PRELIMINARY OFFICIAL STATEMENT DATED [_______], 2020

NEW ISSUE – BOOK-ENTRY ONLY

RATING:

S&P: “[____]”

(See “RATING” herein)

[In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 163 of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that interest on the Bonds is exempt from State of California personal income taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds. See “TAX MATTERS” herein.]

$[Par Amount]*

SANTA CLARA COUNTY FINANCING AUTHORITY

Lease Revenue Bonds

(Fire District Facilities)

2020 Series A

Dated: Date of Delivery

The Santa Clara County Financing Authority Lease Revenue Bonds (Fire District Facilities), 2020 Series A (the “Bonds”) will be issued as fully-registered bonds without coupons and will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). The Bonds will bear interest from the date of their initial delivery, at the rates set forth on the inside cover, payable on [May 1] and [November 1] of each year, commencing [November 1, 2020]. DTC will act as securities depository for the Bonds. Purchases of beneficial interests in the Bonds will be made in book-entry form through DTC participants and no physical delivery of Bonds will be made to purchasers, except as otherwise described herein. Payment of principal of and interest on the Bonds will be made by U.S. Bank National Association, as trustee (the “Trustee”), to DTC, which is obligated to remit such payments to its participants for subsequent disbursement to the beneficial owners of the Bonds. See APPENDIX F—“DTC AND THE BOOK-ENTRY SYSTEM” attached hereto. The Bonds will be issued in denominations of $5,000 or any integral multiple thereof.

The Bonds will be subject to redemption prior to maturity, as described herein. See “THE BONDS—Redemption Provisions” herein.

The Bonds will be issued to provide funds [(i) to finance or refinance the acquisition of a building in Campbell, California (the “Acquired Facilities”), to be occupied by and used as the headquarters of, the Santa Clara County Central Fire Protection District (the “District”); (ii) to finance or refinance the costs of certain capital improvements to, and equipping of, the Acquired Facilities; (iii) to pay capitalized interest on the Bonds through [______]; and (iv) for costs of issuance of the Bonds.] See “THE PROJECT” and “ESTIMATED SOURCES AND USES OF FUNDS” herein.

The Bonds will be issued by the Santa Clara County Financing Authority (the “Authority”) pursuant to a Trust Agreement, to be dated as of June 1, 2020 (the “Trust Agreement”), by and between the Authority and the Trustee. The Bonds will be payable from Revenues, which will consist primarily of Base Rental Payments to be received by the Authority from the County of Santa Clara (the “County”) under a Facilities Lease, to be dated as of June 1, 2020 (the “Facilities Lease”).

Pursuant to the Facilities Lease, the County will agree to lease the Leased Facilities from the Authority. The Leased Facilities will initially consist of the [facilities and the site of the Acquired Facilities and an existing fire station owned by the Central Fire District located in Stevens Creek, California]. The Base Rental Payments and Additional Payments (together, the “Lease Payments”) to be made by the County pursuant to the Facilities Lease will be payable by the County from its General Fund to the Authority for the use and possession by the County of the Leased Facilities, as more fully described herein.

The Base Rental Payments to be made by the County to the Authority pursuant to the Facilities Lease will be in amounts calculated to be sufficient to pay principal of and interest on the Bonds (and any Additional Bonds, as described herein) when due. The County will agree in the Facilities Lease to make all Lease Payments, subject to abatement of such Lease Payments in the event of material damage to or destruction of the Leased Facilities or a taking of the Leased Facilities in whole or in part under eminent domain. The County will covenant in the Facilities Lease to take such action as may be necessary to include Lease Payments in its annual budgets and to make annual appropriations therefor. See “SECURITY AND SOURCE OF PAYMENT FOR THE BONDS” herein.

The Bonds will be limited obligations of the Authority and will be payable solely from the Revenues and certain other funds as provided under the Trust Agreement, and the Authority will not be obligated to pay the principal of or the interest on the Bonds except from the Revenues. The Bonds will not be a debt of the County or the District, and neither the County nor the District will be liable thereon, nor in any event will the Bonds be payable out of or secured by a legal or equitable pledge of, or charge or lien upon, any property of the Authority or any of its income or receipts, except the Revenues and certain other amounts as provided under the Trust Agreement. Neither the full faith and credit of the Authority, the County nor the District will be pledged for the payment of the principal of or interest on the Bonds nor for the payment of Lease Payments. The Authority has no taxing power.


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

The Bonds are offered when, as and if issued, subject to the approval of validity by Orrick, Herrington & Sutcliffe LLP, San Francisco, California, Bond Counsel to the Authority, and subject to certain other conditions. Certain legal matters will be passed upon by Hawkins Delafield & Wood LLP, San Francisco, California, Disclosure Counsel. Certain legal matters will be passed upon for the Authority and for the County by County Counsel. It is expected that the Bonds will be available for delivery through the DTC book-entry system in New York, New York, on or about [_______], 2020.

# MATURITY SCHEDULE

Santa Clara County Financing Authority  
Lease Revenue Bonds  
(Fire District Facilities)  
2020 Series A

<table>
<thead>
<tr>
<th>Maturity ([May 1])</th>
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<th>Interest Rate</th>
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$___ ___ % Term Bond due [May 1], 20__ Price/Yield – ____ CUSIP‡: 801577

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‡ CUSIP is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP service. CUSIP numbers are provided for reference only. None of the County, the Authority or the Municipal Advisor takes any responsibility for the accuracy of such numbers.
No dealer, broker, salesperson or any other person has been authorized to give any information or to make any representations other than those contained in this Official Statement in connection with the offering made hereby and, if given or made, such information or representations must not be relied upon as having been authorized by the Authority or the County. Neither the delivery of this Official Statement nor any sale hereunder will under any circumstances create any implication that there has been no change in the affairs of the Authority or the County since the date hereof. This Official Statement does not constitute an offer or solicitation in any jurisdiction in which such offer or solicitation is not authorized, or in which the person making such offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make such offer or solicitation.

In connection with this offering, the underwriters may overallot or effect transactions which stabilize or maintain the market price of the Bonds at levels above those which might not otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

No representation is made that past experience, as it might be shown by financial and other information, will necessarily continue or be repeated in the future. Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements.” Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “budget,” “intend,” “projection” or other similar words. All projections, forecasts, assumptions, expressions of opinions, estimates, and other forward-looking statements are expressly qualified in their entirety by the cautionary statements set forth in this Official Statement. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Neither the Authority nor the County plan to issue any updates or revisions to those forward-looking statements if or when their expectations, or events, conditions or circumstances on which such statements are based do or do not occur.

The Bonds have not been registered with the Securities and Exchange Commission (the “SEC”) under the Securities Act of 1933, as amended, in reliance upon an exemption contained in such Act. The Trust Agreement has not been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon an exemption contained in such Act. The Bonds have not been approved or disapproved by the SEC or with the securities commission or any regulatory authority of any state, nor has the SEC or any state securities commission or regulatory agency passed upon or endorsed the merits of this offering or the accuracy or the adequacy of this Official Statement. Any representation to the contrary is a criminal offense.

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

In making an investment decision, investors must rely on their own examination of the Authority and the County and the terms of the offering, including the merits and risks involved. Prospective investors should not construe the contents of this Official Statement as legal, tax or investment advice. This Official Statement is not to be construed as a contract with the purchasers of the Bonds.
SANTA CLARA COUNTY FINANCING AUTHORITY
BOARD OF DIRECTORS

CINDY CHAVEZ
President

MIKE WASSERMAN

DAVE CORTESE

SUSAN ELLENBERG

S. JOSEPH SIMITIAN

COUNTY OF SANTA CLARA
BOARD OF SUPERVISORS

CINDY CHAVEZ
(District 2)
President

MIKE WASSERMAN
(District 1)

DAVE CORTESE
(District 3)

SUSAN ELLENBERG
(District 4)

S. JOSEPH SIMITIAN
(District 5)

COUNTY OFFICIALS

JEFFREY V. SMITH
County Executive

ALAN MINATO
Director of Finance

LAWRENCE E. STONE
Assessor

LAURIE SMITH
Sheriff

JAMES R. WILLIAMS, ESQ.
County Counsel

JEFFREY F. ROSEN, ESQ.
District Attorney

MUNICIPAL ADVISOR
KNN Public Finance, LLC
Oakland, California

BOND COUNSEL
Orrick, Herrington & Sutcliffe LLP
San Francisco, California

DISCLOSURE COUNSEL
Hawkins Delafield & Wood LLP
San Francisco, California

TRUSTEE
U.S. Bank National Association
San Francisco, California
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OFFICIAL STATEMENT

$[Par Amount]*

SANTA CLARA COUNTY FINANCING AUTHORITY
Lease Revenue Bonds
(Fire District Facilities)
2020 Series A

INTRODUCTION

This introduction is qualified in its entirety by reference to the more detailed information included and referred to elsewhere in this Official Statement. The offering of the Bonds to potential investors is made only by means of the entire Official Statement. Capitalized terms used in this Official Statement and not otherwise defined herein will have the respective meanings assigned to them in APPENDIX D—“SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS—Certain Definitions” attached hereto.

The purpose of this Official Statement, including the cover page and appendices hereto, is to provide certain information concerning the sale and delivery by the Santa Clara County Financing Authority (the “Authority”) of the Santa Clara County Financing Authority Lease Revenue Bonds (Fire District Facilities), 2020 Series A (the “Bonds”) in the aggregate principal amount of $[Par Amount]* (the “Bonds”).

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

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

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

The County and Santa Clara County

Santa Clara County lies immediately south of San Francisco Bay and is the sixth most populous county in California based on its January 1, 2019 population of approximately 1.95 million. It encompasses an area of approximately 1,316 square miles and contains 15 cities, including Campbell, Cupertino, Gilroy, Los Altos, Los Altos Hills, Los Gatos, Milpitas, Monte Sereno, Morgan Hill, Mountain View, Palo Alto, San Jose, Santa Clara, Saratoga, and Sunnyvale, in which approximately 95.5% of Santa Clara County’s residents live. The County was incorporated in 1850 as one of the original 27 counties of the State and operates under a home rule charter, adopted by Santa Clara County’s voters in 1950 and amended in 1976 (the “County Charter”).

* Preliminary, subject to change.
As required under the County Charter and under County ordinances or by State and federal mandate, the County is responsible at the local level for activities involving public welfare, health, collection of property taxes, the maintenance of public records, and certain activities related to courthouses and jails. The County also operates recreational and cultural facilities. The County’s adopted budget for fiscal year 2019-20 projects revenue for all County funds for fiscal year 2019-20 to be approximately $7.8 billion (of which approximately $3.4 billion represents the County’s General Fund budgeted revenues). The total net assessed valuation of all real and business property in Santa Clara County as of January 1, 2019 is approximately $516.1 billion. The legislative body of the County is the five-member Board of Supervisors (the “Board”), elected by district for staggered four-year terms subject to term limits of twelve consecutive years. Other elected officials include the County Assessor, District Attorney and Sheriff. All elected officials serve four-year terms. The County Executive, who is appointed by the Board, administers the daily affairs of the County and carries out policies of the Board. Department heads are appointed by the County Executive, except for the County Counsel, the Public Defender, the Clerk of the Board of Supervisors, the Director of Child Support Services, and the Chief of Correction, who are appointed by the Board.

For certain economic, demographic and financial information with respect to the County and Santa Clara County, see APPENDIX A—“COUNTY OF SANTA CLARA FINANCES AND OPERATIONS,” APPENDIX B—“SANTA CLARA COUNTY ECONOMIC AND DEMOGRAPHIC INFORMATION” and APPENDIX C—“COUNTY OF SANTA CLARA AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2019” attached hereto.

Plan of Finance

The Bonds will be issued to provide funds [(i) to finance or refinance the acquisition of a building in Campbell, California (the “Acquired Facilities”), to be occupied by and used as the headquarters of, the Santa Clara County Central Fire Protection District (the “District”); (ii) to finance or refinance the costs of certain capital improvements to, and equipping of, the Acquired Facilities; (iii) [pay capitalized interest on the Bonds through [______]]; and (iv) for costs of issuance of the Bonds.] See “THE PROJECT” and “ESTIMATED SOURCES AND USES OF FUNDS” herein.

The Authority

The Authority is a joint exercise of powers agency organized under the laws of the State and composed of the County and the District. The Authority was formed to assist in the financing of public capital improvements. The County and the District are each sometimes referred to herein as a “Member” of the Authority. See “THE AUTHORITY” herein.

Authority for Issuance of the Bonds

The Bonds will be issued pursuant to the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State (the “Bond Act”). The Bonds will be issued pursuant to a Trust Agreement, to be dated as of June 1, 2020 (the “Trust Agreement”), by and between the Authority and U.S. Bank National Association, as trustee (the “Trustee”).

Pursuant to a District Site Lease, to be dated as of June 1, 2020 (the “District Site Lease”) between the District and the County, the District will lease certain capital assets consisting of [the facilities and the sites of the Acquired Facilities and two existing fire stations owned by the Central Fire District located in Stevens Creek, California] (as further described herein, the “Leased Facilities”) to the County.
Pursuant to that certain Site Lease, to be dated as of June 1, 2020 (the “Site Lease”), between the County and the Authority, the County will lease the Leased Facilities to the Authority. The County and the Authority will enter into the Facilities Lease, dated as of June 1, 2020 (the “Facilities Lease”) pursuant to and in accordance with the Government Code of the State, and resolutions of the Authority and the County adopted on [______], 2020. Pursuant to the Facilities Lease, the County will lease back the Leased Facilities from the Authority.

The County will lease the Leased Facilities back to the District under a Sublease, to be dated as of June 1, 2020 (the “Sublease”).

See “THE PROJECT” and “THE LEASED FACILITIES” herein.

Security for the Bonds

The Bonds will be payable from Revenues, consisting primarily of base rental payments (the “Base Rental Payments”) payable by the County pursuant to the Facilities Lease. See “SECURITY AND SOURCE OF PAYMENT FOR THE BONDS—Base Rental Payments.”

The Base Rental Payments and additional payments (the “Additional Payments” and, together with the Base Rental Payments, the “Lease Payments”) to be made by the County pursuant to the Facilities Lease will be payable by the County from its General Fund to the Authority for the use and possession by the County of the Leased Facilities. Pursuant to the Site Lease, the County will lease to the Authority the Leased Facilities.

Additional Bonds

The Authority and the Trustee may by Supplemental Trust Agreement provide for the issuance of Additional Bonds, subject to satisfaction of certain provisions contained in the Trust Agreement. Additional Bonds will be payable from the Revenues as provided in the Trust Agreement and will be secured by a pledge of and charge and lien upon the Revenues equal to the pledge, charge and lien securing the Bonds, subject to the terms and conditions of the Trust Agreement. See “SECURITY AND SOURCE OF PAYMENT FOR THE BONDS—Additional Bonds” and APPENDIX D—“SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS—Trust Agreement—Additional Bonds” attached hereto.

Bonds Constitute Limited Obligations

The Bonds will be limited obligations of the Authority and will not be secured by a legal or equitable pledge of, or charge or lien upon, any property of the Authority or any of its income or receipts, except the Revenues. Neither the full faith and credit of the Authority, the County or the District will be pledged for the payment of the interest on or principal of the Bonds nor for the payment of Lease Payments. Neither the payment of the principal of or interest on the Bonds nor the obligation to make Lease Payments will constitute a debt, liability or obligation of the Authority, the County or the District for which any such entity is obligated to levy or pledge any form of taxation or for which any such entity has levied or pledged any form of taxation. The Authority has no taxing power.

Summaries Not Definitive

Brief descriptions of the Bonds, the Authority, the County, the Leased Facilities and the Project (as defined under “THE PROJECT”) are included in this Official Statement, together with summaries of the Site Lease, the Facilities Lease and the Trust Agreement. Such descriptions and summaries do not
purport to be comprehensive or definitive. All references herein to the Bonds, the Site Lease, the Facilities Lease and the Trust Agreement are qualified in their entirety by reference to the actual documents, or with respect to the Bonds, the forms thereof included in the Trust Agreement, copies of all of which will be available for inspection at the corporate trust office of the Trustee in San Francisco, California.

THE PROJECT

The Acquired Facilities consist of 2.60 acres of land and a 47,189 square foot office building located at 1315 Dell Avenue in the City of Campbell, California. The location of the Acquired Facilities is readily accessible to the communities served for fire plan submissions, community education classes such as Safe Sitter, CPR and Personal Emergency Preparedness, and other general business needs.

The District purchased the Acquired Facilities in May 2020, for the purpose of using the Acquired Facilities as the District’s headquarters to replace the existing headquarters facility currently being leased by the District. The Acquired Facilities will accommodate the fire prevention staff currently located at the leased space, and will allow for centralized warehousing and will consolidate administrative operations into one facility. The purchase qualifies as categorically exempt under the California Environmental Quality Act (CEQA) Section 15301 Guidelines.

A portion of the proceeds of the Bonds will be applied to reimburse the District for approximately $[_______] of the costs related to the acquisition of the Acquired Facilities, and to finance or refinance certain capital improvements to, and the equipping of, the Acquired Facilities. A portion of the proceeds of the Bonds will also be used [to pay capitalized interest on the Bonds through [______], and] for the costs of issuance of the Bonds.

The County also plans to use a portion of the proceeds of the Bonds to finance certain capital improvements to the Acquired Facilities, including [_______]. These capital improvements are not expected to interfere with the County’s use and occupancy of the Leased Facilities for purposes of paying the Lease Payments to the Authority.

The facilities and the site on which the Acquired Facilities are located will initially be part of the Leased Facilities, as further described below under “THE LEASED FACILITIES.”
THE LEASED FACILITIES

The Bonds will be payable solely from the Revenues of the Authority, consisting primarily of the Base Rental Payments payable by the County pursuant to the Facilities Lease for the County’s beneficial use and occupancy of the Leased Facilities. See “SECURITY AND SOURCE OF PAYMENT FOR THE BONDS.” Upon delivery of the Bonds, the Leased Facilities will consist of the following structures and the real property on which they are located.

Summary of Certain Information Regarding the Leased Facilities

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<th>Leased Facilities</th>
<th>Address</th>
<th>Completion Date</th>
<th>Gross Square Feet (Building)</th>
<th>Estimated Value(1)</th>
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<td>Acquired Facilities</td>
<td>1315 Dell Avenue, Campbell</td>
<td>2000</td>
<td>12,775</td>
<td></td>
</tr>
<tr>
<td>[Cupertino Fire Station]</td>
<td>20215 Stevens Creek Blvd.,</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Cupertino</td>
<td></td>
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</table>

(1) Based on the insured values of the Leased Facilities. Such estimated values do not necessarily reflect the fair market value of such Leased Facilities. Neither the Bonds nor the Lease Payments are secured by any mortgage or deed of trust on the Leased Facilities. See “SECURITY AND SOURCE OF PAYMENT FOR THE BONDS” herein.

Source: County of Santa Clara.

The Facilities Lease will require the County to obtain or cause to be obtained for the benefit of the Authority and the Trustee, a policy of title insurance with respect to the Leased Facilities, in an amount equal to the aggregate principal amount of the Bonds, subject only to Permitted Encumbrances (as defined in APPENDIX D—“SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS—Certain Definitions”).

The County and the Authority may substitute other improved real property in substitution for all or part of the Leased Facilities in accordance with the Facilities Lease, including the purchase and release of any one or more of the leased buildings. There is no requirement that any substitute be of the same or a similar nature or function as the then existing Leased Facilities, nor have a market value or fair rental value as great as the then existing Leased Facilities. See “SPECIAL CONSIDERATIONS RELATING TO THE BONDS—Release or Substitution of Property” and APPENDIX D—“SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS—Facilities Lease—Substitution and Release.”

The lease term with respect to the Leased Facilities will end on [May 1], 20[____], unless such term is extended or sooner terminated as provided in the Site Lease and the Facilities Lease. If on the lease termination date the Base Rental Payments and all other amounts then due under the Facilities Lease with respect to a related Leased Facility are not fully paid, or if the rental or other amounts payable under the Facilities Lease with respect to such Leased Facility are abated at any time and for any reason, the term of the lease with respect to the related Leased Facility will be extended until the Base Rental Payments attributable to the respective Leased Facility and all other amounts then due under the Facilities Lease with respect to such Leased Facility have been fully paid, except that the term of the lease will in no event be extended beyond the maximum extension date for such Leased Facility, which is [May 1], 20[____]. If prior to the maximum extension date all Base Rental Payments and all other amounts then due under the Facilities Lease with respect to the related Leased Facility have been fully paid or provision therefor made, the term of the lease will end ten days thereafter or upon written notice by the County to the
Authority, whichever is earlier. See “SPECIAL CONSIDERATIONS RELATING TO THE BONDS—Abatement.”

Under the Facilities Lease, the County and the Authority will agree and determine that the Lease Payments payable for each Rental Payment Period will represent the fair rental value of the Leased Facilities for such period.

The following table sets forth the estimated Base Rental Payments for the Leased Facilities. These payments are subject to abatement or adjustment under certain conditions. See “SECURITY AND SOURCE OF PAYMENT FOR THE BONDS—Base Rental Payments” and “SPECIAL CONSIDERATIONS—Base Rental Payments” and “—Abatement.”

[Remainder of page intentionally left blank.]
<table>
<thead>
<tr>
<th>Payment Date</th>
<th>Acquired Facilities</th>
<th>[Cupertino Fire Station]</th>
<th>Total</th>
<th>Annual Base Rental Payment</th>
</tr>
</thead>
</table>

Total
**ESTIMATED SOURCES AND USES OF FUNDS**

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

<table>
<thead>
<tr>
<th>Sources</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bond Proceeds</td>
<td></td>
</tr>
<tr>
<td>Net Original Issue Premium/Discount</td>
<td></td>
</tr>
<tr>
<td>Total Sources</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Uses</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Deposit to Project Fund(^{(1)})</td>
<td></td>
</tr>
<tr>
<td>[Capitalized Interest(^{(2)})]</td>
<td></td>
</tr>
<tr>
<td>Costs of Issuance(^{(3)})</td>
<td></td>
</tr>
<tr>
<td>Total Uses</td>
<td></td>
</tr>
</tbody>
</table>

\(^{(1)}\) Proceeds of the Bonds in the amount of $[_______] will be used to reimburse the District for a portion of the acquisition cost of the Acquired Facilities, and $[_______] of the proceeds of the Bonds will be used for various capital projects. See “THE PROJECT” above.

\(^{(2)}\) [Capitalized interest will be paid on the Bonds through [_______].]

\(^{(3)}\) Includes purchaser’s discount, financing and consulting fees, fees of the Trustee, Municipal Advisor, Bond Counsel, Disclosure Counsel, title insurance fees, printing costs, rating agency fees and other miscellaneous expenses.

[Remainder of page intentionally left blank.]
DEBT SERVICE TABLE FOR THE BONDS

The following table sets forth the estimated debt service schedule for the Bonds. For information on other long-term debt of the County, see APPENDIX A—“COUNTY OF SANTA CLARA FINANCES AND OPERATIONS—Outstanding Debt and Lease Obligations” attached hereto.

<table>
<thead>
<tr>
<th>Payment Date</th>
<th>Principal</th>
<th>Interest</th>
<th>Total</th>
<th>Annual Debt Service</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total

<table>
<thead>
<tr>
<th>Principal</th>
<th>Interest</th>
<th>Total</th>
<th>Annual Debt Service</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
THE BONDS

General

The Bonds will initially be registered in the name of Cede & Co, as nominee of The Depository Trust Company (“DTC”), New York, New York, which will act as securities depository for the Bonds. Payments of principal of and interest on the Bonds will be made by the Trustee to DTC which is obligated in turn to remit such principal of and interest on the Bonds to its DTC Participants (as hereinafter defined) for subsequent disbursement to the beneficial owners of the Bonds. See APPENDIX F—“DTC AND THE BOOK-ENTRY SYSTEM” attached hereto.

Interest on the Bonds will be payable in lawful money of the United States of America. Payment of interest on the Bonds will be made on [May 1] and [November 1], commencing [November 1, 2020] (each an “Interest Payment Date”) by the Trustee to the Owners of such Bonds listed in the registration books of the Trustee as of the close of business on the Record Date in respect of such Interest Payment Date, such payment to be paid by check mailed by first-class mail to each Owner at the addresses of such Owner as it appears on the registration books of the Trustee, or by wire transfer upon the written request of an Owner of at least $1,000,000 in aggregate principal amount of Bonds given as of the Record Date next preceding any Interest Payment Date. “Record Date” means the 15th day of the month preceding an Interest Payment Date, whether or not such day is a Business Day.

The Bonds

The Bonds will be issued as fixed rate bonds under the Trust Agreement, and will bear interest from the date of their initial delivery at the rates set forth on the inside cover, payable on November 1, 2020 and each Interest Payment Date thereafter. The Bonds are issuable in denominations of $5,000 and any integral multiple thereof. Interest on the Bonds is computed on the basis of a 360-day year consisting of twelve 30-day months.

Redemption Provisions

Optional Redemption. The Bonds maturing on or prior to [May 1], 20[___] will not be subject to optional redemption. The Bonds maturing on or after [May 1], 20[___] will be subject to redemption prior to their respective stated maturities at the written direction of the Authority or the County, from any moneys deposited by the Authority or the County, as a whole or in part on any date (in such maturities as are designated in writing by the Authority to the Trustee) on or after [May 1], 20[___], at a redemption price equal to 100% of the principal amount of the Bonds called for redemption, plus accrued interest to the date fixed for redemption, without premium.

Extraordinary Redemption. The Bonds will be subject to redemption by the Authority on any date prior to their respective stated maturities, upon notice as provided in the Trust Agreement, as a whole or in part by lot within each stated maturity in integral multiples of Authorized Denominations, from prepayments made by the County from the net proceeds received by the County due to a taking of the Leased Facilities or portions thereof under the power of eminent domain, or from the net proceeds of insurance received for material damage to or destruction of the Leased Facilities or portions thereof or from the net proceeds of title insurance, under the circumstances described in the Facilities Lease and the Trust Agreement. The redemption price will be equal to the sum of the principal amount thereof, without premium, plus accrued interest thereon to the Redemption Date. Whenever less than all of the Outstanding Bonds are to be redeemed on any one date, the Trustee will select, in accordance with written directions from the Authority, the Bonds to be redeemed in part so that the aggregate annual principal amount of and interest on Bonds which will be payable after such Redemption Date will be as nearly

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Mandatory Sinking Fund Redemption. Subject to the terms and conditions set forth in the Trust Agreement, the Bonds maturing on [May 1], 20[__] will be redeemed (or paid at maturity, as the case may be) by application of sinking fund payments from the Sinking Account for such Bonds in the following amounts and on the following dates:

<table>
<thead>
<tr>
<th>Mandatory Sinking Fund Redemption Date</th>
<th>Sinking Fund Payment Principal Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>([May 1])</td>
<td></td>
</tr>
<tr>
<td>†</td>
<td></td>
</tr>
<tr>
<td>† Maturity</td>
<td></td>
</tr>
</tbody>
</table>

Selection of Bonds for Redemption. The Authority or the County will designate which maturities of Bonds and the principal amount of Bonds which are to be redeemed. If less than all Outstanding Bonds maturing by their terms on any one date are to be redeemed at any one time, the Trustee will select the Bonds of such maturity date to be redeemed by lot. For purposes of such selection, the Bonds will be deemed to be composed of multiples of minimum Authorized Denominations and any such multiple may be separately redeemed. In the event term Bonds are designated for redemption, the Authority and the County may designate which sinking account payments are allocated to such redemption.

Notice of Redemption. Notice of redemption is required to be mailed by the Trustee, not less than twenty (20) days nor more than sixty (60) days prior to the redemption date to the respective Owners of the Bonds called for redemption at their addresses appearing on the bond registration books of the Trustee. Each notice of redemption must state the date of such notice, the Series designation and date of issue of the Bonds, the redemption date, the Redemption Price, the place or places of redemption (including the name and appropriate address or addresses of the Trustee), the maturity date or maturities, the CUSIP numbers, if any, and, if less than all of any such maturity is to be redeemed, the distinctive certificate numbers of the Bonds of such maturity to be redeemed, and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice will also state that on said date there will become due and payable on each of said Bonds the Redemption Price thereof, together with interest accrued thereon to the redemption date, and that from and after such redemption date interest thereon will cease to accrue, and will require that such Bonds be then surrendered at the address of the Trustee specified therein.

Failure to receive such notice will not invalidate any of the proceedings taken in connection with such redemption.

Conditional Notice; Rescission and Cancellation of Notice of Redemption. The Trustee may give a conditional notice of redemption prior to the receipt of all funds or satisfaction of all conditions necessary to effect the redemption, provided that redemption will not occur unless and until all conditions have been satisfied and the Trustee has on deposit and available or, if applicable, has received, all of the funds necessary to effect the redemption; otherwise, such redemption will be cancelled by the Trustee and the Trustee will mail notice of such cancellation to the recipients of the notice of redemption being cancelled.
The Authority or the County may, at their option, on or prior to the date fixed for redemption in any notice of optional redemption, rescind and cancel such notice of redemption by Written Request to the Trustee and the Trustee will mail notice of such cancellation to the recipients of the notice of redemption being cancelled.

**Effect of Redemption.** If notice of redemption has been duly given as described above and money for the payment of the Redemption Price of the Bonds called for redemption plus accrued interest to the redemption date is held by the Trustee, then on the redemption date designated in such notice Bonds so called for redemption will become due and payable, and from and after the date so designated interest on such Bonds will cease to accrue, and the Bondholders of such Bonds will have no rights in respect thereof except to receive payment of the Redemption Price thereof plus accrued interest to the Redemption Date.

All Bonds redeemed pursuant to these redemption provisions will be cancelled by the Trustee and will be destroyed with a certificate of destruction furnished to the Authority and the County upon its request and will not be reissued.

**SECURITY AND SOURCE OF PAYMENT FOR THE BONDS**

**Base Rental Payments**

The Bonds will be secured by the Revenues of the Authority, which will consist primarily of Base Rental Payments made by the County under the Facilities Lease. The County’s obligation will be a General Fund obligation and the County is required under the Facilities Lease to make Lease Payments (except to the extent such payments are abated) from legally available funds. The County will covenant in the Facilities Lease to take such action as may be necessary to include all Lease Payments with respect to the Leased Facilities in its annual budget and to make the necessary annual appropriations therefor (except to the extent such payments are abated). See “Base Rental Payment Provisions” herein. The District will not be obligated to pay debt service on the Bonds.

Additional Payments payable by the County under the Facilities Lease will include such amounts as required by the Authority for the payment of all costs and expenses incurred by the Authority in connection with the execution, performance or enforcement of the Facilities Lease or any pledge of Base Rental payable thereunder, the Trust Agreement, the Authority’s interest in the Leased Facilities and the lease of the Leased Facilities to the County, including but not limited to payment of all fees, costs and expenses and all administrative costs of the Authority related to the Leased Facilities, including, without limiting the generality of the foregoing, salaries and wages of employees, all expenses, compensation and indemnification of the Trustee payable by the Authority under the Trust Agreement, fees of auditors, accountants, attorneys or architects and all other necessary administrative costs of the Authority or charges required to be paid by it in order to maintain its existence or to comply with the terms of the Bonds or of the Trust Agreement; but not including in Additional Payments amounts required to pay the principal of or interest on the Bonds. The County will also be responsible for the repair and maintenance of the Leased Facilities to the extent provided in the Facilities Lease.

The Lease Payments will be abated proportionately during any period in which by reason of any damage or destruction (other than by condemnation which is provided for separately in the Facilities Lease) there is substantial interference with the use and occupancy of the Leased Facilities by the County, in the proportion in which the cost of that portion of the Leased Facilities rendered unusable bears to the cost of the whole of the Leased Facilities. Such abatement is to 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 Facilities Lease will continue in full
force and effect and will be extended pursuant to the Facilities Lease, and the County waives any right to
terminate the Facilities Lease by virtue of any such damage or destruction. To the extent that moneys are
available for the payment of Base Rental Payments in any of the funds and accounts established under the
Trust Agreement (except the Reserve Fund, if any), Base Rental Payments are not to be abated as
provided above but, rather, are to be payable by the County as a special obligation payable solely from
said funds and accounts. See “SPECIAL CONSIDERATIONS—Abatement” herein.

Subject to the provisions of the Facilities Lease relating to abatement, the Facilities Lease will
provide that the lease will be construed as a “net-net-net lease” and the County will agree that the rentals
provided for will be an absolute net return to the Authority, free and clear of any expenses, charges or set-
offs whatsoever. The Facilities Lease will provide that the covenants of the County thereunder are
deemed to be and will be construed to be duties imposed by law, and it will further provide that it will be
the duty of each and every public official of the County to take such action and do such things as are
required by law in the performance of the official duty of such officials to enable the County to carry out
and perform the covenants and agreements in the Facilities Lease agreed to be carried out and performed
by the County. The Facilities Lease will provide that the County will pay Lease Payments from current
funds that are legally available for the purpose of making such Lease Payments.

The payment of Lease Payments for each rental period during the term of the Facilities Lease will
constitute the total rental for said Rental Payment Period and will be paid by the County in each Rental
Payment Period for and in consideration of the right of use and occupancy of, and continued quiet use
and enjoyment of, the Leased Facilities during each such period for which said rental is to be paid. Under the
Facilities Lease, the Authority and the County will agree that such total rental payable for each Rental
Payment Period will represent the fair rental value of the Leased Facilities for each such period. In
making such determination, consideration will be given to the value of the Leased Facilities, costs of
acquisition, design, construction and financing of the Leased Facilities, other obligations of the parties
under the Facilities Lease, the uses and purposes which may be served by the Leased Facilities and the
benefits therefrom which will accrue to the County and the general public. The County and the Authority
will acknowledge that the fair rental value of the Leased Facilities may increase over time and that such
increase may serve as the basis for amendments to the Base Rental Payment Schedule pursuant to the
Trust Agreement. See “THE LEASED FACILITIES” and “SPECIAL CONSIDERATIONS—Base
Rental Payments.” The County and the Authority may release Leased Facilities or issue Additional
Bonds payable from Base Rental Payments for the Leased Facilities, in connection with such amendments
to reflect an increase in fair rental value of the Leased Facilities described above. See “Release or
Substitution of Property” and “Additional Bonds” below.

No Reserve Fund

No Reserve Fund will be established for the Bonds. The Trust Agreement allows a Reserve Fund
to be established for Additional Bonds. See “Additional Bonds” below and APPENDIX D—
“SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS—Trust
Agreement—Additional Bonds.”

Insurance

The Facilities Lease will require the County to maintain or cause to be maintained insurance
through the California State Association of Counties (CSAC) or otherwise from a reputable carrier against
loss or damage to any structures constituting any part of the Leased Facilities by fire and lightning, with
extended coverage insurance, vandalism and malicious mischief insurance, sprinkler system leakage
insurance, and earthquake insurance (if, in the determination of the County, such insurance is available in
the open market from reputable insurers at a reasonable cost). The extended insurance coverage, as
nearly as practicable, is to cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance. Such insurance will be in an amount equal to the greater of (a) the replacement cost (without deduction for depreciation) of all structures constituting any part of the Leased Facilities, excluding the cost of excavations, of grading and filling, and of the land, or (b) the aggregate principal amount of the Base Rental Payments outstanding (except that such insurance may be subject to deductible clauses for any one loss of not to exceed $250,000 or a comparable amount adjusted for inflation or more in the case of earthquake insurance), or, in the alternative, will be in an amount and in a form sufficient (together with moneys held under the Trust Agreement), in the event of total or partial loss, to enable the County to prepay all or any part of the Base Rental Payments then unpaid and to redeem the Outstanding Bonds. The proceeds of all property insurance must be used to repair, reconstruct or replace the Leased Facilities or any portion thereof which is destroyed or damaged or to redeem Bonds. See APPENDIX D—“SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS—Facilities Lease—Insurance” attached hereto. [The County currently maintains earthquake insurance coverage on the Leased Facilities, subject to a 2% deductible per insured facility, up to replacement value. There can be no assurance that the County will continue to maintain such earthquake insurance coverage in the near future, and the County’s earthquake insurance coverage may change at any time.] See “SPECIAL CONSIDERATIONS—Earthquake Risk” and APPENDIX A—“COUNTY OF SANTA CLARA FINANCES AND OPERATIONS—Insurance and Self-Insurance.”

The Facilities Lease will also require the County to procure or cause to be procured and maintain or cause to be maintained rental interruption or use and occupancy insurance to cover loss, total or partial, of the rental income from or the use of the Leased Facilities as a result of any of the hazards covered by its insurance coverage required by the provisions of the Facilities Lease summarized in the immediately preceding paragraph (provided with respect to earthquake insurance, only if available on the open market from reputable insurance companies at a reasonable cost, as determined by the County), in an amount at least equal to the maximum Base Rental Payments coming due and payable during any two consecutive fiscal years during the remaining term of the Facilities Lease, such policy to be obtained from CSAC or otherwise from a reputable carrier. The Facilities Lease will not require the County to provide rental interruption insurance that covers earthquake risk. The County may not self-insure for rental interruption insurance. For a more in depth discussion of the insurance provisions contained in the Facilities Lease, see APPENDIX D—“SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS—Facilities Lease—Insurance” attached hereto.

The Facilities Lease will require the County to obtain title insurance on the Leased Facilities, in an amount equal to the aggregate principal amount of the Bonds, issued by a company of recognized standing duly authorized to issue the same, subject only to Permitted Encumbrances.

See APPENDIX A—“COUNTY OF SANTA CLARA FINANCES AND OPERATIONS—Insurance and Self-Insurance” attached hereto for further information related to the County’s insurance coverage.

Release or Substitution of Property

The County and the Authority may release or substitute other real property (the “Substitute Leased Facilities”) for all or a part of the Leased Facilities upon compliance with all of the conditions set forth in the Facilities Lease. There is no requirement that any Substitute Leased Facilities be of the same or of a similar nature or function as the then existing Leased Facilities or that any Substitute Leased Facilities have a market or fair rental value as great as the particular Leased Facilities for which they are substituted. See APPENDIX D—“SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS—Facilities Lease—Substitution and Release” attached hereto.
Under the Facilities Lease, the County and the Authority will acknowledge that the fair rental value of the Leased Facilities may increase over time, and that such increase may serve as the basis for amendments to the Base Rental Payment Schedule pursuant to the Facilities Lease and the Trust Agreement. The County and the Authority may release a part of the Leased Facilities pursuant to such increase in fair rental value, under the conditions set forth in the Facilities Lease. See “Base Rental Payments” above and “SPECIAL CONSIDERATIONS—Base Rental Payments.”

**Additional Bonds**

In addition to the Bonds, the Authority and the Trustee may, by supplemental Trust Agreement, provide for the issuance of Additional Bonds, subject to satisfaction of certain provisions contained in the Trust Agreement. Additional Bonds are to be payable from the Revenues as provided in the Trust Agreement and secured by a pledge of and charge and lien upon the Revenues equal to the pledge, charge and lien securing the Outstanding Bonds, subject to the terms and conditions of the Trust Agreement. See APPENDIX D—“SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS—Trust Agreement—Additional Bonds” attached hereto.

Under the Facilities Lease, the County and the Authority will acknowledge that the fair rental value of the Leased Facilities may increase over time, and that such increase may serve as the basis for amendments to the Base Rental Payment Schedule pursuant to the Facilities Lease and the Trust Agreement. Under the conditions set forth in the Facilities Lease, the Authority may issue Additional Bonds to be payable from Base Rental Payments for the Leased Facilities as a result of such increase in fair rental value. See “Base Rental Payments” above and “SPECIAL CONSIDERATIONS—Base Rental Payments.”

The County also has a significant amount of other obligations payable from its General Fund and may enter into additional obligations payable from its General Fund in the future. See “SPECIAL CONSIDERATIONS—County Obligations” and APPENDIX A—“COUNTY OF SANTA CLARA FINANCES AND OPERATIONS—Outstanding Debt and Lease Obligations” attached hereto.

**Base Rental Payment Provisions**

Under the Facilities Lease, the County will agree to pay to the Authority, as Base Rental Payments for the use and occupancy of the Leased Facilities, annual rental payments comprised of the principal components and semi-annual interest components in accordance with the Facilities Lease. Base Rental Payments anticipated to be used with respect to the Bonds are to be made two Business Days before each due date of [May 1] or [November 1]. Each annual Base Rental Payment (to be payable in installments as aforesaid) will be for the use of the Leased Facilities.

If the term of the Facilities Lease is extended, Base Rental Payment installments will continue to be due on [May 1] and [November 1] in each year, and payable prior thereto as described in the Facilities Lease, continuing to and including the date of termination of the Facilities Lease. Upon the extension of the Facilities Lease, the County will deliver to the Trustee a Certificate setting forth the extended rental payment schedule, which schedule will establish the principal and interest components of the Base Rental Payments so that the principal components will in the aggregate be sufficient to pay all unpaid principal components with interest components sufficient to pay all unpaid interest components plus interest.

If at any time the Base Rental is not paid by the County when due, for any reason whatsoever, and no other source of funds is available to make the payments of principal and interest on the Bonds, the principal and interest components of the Base Rental will be recalculated by the County to reflect interest on the unpaid Base Rental Payments.
Any such installment of rental accruing under the Facilities Lease which is not paid when due and payable under the terms of the Facilities Lease is to bear interest at the rate of twelve percent (12%) per annum, or such lesser rate of interest as may be required by law, from the date when the same is due under the Facilities Lease until the same will be paid. Amounts required to be deposited by the County with the Trustee pursuant to the Facilities Lease on any date will be reduced to the extent that amounts on deposit in the Revenue Fund, the Interest Account or the Principal Account are available therefor.

All payments received will be applied first to the interest components of the Base Rental Payments due under the Facilities Lease, then to the principal components of the Base Rental Payments, and thereafter to all Additional Payments, but no such application of any payments which are less than the total rental due and owing will be deemed a waiver of any default under the Facilities Lease.

Rental is subject to abatement as provided in the Facilities Lease if there is interference in the use and possession of any portion of the Leased Facilities. See “SPECIAL CONSIDERATIONS—Abatement” herein.

SPECIAL CONSIDERATIONS

General

The following factors, along with all other information in this Official Statement, should be considered by potential investors in evaluating the purchase of the Bonds.

The Bonds will be payable solely from the Revenues of the Authority under the Trust Agreement consisting primarily of the Base Rental Payments payable by the County pursuant to the Facilities Lease for the beneficial use and occupancy of the Leased Facilities. The District will not be obligated to pay debt service on the Bonds.

The practical realization of any rights upon default by the County under the Facilities Lease will depend upon the exercise of various remedies specified in such instrument, as restricted by state and federal law. The federal bankruptcy laws may have an adverse effect on the ability of the Trustee to enforce its rights under the Trust Agreement and of the Authority to enforce its rights under the Facilities Lease. See “Default and Remedies” and “Limitation on Remedies” herein.

In certain situations, with the consent of the Owners of a majority in aggregate principal amount of the Outstanding Bonds, certain amendments to the Trust Agreement and the Facilities Lease may be made. Such amendments could affect the security of the Bondholders.

Future economic and other conditions may adversely affect the value or essential nature of the Leased Facilities and, consequently, the value of the Leased Facilities to the Authority in exercising available remedies upon default by the County. In addition, there are certain other factors discussed herein as a result of which certain remedies available to the Trustee or the Authority may not be a viable option.

Limited Obligation

The Bonds will be limited obligations of the Authority and will be payable solely from the Revenues and certain other funds as provided under the Trust Agreement, and the Authority will not be obligated to pay the principal of or the interest on the Bonds except from the Revenues. The Bonds will not be a debt of the County or the District, and neither the County nor the District will be liable thereon, nor in any event will the Bonds be payable out of or secured by a legal or equitable pledge of, or charge
or lien upon, any property of the Authority or any of its income or receipts, except the Revenues and certain other funds as provided under the Trust Agreement. Neither the full faith and credit of the Authority, the County nor the District will be pledged for the payment of the principal of or interest on the Bonds nor for the payment of Lease Payments. The Authority has no taxing power.

Base Rental Payments

**General.** The Lease Payments due under the Facilities Lease (including insurance, payment of costs of repair and maintenance of the Leased Facilities, taxes and other governmental charges and assessments levied against the Leased Facilities) will not be secured by any pledge of taxes or other revenues of the County but are payable from any funds lawfully available to the County. The County may incur other obligations in the future payable from the same sources as the Lease Payments. In the event the County’s revenue sources are less than its total obligations, the County could choose to fund other County services before making Lease Payments. The same result could occur if, because of State Constitutional limits on expenditures, the County is not permitted to appropriate and spend all of its available revenues. The County’s appropriations, however, have never exceeded the limitation on appropriations under Article XIIIB of the California Constitution. See “CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS—Article XIII B.”

The Lease Payments to be made by the County to the Authority in connection with the County’s use and possession of the Leased Facilities will be payable from the County’s legally available funds, including the County’s General Fund and certain other sources. The District will not be obligated to pay debt service on the Bonds.

**Covenant to Budget and Appropriate.** Pursuant to the Facilities Lease, the County will covenant to take such action as may be necessary to include Lease Payments in its annual budgets and to make the necessary annual appropriations for all such payments. See “SECURITY AND SOURCE OF PAYMENT FOR THE BONDS—Base Rental Payment Provisions.” Such covenants will be deemed to be duties imposed by law, and it will be the duty of the public officials of the County to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the County to carry out and perform such covenants. A court, however, in its discretion may decline to enforce such covenants. Upon issuance of the Bonds, Bond Counsel will render its opinion (substantially in the form of Appendix E attached hereto) to the effect that, subject to the limitations and qualifications described therein, the Facilities Lease constitutes a valid and binding obligation of the County. As to the Trustee’s or the Authority’s practical realization of remedies upon default by the County, see “Default and Remedies” and “Limitations on Remedies and Bankruptcy” herein.

**Amendment of Base Rental Payment Schedule.** Under the Facilities Lease, the Authority and the County will agree that the Lease Payments payable for each Rental Payment Period will represent the fair rental value of the Leased Facilities for such period. The fair rental value of the Leased Facilities may increase over time, and such increase may serve as the basis for amendments to the Base Rental Payment schedule. See “THE LEASED FACILITIES” and “SECURITY AND SOURCE OF PAYMENT FOR THE BONDS—Base Rental Payments.”

**Abatement**

**Use and Occupancy.** The Lease Payments will be paid by the County in each rental payment period for and in consideration of the right of use and occupancy of the Leased Facilities during each such period for which said rental is to be paid.
**Damage or Destruction.** The County’s obligation to make Lease Payments will be abated proportionately during any period in which by reason of any damage or destruction (other than by condemnation which is otherwise provided for in the Facilities Lease) there is substantial interference with the use and occupancy of the Leased Facilities by the County, in the proportion in which the cost of that portion of the Leased Facilities rendered unusable bears to the cost of the whole of the Leased Facilities. Such abatement is to 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 Facilities Lease will continue in full force and effect and will be extended pursuant to the Facilities Lease, but in no event later than the extension date specified under “THE LEASED FACILITIES.” The County waives any right to terminate the Facilities Lease by virtue of any such damage or destruction. In the event the Leased Facilities cannot be repaired during the period of time that proceeds of the County’s rental interruption insurance are available in lieu of Base Rental Payments (generally, a period of two years, though coverage for earthquake risk is not required) plus the period for which funds are available from the Reserve Fund, or in the event that casualty insurance proceeds are insufficient to provide for complete repair of the Leased Facilities, Lease Payments may be insufficient to cover payments to Bondowners. See “SECURITY AND SOURCE OF PAYMENT FOR THE BONDS—Insurance” and APPENDIX D—“SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS—Facilities Lease—Insurance” attached hereto.

**County Obligations**

The County has a significant amount of obligations payable from its General Fund, including but not limited to debt obligations, pension obligations, lease obligations and other obligations related to post employment retirement benefits as well as certain other liabilities. The Trust Agreement does not prohibit the County from incurring additional lease and other obligations payable from the County’s General Fund. See APPENDIX A—“COUNTY OF SANTA CLARA FINANCES AND OPERATIONS—Outstanding Debt and Lease Obligations” for further discussion of the County’s obligations.

**Public Health Emergencies**

[In recent years, public health authorities have warned of threats posed by outbreaks of disease and other public health threats. On February 11, 2020 the World Health Organization (“WHO”) announced the official name for the outbreak of a new disease (“COVID-19”) caused by a strain of novel coronavirus, an upper respiratory tract illness which has since spread across the globe. The spread of COVID-19 is having significant adverse health and financial impacts throughout the world, including the County. The WHO has declared the COVID-19 outbreak to be a pandemic, and states of emergency have been declared by the County, the Governor of the State and the President of the United States.

The COVID-19 outbreak is ongoing, and its duration and severity and economic effects are uncertain in many respects. Uncertain too are the actions that may be taken by federal and State governmental authorities to contain or mitigate the effects of the outbreak. The ultimate impact of COVID-19 on the County’s operations and finances is not fully known, and it may be some time before the full adverse impact of the COVID-19 outbreak is known. The County has undertaken modifications to its standard budget approval process calendar. The COVID-19 outbreak is expected to have material adverse impacts on the projections and budget information provided in APPENDIX A—“COUNTY OF SANTA CLARA FINANCES AND OPERATIONS” Further, there could be future COVID-19 outbreaks or other public health emergencies that could have material adverse effects on the County’s operations and finances.]

**Earthquake Risk**

The State, including the County, is a seismically active region. There are several geological faults in the area which have the potential to cause serious earthquakes and damage to the Leased
Facilities. The County is required under the Facilities Lease to maintain earthquake insurance on the Leased Facilities only if, in the determination of the County, such insurance is available in the open market from reputable insurers at a reasonable cost. [The County currently maintains earthquake insurance coverage on the Leased Facilities, subject to a 2% deductible per insured facility, up to replacement value. The County’s earthquake insurance coverage is provided through pooled insurance arrangements sponsored by the CSAC Excess Insurance Authority, a California joint powers authority in which various California counties, including the County, are members. In the event of earthquake damage to insured Leased Facilities, coverage of the insured Leased Facilities would be subject to the availability of sufficient assets and reinsurance proceeds through the various insurance pools applicable to the insured Leased Facilities. There can be no assurance that such coverage will continue to be available.]

If an earthquake were to cause serious damage to the Leased Facilities during any period when such facilities were not insured for earthquake damage, or if the proceeds of any earthquake insurance were insufficient to replace or repair the damaged Leased Facilities, the County would be limited to its General Fund, reserves, and emergency grants, if any, in seeking to make appropriate repairs. Pending such repairs, the County’s obligation to make Base Rental Payments would be subject to abatement and rental interruption insurance proceeds likely would not be available. The County will not be obligated to repair or restore the Leased Facilities in the event of uninsured damage caused by an earthquake. See “Abatement” herein.

In addition to the potential damage to the Leased Facilities and other County-owned buildings and facilities (on which the County does not generally carry earthquake insurance), a major earthquake may cause significant temporary and possibly long-term harm to Santa Clara County’s economy, tax receipts and residential and business real property values.

Hazardous Substances

Owners and operators of real property may be required by law to remedy conditions of the property relating to releases or threatened releases of hazardous substances. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as “CERCLA” or the “Superfund Act,” is the most well-known and widely applicable of these laws, but California laws with regard to hazardous substances are also stringent and similar. Under many of these laws, the owner (or operator) is obligated to remedy a hazardous substance condition of property whether or not the owner (or operator) has anything to do with creating or handling the hazardous substance. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling it. All of these possibilities could significantly and adversely affect the operations and finances of the County.

[The County knows of no existing hazardous substances which require remedial action on or near the Leased Facilities. However, it is possible that such substances do currently or potentially exist and that the County is not aware of them.]

Default and Remedies

Upon the occurrence of an event of default pursuant to the Facilities Lease, the Authority will be entitled to exercise any remedies available to it pursuant to law or granted pursuant to the Facilities Lease. Upon any such default, the Facilities Lease provides that the Authority may either (1) terminate the Facilities Lease, or (2) without terminating the Facilities Lease, (i) continue to collect each installment of rent from the County as it becomes due, or (ii) reenter the Leased Facilities and relet them. In an event of default, these remedies do not include any right to accelerate the total Lease Payments due over
the term of the Facilities Lease. Further, the Authority, following such event of default, would not
be empowered to sell the Leased Facilities and use the proceeds of such sale to prepay the Bonds or
pay debt service thereon. See APPENDIX D—“SUMMARY OF CERTAIN PROVISIONS OF THE
PRINCIPAL LEGAL DOCUMENTS—Facilities Lease—Default and Remedies” attached hereto.

The Authority has pledged the Base Rental Payments to the Trustee and covenanted to enforce its
rights under the Facilities Lease. The Authority has not assigned its rights under the Facilities Lease or
the Site Lease to the Trustee. The Trustee may exercise any and all remedies available pursuant to law or
granted pursuant to the Trust Agreement.

Limitations on Remedies and Bankruptcy

The rights of the Owners of the Bonds are subject to certain limitations on legal remedies against
counties and other governmental entities in the State, including but not limited to a limitation on
enforcement against funds that are otherwise needed to serve the public welfare and interest.
Additionally, the rights of the Owners of the Bonds may be subject to (i) bankruptcy, insolvency,
reorganization, moratorium, or similar laws limiting or otherwise affecting the enforcement of creditors’
rights generally (as such laws are now or hereafter may be in effect), (ii) equity principles (including but
not limited to concepts of materiality, reasonableness, good faith and fair dealing) and the possible
unavailability of specific performance or injunctive relief, regardless of whether considered in a
proceeding in equity or law, (iii) the exercise by the United States of America of the powers delegated to
it by the Constitution, and (iv) the reasonable and necessary exercise, in certain exceptional situations, of
the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of
serving a significant and legitimate public purpose.

The County is authorized under California law to file for bankruptcy protection under Chapter 9
of the United States Bankruptcy Code (Title 11, United States Code) (the “Bankruptcy Code”), which
governs the bankruptcy proceedings for public agencies such as the County. Third parties, however,
cannot bring involuntary bankruptcy proceedings against the County. If the County were to file a petition
under Chapter 9 of the Bankruptcy Code, the rights of the Owners of the Bonds may be materially and
adversely affected as follows: (i) the application of the automatic stay provisions of the Bankruptcy Code,
which, until relief is granted, would prevent collection of payments from the County or the
commencement of any judicial or other action for the purpose of recovering or collecting a claim against
the County and could prevent the Trustee from making payments from funds in its possession; (ii) the
avoidance of preferential transfers occurring during the relevant period prior to the filing of a bankruptcy
petition; (iii) the existence of unsecured or secured debt which may have a priority of payment superior to
that of Owners of the Bonds; and (iv) the possibility of the adoption of a plan (an “Adjustment Plan”) for
the adjustment of the County’s various obligations over the objections of the Trustee or all of the Owners
of the Bonds and without their consent, which Adjustment Plan may restructure, delay, compromise or
reduce the amount of any claim of the Owners of the Bonds if the bankruptcy court finds that such
Adjustment Plan is “fair and equitable” and in the best interests of creditors. The County can provide no
assurances about the outcome of any bankruptcy case or the nature of any Adjustment Plan if it were to
file for bankruptcy.

In addition, if the Facilities Lease was determined to constitute a “true lease” by the bankruptcy
court (rather than a financing lease providing for the extension of credit), the County could choose to
reject the Facilities Lease despite any provision therein that makes the bankruptcy or insolvency of the
County an event of default thereunder. If the County rejects the Facilities Lease, the Trustee, on behalf of
the Owners of the Bonds, would have a pre-petition unsecured claim that may be substantially limited in
amount, and this claim would be treated in a manner under an Adjustment Plan over the objections of the
Trustee or Owners of the Bonds. Moreover, such rejection would terminate the Facilities Lease and the
County’s obligations to make payments thereunder. The County may also be permitted to assign the Facilities Lease to a third party, regardless of the terms of the transaction documents. In any event, the mere filing by the County for bankruptcy protection likely would have a material adverse effect on the marketability and market price of the Bonds.

Among other qualifications, the legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified, as to the enforceability of the Bonds, the Trust Agreement, the Facilities Lease and other related documents, by bankruptcy, insolvency, reorganization, moratorium, arrangement, fraudulent conveyance and other laws relating to or affecting creditors’ rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases, and to the limitations on legal remedies against joint powers authorities and counties in the State.

Cybersecurity

The County, like many other large public and private entities, relies on a large and complex technology environment to conduct its operations and faces multiple cybersecurity threats including, but not limited to, hacking, viruses, malware and other attacks on its computing and other digital networks and systems. As a recipient and provider of personal, private, or sensitive information, the County has been the subject of cybersecurity incidents that have resulted in or could have resulted in adverse consequences to the County’s systems technology and that required a response action to mitigate the consequences.

The County’s Cyber Security team was formed in 2015 and is led by the Chief Information Security Officer (“CISO”). The CISO is directly responsible for the protection of the County’s information, assets, and operations as they relate to technology. The CISO is also responsible for identifying, evaluating, responding to, and reporting on information security risks in a manner that complies with regulatory requirements and aligns with and supports the risk posture of the County.

When necessary, the CISO will coordinate with the County’s Chief Privacy Officer (“CPO”) in cases where a cybersecurity breach impacts Personally Identifiable Information or other sensitive information. The CPO will work with the CISO, County Counsel, and department contacts, as necessary, to evaluate the breach and its impact as well as determine any reporting and compliance responsibilities.

Cybersecurity incidents could result from unintentional events, or from deliberate attacks by unauthorized entities or individuals attempting to gain access to the County’s information technology (“IT”) for the purposes of misappropriating assets or information or causing operational disruption and damage. While the County places a high level of importance on cybersecurity and its operational safeguards, no assurances can be given by the County that such measures will ensure against all cybersecurity threats and attacks. Cybersecurity breaches could damage the County’s IT and cause material disruption to the County’s operations and the provision of County services. The costs of remedying any such damage or protecting against future attacks could be substantial. Further, cybersecurity breaches could expose the County to material litigation and other legal risks, which could cause the County to incur material costs related to such legal claims or proceedings.

Limitation on Sources of Revenues; Additional Expenditures

There are limitations on the ability of the County to increase revenues payable to the County General Fund. The ability of the County to increase taxes is limited by Article XIII A, Article XIII B, Article XIII C and Article XIII D of the State Constitution, Proposition 62, Proposition 1A, Proposition 22 and Proposition 26. See “CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS” herein.
In addition to limitations that have been imposed on the ability of the County to raise revenues, State and federally mandated expenditures by counties for justice, health and welfare have increased. For a number of years, the annual increase in mandated expenditures has exceeded the annual increase in County revenues. The County has begun implementing additional security and public safety measures. Expenditures for such measures are not presently expected to be material to the financial position of the County. The County does not guarantee, however, that additional actions affecting the County will not have a material adverse financial impact on the County. In the event the County’s revenues are less than its total outstanding obligations, the County may be required by federal or State law to fund other municipal services prior to the payment of any Base Rental Payments.

State of California Financial Condition

The County receives a significant portion of its funding from the State. Changes in the revenues received by the State can affect the amount of funding, if any, to be received from the State by the County and other counties in the State.

The County cannot predict the extent of the budgetary problems the State will encounter in this or in any future fiscal years, and it is not clear what measures would be taken by the State to balance its budget, as required by law. Accordingly, the County cannot predict the final outcome of future State budget negotiations, the impact that such budgets will have on its finances and operations or what actions will be taken in the future by the State Legislature and Governor to deal with changing State revenues and expenditures. Current and future State budgets will be affected by national and State economic conditions and other factors over which the County has no control. See APPENDIX A—“COUNTY OF SANTA CLARA FINANCES AND OPERATIONS—Funding by the State of California” attached hereto.

U.S. Government Finances

The County receives substantial federal funds for assistance payments, social service programs and other programs. A portion of the County’s assets are also invested in securities of the United States government. The County’s finances may be adversely impacted by fiscal matters at the federal level, including but not limited to cuts to federal spending. Changes to or termination or replacement of the Affordable Care Act, for example, could increase costs to the County, and the County’s financial condition may also be impacted by the withholding of federal grants or other funds flowing to “sanctuary jurisdictions.” The County cannot predict the outcome of future federal administrative actions, legislation or budget deliberations and the impact that such budgets will have on the County’s finances and operations. See APPENDIX A—“COUNTY OF SANTA CLARA FINANCES AND OPERATIONS—Federal Funding and Welfare Programs.”

Other Factors

Natural and economic forces can adversely affect the County’s economy, tax receipts and residential and business real property values. As described under “Earthquake Risk” herein, Santa Clara County is located in a seismically active region, and damage from an earthquake in or near Santa Clara County could cause moderate to extensive damage to the County. Other natural or manmade disasters, such as flood, fire, toxic dumping or acts of terrorism, as well as the impacts of climate change and sea level rise, could cause a reduction in the assessed value of taxable property within Santa Clara County and adversely impact the County’s finances and operations. For example, following a series of storms in February 2017, there was a flooding event on the Coyote Creek in San Jose, California, and a separate flooding event along U.S. Highway 101 in Morgan Hill, California. The flooding events caused millions in damage to property located within the flooding zones, and the County Assessor offered property tax payment deferrals and temporary property tax deductions to certain properties affected by the flood,
including homes, commercial and industrial buildings, and mobile homes. In connection with these flooding events, the County Assessor granted 22 parcels that had applied for disaster claim relief as a result of the flooding events a reduction in assessed value totaling $1.8 million. Further, many areas of California suffered from wildfires in recent years, including the Kincade Fire in late 2019 that burned approximately 78,000 acres in Sonoma County, California and the Camp Fire in late 2018 that burned over 153,300 acres in Butte County, California.

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS

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

**Article XIII A.** Article XIII A of the California Constitution limits the amount of ad valorem tax on real property to 1% of the full cash value of the real property plus amounts necessary to pay debt service on specified indebtedness approved by voters. Full cash value means “the county assessor’s valuation of real property as shown on the 1975-76 tax bill under “full cash value,” or thereafter, the appraised value of real property newly constructed, or when a change in ownership has occurred after the 1975 assessment.” The full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or a reduction in the consumer price index or comparable local data for the area or may be reduced in the event of declining property value caused by damage, destruction or other factors including a general economic downturn.

In the general election of November 7, 1978, California voters approved an amendment to Article XIII A commonly known as Proposition 8 (“Proposition 8”). Proposition 8, among other things, generally allows the Assessor to reduce the value of a property that has been substantially damaged, destroyed, or whose value has been reduced by other factors such as economic conditions. See APPENDIX A—“COUNTY OF SANTA CLARA FINANCES AND OPERATIONS—Levy, Tax Rate and Valuation—Proposition 8 Reductions and Appeals to Assessed Value” herein.

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

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

The County’s appropriations limit for fiscal year 2016-17 was $4,498,473,754 and the amount subject to the limitation was $1,222,067,940. The County’s appropriations limit for fiscal year 2017-18 was $5,089,062,663 and the amount subject to the limitation was $1,244,075,480. The County’s appropriations limit for fiscal year 2018-19 was $5,313,817,794 and the amount subject to the limitation was $1,428,266,371.

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

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

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

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

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

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

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

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

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

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

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

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

THE COUNTY

The County of Santa Clara lies immediately south of San Francisco Bay and is the sixth most populous county in California based on its January 1, 2019 estimated population of approximately 1.95 million. It encompasses an area of approximately 1,316 square miles and contains 15 cities, including Campbell, Cupertino, Gilroy, Los Altos, Los Altos Hills, Los Gatos, Milpitas, Monte Sereno, Morgan Hill, Mountain View, Palo Alto, San Jose, Santa Clara, Saratoga, and Sunnyvale, in which approximately 95.5% of the County’s residents live. The County was incorporated in 1850 as one of the original 27 counties of the State and operates under a home rule charter, adopted by County voters in 1950 and amended in 1976 (the “County Charter”).

As required under the County Charter and under County ordinances, or by State and federal mandate, the County is responsible at the local level for activities involving public welfare, health and justice (courts and jails), collection of property taxes and for the maintenance of public records. The County also operates recreational and cultural facilities serving the County.

The legislative body of the County is a five-member Board of Supervisors elected by district for staggered four-year terms subject to term limits of twelve consecutive years. Other elected officials include the County Assessor, District Attorney and Sheriff. All elected officials serve four-year terms. The County Executive, who is appointed by the Board, administers the daily affairs of the County and carries out policies of the Board of Supervisors. Department heads are appointed by the County Executive, except for the County Counsel, the Public Defender, the Clerk of the Board of Supervisors, the Director of Child Support Services, and the Chief of Correction, who are appointed by the Board of Supervisors.

For certain economic, demographic and financial information with respect to the County, see APPENDIX A—“COUNTY OF SANTA CLARA FINANCES AND OPERATIONS,” APPENDIX B—“SANTA CLARA COUNTY ECONOMIC AND DEMOGRAPHIC INFORMATION” and APPENDIX C—“COUNTY OF SANTA CLARA AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2019” attached hereto.

THE AUTHORITY

The Authority is a joint exercise of powers authority, organized pursuant to the provisions of Article 1, Chapter 5, Division 7, Title I of the California Government Code, commencing with Section 6500, and a Joint Exercise of Powers Agreement, dated as of October 1, 1994, between the County and the District. The Authority is a separate entity constituting a public instrumentality of the State of California and was formed for the public purpose of providing enhanced health and safety services to the public and assisting in the financing of public projects. The Authority has previously issued lease revenue bonds and other obligations in order to finance facilities for the County and may in the future issue additional obligations.
Members

The County. For information with respect to the County, see “THE COUNTY” herein and APPENDIX A—“COUNTY OF SANTA CLARA FINANCES AND OPERATIONS,” APPENDIX B—“SANTA CLARA COUNTY ECONOMIC AND DEMOGRAPHIC INFORMATION” and APPENDIX C—“COUNTY OF SANTA CLARA AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2019” attached hereto.

The District. The District is a fire protection district organized and existing pursuant to the provisions of the Fire Protection District Law of 1987. The District is governed by a five-member Board.

Governing Body

The Authority is governed by a Board of Directors, which is made up of the five members of the Board of Supervisors of the County. The officers of the Authority, which are appointed by the Board of Directors, include the Chair and the Executive Director. By the terms of the Joint Exercise of Powers Agreement, the Director of Finance of the County is the Treasurer and Controller of the Authority.

TAX MATTERS

[In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”) and is exempt from State of California personal income taxes. Bond Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix E hereto.

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each beneficial owner thereof, is treated as interest on the Bonds which is excluded from gross income for federal income tax purposes and State of California personal income taxes. For this purpose, the issue price of a particular maturity of the Bonds is the first price at which a substantial amount of such maturity of the Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Beneficial owners of the Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of beneficial owners who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (“Premium Bonds”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a
beneficial owner’s basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such beneficial owner. Beneficial owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The Authority and the County have made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel’s attention after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Bonds may otherwise affect a beneficial owner’s federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the beneficial owner or the beneficial owner’s other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, in whole or in part, 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 or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel is expected to express no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel’s judgment as to the proper treatment of the Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service (“IRS”) or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Authority and the County, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Authority and the County have covenanted, however, to comply with the requirements of the Code.

Bond Counsel’s engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Authority, the County or the beneficial owners regarding the tax-exempt status of the Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the Authority, the County and their appointed counsel, including the beneficial owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination is impractical in the context of a single audit, the opinion of Bond Counsel does not cover any such potential audit.
examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Authority or the County legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Bonds, and may cause the Authority, the County or the beneficial owners to incur significant expense.

CERTAIN LEGAL MATTERS

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

MUNICIPAL ADVISOR

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

LITIGATION

No litigation is pending or threatened concerning the validity of the Bonds, the Site Lease, the Facilities Lease or the Trust Agreement. The Authority is not aware of any litigation pending or threatened to restrain or enjoin the execution, sale or delivery of any of the Bonds, contesting the existence or powers of the Authority or the County or contesting the County’s ability to appropriate or make Base Rental Payments. There are no lawsuits or claims pending against the County which would materially impair the ability of the County to make Base Rental Payments or otherwise meet its outstanding lease or debt obligations.

CONTINUING DISCLOSURE

The County will undertake all responsibilities for any continuing disclosure to owners and beneficial owners of the Bonds as described herein.

The County and Digital Assurance Certification, L.L.C., as dissemination agent, will enter into a Continuing Disclosure Agreement, to be dated the date of delivery of the Bonds (the “Continuing Disclosure Agreement”), which provides for certain disclosure obligations on the part of the County. Under the Continuing Disclosure Agreement, the County will covenant for the benefit of owners and beneficial owners of the Bonds to provide certain financial information and operating data relating to the County by not later than March 30 of each year, commencing with the reports for the fiscal year ending June 30, 2020 which is to be filed by March 30, 2021 (the “Annual Reports”), and to provide notices of
the occurrence of certain enumerated events (the “Listed Events”). The Annual Reports and notices of Listed Events will be filed with the Municipal Securities Rulemaking Board (“MSRB”). These covenants will be made in order to assist the purchasers in complying with S.E.C. Rule 15c2-12(b)(5), as amended. For the proposed form of the Continuing Disclosure Agreement, see APPENDIX G—“FORM OF CONTINUING DISCLOSURE AGREEMENT” attached hereto.

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

RATING

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

There is no assurance that such rating will continue for any given period of time or that it will not be reduced or withdrawn entirely by S&P if, in its judgment, circumstances so warrant. The Authority, the County and the Trustee undertake no responsibility to oppose any such revision or withdrawal, although the County will covenant in the Continuing Disclosure Agreement to provide notice of any rating changes to the Municipal Securities Rulemaking Board. Any such downward revision or withdrawal may have an adverse effect on the market price of the Bonds.

SALE OF THE BONDS

The Bonds are scheduled to be sold at competitive bid on [______], 2020, as provided in the Official Notice of Sale, dated [______], 2020 (the “Official Notice of Sale”). The Official Notice of Sale provides that all Bonds would be purchased if any were purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in the Official Notice of Sale, the approval of certain legal matters by Bond Counsel and certain other conditions. The Purchaser will represent to the County that the Bonds have been reoffered to the public at the prices or yields to be stated on the inside cover page hereof.

ADDITIONAL INFORMATION

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

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

SANTA CLARA COUNTY FINANCING AUTHORITY

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By: ________________________________
    Alan Minato
    Treasurer and Controller

COUNTY OF SANTA CLARA

By: ________________________________
    Alan Minato
    Director of Finance
APPENDIX A

COUNTY OF SANTA CLARA FINANCES AND OPERATIONS
APPENDIX B

SANTA CLARA COUNTY ECONOMIC AND DEMOGRAPHIC INFORMATION
APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS
APPENDIX E

PROPOSED FORM OF OPINION OF BOND COUNSEL

[Dated Date]

Santa Clara County Financing Authority
San Jose, California

[To come.]
APPENDIX F

DTC AND THE BOOK-ENTRY SYSTEM

The information in this Appendix F concerning The Depository Trust Company (“DTC”), New York, New York, and DTC’s book-entry system has been obtained from DTC and the Authority, the County and the Trustee take no responsibility for the completeness or accuracy thereof. The Authority and the County cannot and do not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current “Rules” applicable to DTC are on file with the Securities and Exchange Commission and the current “Procedures” of DTC to be followed in dealing with DTC Participants are on file with DTC.

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each Series of Bonds, each in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC is rated “AA+” by Standard & Poor’s. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com; nothing contained in such website is incorporated into this Official Statement.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive
certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal of, premium, if any, and interest on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from the Authority, the County or the Trustee, on payable date in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC, the Trustee, the County or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of, premium, if any, and interest on the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

THE AUTHORITY, THE COUNTY OR THE TRUSTEE WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS WITH RESPECT TO THE PAYMENTS OR THE PROVIDING OF NOTICE TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS OR THE SELECTION OF BONDS FOR PREPAYMENT.
None of the Authority, the County or the Trustee can give any assurances that DTC, DTC Participants, Indirect Participants or others will distribute payments of principal of, premium, if any, and interest on the Bonds paid to DTC or its nominee, as the registered Owner, or any redemption or other notice, to the Beneficial Owners or that they will do so on a timely basis or that DTC will serve and act in a manner described in this Official Statement.

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

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

The information in this section concerning DTC and DTC’s book-entry system has been obtained from sources that the Authority, the County and the Trustee believe to be reliable, but the Authority, the County and the Trustee take no responsibility for the accuracy thereof.
APPENDIX G

FORM OF CONTINUING DISCLOSURE AGREEMENT