvale	155,259	155,936	158,006	158,948	159,673
Balance Of County	85,605	90,878	91,472	91,266	91,076
County Total	1,913,594	1,894,827	1,915,165	1,921,406	1,922,259

Source: State Department of Finance estimates (as of January 1).

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Employment and Industry

The City is part of the San José-Sunnyvale-Santa Clara Metropolitan Statistical Area (“MSA”), which is comprised of the County and San Benito County. The unemployment rate in the MSA was 4.3% in January 2026, up from a revised 4.0% in December 2025, and unchanged from the year-ago estimate of 4.3%. This compares with an unadjusted unemployment rate of 5.5% for the State and 4.7% for the nation during the same period. The unemployment rate was 7.2% in San Benito County, and 4.2% in the County.

The table below list employment by industry group for the years 2021 through 2025.

SAN JOSÉ-SUNNYVALE-SANTA CLARA MSA
(San Benito and Santa Clara Counties)
Annual Averages Civilian Labor Force, Employment and Unemployment,
Employment by Industry
(March 2025 Benchmark)

	2021	2022	2023	2024	2025
Civilian Labor Force ⁽¹⁾	1,020,000	1,043,000	1,056,200	1,057,600	--
Employment	969,000	1,013,300	1,018,100	1,013,100	--
Unemployment	51,000	29,700	38,100	44,400	--
Unemployment Rate	5.0%	2.9%	3.6%	4.2%	--
<u>Wage and Salary Employment:</u> ⁽²⁾					
Agriculture	5,000	4,800	4,700	4,900	5,000
Mining and Logging	200	200	200	200	200
Construction	51,700	53,800	53,900	53,200	52,500
Manufacturing	125,700	133,200	131,100	126,400	127,500
Wholesale Trade	28,300	28,900	28,900	28,200	28,000
Retail Trade	73,700	73,600	73,700	72,200	72,200
Transportation, Warehousing, Utilities	15,100	16,700	16,900	16,700	16,900
Information	107,100	106,000	97,700	94,800	97,000
Finance and Insurance	23,400	22,500	22,000	21,100	21,100
Real Estate and Rental and Leasing	15,100	15,700	15,800	15,600	15,600
Professional and Business Services	284,100	295,700	290,400	282,800	277,200
Educational and Health Services	178,400	187,000	197,100	208,600	217,400
Leisure and Hospitality	79,000	96,700	101,900	103,100	103,000
Other Services	22,800	25,400	26,500	27,300	28,000
Federal Government	10,500	10,200	10,100	10,100	10,100
State Government	6,900	7,000	7,000	7,000	6,800
Local Government	76,000	78,700	81,100	83,200	84,800
Total, All Industries ⁽³⁾	1,102,800	1,155,800	1,158,800	1,155,500	1,163,100

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

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

(3) Totals may not add due to rounding.

Source: State of California Employment Development Department.

Principal Employers

The following table shows the principal private employers in the City, as shown in the Annual Comprehensive Financial Report for Fiscal Year ending June 30, 2025.

CITY OF MOUNTAIN VIEW Principal Employers

Employer	Percent of Total Employment
Google LLC	19.1%
El Camino Health	2.8
Intuit Inc.	2.8
Microsoft Corporation	2.5
LinkedIn Corporation	2.1
Waymo LLC	1.4
Palo Alto Medical Foundation	0.8
Mountain View Whisman School District	0.5
Bytedance	0.5
Nuro, Inc.	0.4

Source: City of Mountain View, Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2025.

Major Employers

The table below lists the major employers in the County, listed alphabetically.

SANTA CLARA COUNTY Major Employers April 2026

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

Source: State of California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database, 2026 1st edition.

Commercial Activity

Summaries of the historic taxable sales within the City and the County during the past five years in which data is available are shown in the following tables.

Total taxable sales during the first three quarters of calendar year 2025 in the City were reported to be \$1,289,973,489, a 2.78% increase over the total taxable sales of \$1,255,076,233 reported during the first three quarters of calendar year 2024.

CITY OF MOUNTAIN VIEW
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
(Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2020	1,384	\$961,724	2,566	\$1,381,258
2021	1,263	1,140,334	2,310	1,662,339
2022	1,245	1,354,131	2,307	1,956,440
2023	1,184	1,361,684	2,229	1,886,743
2024	1,178	1,347,329	2,237	1,692,493

Source: State Department of Tax and Fee Administration.

Total taxable sales during the first three quarters of calendar year 2025 in the County were reported to be \$41,627,542,739, representing a 0.39% decrease from the total taxable transactions of \$41,790,806,471 that were reported in the County during the first three quarters of calendar year 2024.

COUNTY OF SANTA CLARA
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
(Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2020	30,969	\$27,467,410	55,395	\$46,444,650
2021	28,365	31,393,299	51,015	52,994,694
2022	28,214	33,619,773	51,222	57,738,947
2023	27,227	33,369,250	49,698	57,098,298
2024	27,465	33,980,830	50,447	57,527,704

Source: State Department of Tax and Fee Administration.

Construction Activity

The following tables show a five-year summary of the valuation of building permits issued in the City and the County.

CITY OF MOUNTAIN VIEW Building Permit Valuation For Calendar Years 2020 through 2024 (Dollars in Thousands)⁽¹⁾

	2020	2021	2022	2023	2024
<u>Permit Valuation</u>					
New Single-family	\$4,438.6	\$43,257.9	\$17,344.9	\$35,528.9	\$35,803.8
New Multi-family	0.0	40,570.2	240,152.9	104,834.8	42,948.2
Res. Alterations/Additions	1,984.2	25,122.5	33,136.9	26,037.3	22,812.8
Total Residential	6,422.8	108,950.6	290,634.7	166,401.0	101,564.8
New Commercial	50.0	914.0	95,428.0	54,097.4	7,810.0
New Industrial	0.0	0.0	0.0	0.0	0.0
New Other	15.0	94,780.3	134,116.6	15,474.6	3,707.2
Com. Alterations/Additions	12,027.3	95,974.2	135,799.8	103,553.4	37,470.4
Total Nonresidential	12,092.3	191,668.5	365,344.4	173,125.4	48,987.6
<u>New Dwelling Units</u>					
Single Family	14	147	59	126	110
Multiple Family	0	399	1,565	322	85
TOTAL	14	546	1,624	448	195

(1) Totals may not add due to rounding.

Source: Construction Industry Research Board, Building Permit Summary.

SANTA CLARA COUNTY Building Permit Valuation For Calendar Years 2020 through 2024 (Dollars in Thousands)⁽¹⁾

	2020	2021	2022	2023	2024
<u>Permit Valuation</u>					
New Single-family	\$465,531.8	\$604,388.6	\$558,633.4	\$534,061.1	\$556,911.7
New Multi-family	384,856.1	488,538.1	1,239,445.8	882,779.3	441,419.0
Res. Alterations/Additions	314,179.3	351,100.6	392,595.4	374,279.1	503,549.0
Total Residential	1,164,567.2	1,444,027.3	2,190,674.6	1,791,119.5	1,501,879.7
New Commercial	1,216,184.5	309,537.0	774,988.7	329,197.5	387,581.5
New Industrial	72,481.3	8,982.3	0.0	2,099.0	65,000.0
New Other	145,437.8	451,952.6	623,244.7	192,452.6	225,979.8
Com Alterations/Additions	1,382,406.5	812,157.1	1,249,080.3	2,150,379.3	1,113,277.6
Total Nonresidential	2,816,510.1	1,582,629.0	2,647,313.7	2,674,128.4	1,791,838.9
<u>New Dwelling Units</u>					
Single Family	1,329	1,789	1,538	1,210	1,316
Multiple Family	2,245	3,210	6,765	4,776	2,017
TOTAL	3,574	4,999	8,303	5,986	3,333

(1) Totals may not foot due to rounding.

Source: Construction Industry Research Board, Building Permit Summary.

Effective Buying Income

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

The following table summarizes the total effective buying income and median household effective buying income for the City, the County, the State and the United States for the period 2022 through 2026.

**CITY OF MOUNTAIN VIEW,
SANTA CLARA COUNTY,
THE STATE OF CALIFORNIA AND THE UNITED STATES
Effective Buying Income
As of January 1, 2022 through 2026**

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2022	City of Mountain View	\$6,715,404	\$133,995
	Santa Clara County	113,347,038	118,652
	California	1,452,426,153	77,058
	United States	11,208,582,541	64,448
2023	City of Mountain View	\$6,618,894	\$137,209
	Santa Clara County	112,532,636	121,559
	California	1,461,799,662	77,175
	United States	11,454,846,397	65,326
2024	City of Mountain View	\$6,885,795	\$144,662
	Santa Clara County	114,948,530	125,048
	California	1,510,708,521	80,973
	United States	11,987,185,826	67,876
2025	City of Mountain View	\$7,091,547	\$145,030
	Santa Clara County	118,437,858	128,178
	California	1,557,429,767	82,725
	United States	12,525,577,707	69,687
2026	City of Mountain View	\$7,819,390	\$158,166
	Santa Clara County	130,688,430	138,593
	California	1,730,654,738	90,403
	United States	13,932,177,817	75,433

Source: Claritas, LLC

APPENDIX B
SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

APPENDIX C

FISCAL YEAR 2024-25 ANNUAL COMPREHENSIVE FINANCIAL REPORT

APPENDIX D

PROPOSED FORM OF OPINION OF BOND COUNSEL

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

\$ _____
**CITY OF MOUNTAIN VIEW CAPITAL IMPROVEMENTS FINANCING AUTHORITY
LEASE REVENUE BONDS, SERIES 2026
(PUBLIC SAFETY BUILDING PROJECT)**

This Continuing Disclosure Certificate (this “Disclosure Certificate”) is executed and delivered by the City of Mountain View (the “City”) in connection with the issuance by the City of Mountain View Capital Improvements Financing Authority (the “Authority”) of the bonds captioned above (the “Bonds”). The Bonds are being issued under an Indenture of Trust dated as of May 1, 2026 (the “Indenture”), by and between the Authority and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”). The City hereby covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City on behalf of itself and the Authority 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 above and in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

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

“*Annual Report Date*” means seven months after the end of the City’s fiscal year (currently January 31, based on the City’s fiscal year-end of June 30).

“*Dissemination Agent*” means, initially, Urban Futures, Inc., and any successor Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation.

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

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

“*Official Statement*” means the final official statement dated _____, 2026, executed by the City and the Authority in connection with the issuance of the Bonds.

“*Participating Underwriters*” means, collectively, Stifel, Nicolaus & Company, Incorporated, and Morgan Stanley & Co. LLC, the original purchasers of the Bonds required to comply with the Rule in connection with offering of the Bonds.

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

Section 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing January 31, 2027, with the report for the 2025-26 fiscal year, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 Business Days prior to the Annual Report Date, the City shall provide the Annual Report to the Dissemination Agent (if other than the City). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the City) has not received a copy of the Annual Report, the Dissemination Agent shall contact the City to determine if the City is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the City's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(b). The City shall provide a written general fund with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the City hereunder.

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

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

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

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

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

(a) *Financial Statements.* Audited financial statements of the City for the preceding fiscal year, prepared in accordance generally accepted accounting principles. If the City'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) *Other Annual Information.* To the extent not included in the audited final statements of the City, the Annual Report shall also include financial and operating data with respect to the City for the preceding fiscal year, substantially similar to that provided in the corresponding tables and charts in the Official Statement, as follows:

(i) the principal amount of Bonds outstanding as of June 30 preceding the filing of the Annual Report;

(ii) updates as of June 30 preceding the filing of the Annual Report of the substance of the information contained in following tables in the Official Statement:

(1) Statement of General Fund Revenues, Expenditures and Changes in Fund Balance, substantially in the form of Table 4 in the Official Statement;

(2) Assessed Value of Taxable Property, substantially in the form of Table 6 in the Official Statement;

(3) Top Ten Property Taxpayers, substantially in the form of Table 7 in the Official Statement; and

(4) Major General Fund Revenues by Source, substantially in the form of Table 5 in the Official Statement.

(c) *Cross References.* Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which are available to the public through the MSRB. The City shall clearly identify each such other document so included by reference. If the document included by reference is a final official statement, it must be available from the MSRB.

Section 5. Reporting of Listed Events.

(a) The City shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds:

- (1) Principal and interest payment delinquencies.
- (2) Non-payment related defaults, if material.
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (5) Substitution of credit or liquidity providers, or their failure to perform.
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.
- (7) Modifications to rights of security holders, if material.
- (8) Bond calls, if material, and tender offers.
- (9) Defeasances.

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

(b) Upon the occurrence of a Listed Event, the City shall, or shall cause the Dissemination Agent (if not the City) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 Business Days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsection (a)(8) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds under the Indenture.

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

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or

governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

(e) For purposes of Section 5(a)(15) and (16), “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

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

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

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

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

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

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

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

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

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which

the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the City to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative.

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

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

Section 11. Default. In the event of a failure of the City to comply with any provision of this Disclosure Certificate, the Participating Underwriters 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 City to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance.

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

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

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

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

*If to the Authority
or the City:*

City of Mountain View
500 Castro Street
Mountain View, CA 94041
Attention: Finance and Administrative Services
Director

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

Section 14. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, the Participating 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. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be regarded as an original, and all of which shall constitute one and the same instrument.

Date: _____, 2026

CITY OF MOUNTAIN VIEW

By: _____
City Manager

AGREED AND ACCEPTED:
Urban Futures, Inc.,
as Dissemination Agent

By: _____
Name: _____
Title: _____

APPENDIX F

DTC AND THE BOOK-ENTRY ONLY SYSTEM

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

Neither the Authority (the “Issuer”) nor the Trustee (the “Agent”) take any responsibility for the information contained in this Appendix.

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the 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.

1. The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the securities (the “Securities”). The Securities 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 Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding

company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org. *The information contained on this Internet site is not incorporated herein by reference.*

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

4. To facilitate subsequent transfers, all Securities 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 Securities 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 Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities 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.

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

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting

rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities 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 Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to the Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to the Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to the Agent's DTC account.

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

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

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