

AC 3-21-2024

#8

Receive the Budget Feedback
on the City's current
recommended Service Level
Reductions (SLRs)

Desk Item

Fiscal Year 2024-25 Potential Service-Level Reductions

January 17, 2024



**CITY OF
CUPERTINO**

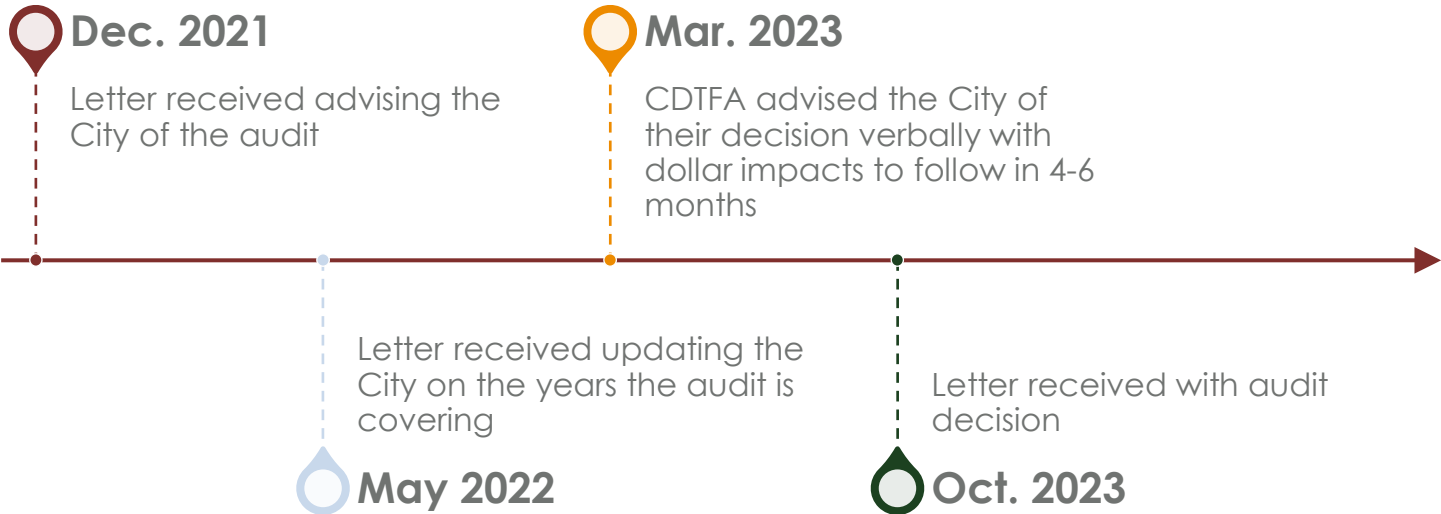
Agenda



CDTFA Audit



California Department of Tax and Fee Administration (CDTFA) Audit



Council Actions



FY 2023-24 Adopted Budget – \$15 million in Reductions

- Eliminating 14 vacant positions \$2.6 million
- Decreasing materials, contract services, special projects, capital outlays, and contingency expenditures \$5.9 million
- Decreasing transfers from the General Fund to other funds \$5.5 million
- Using the City's Section 115 Trust to fund OPEB (Other Post-Employment Benefits/Retiree Health) costs \$1.4 million

Budget Forecast



Forecast Assumptions

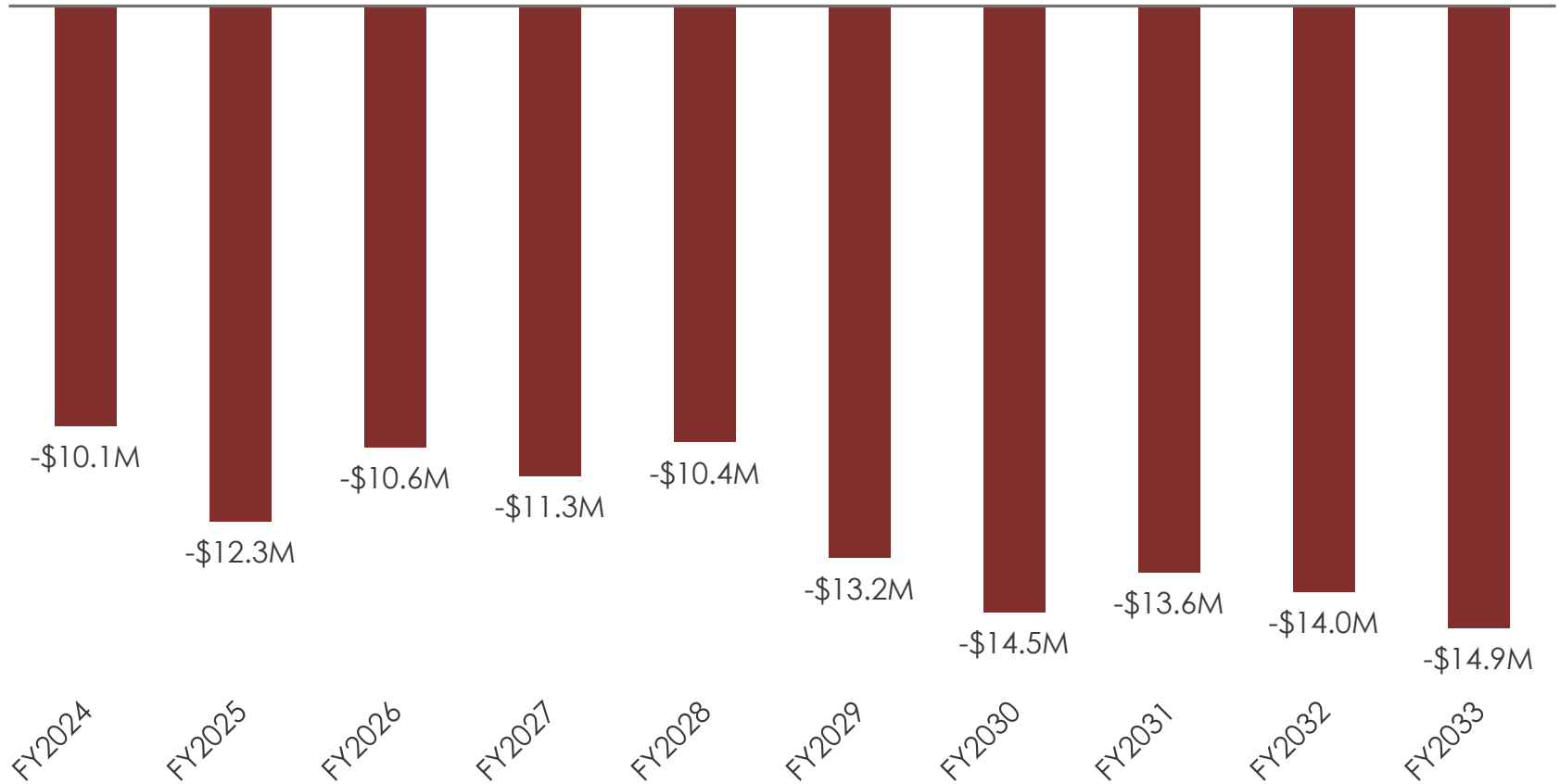
Adopted Budget (June 2023)

- Facility debt paid off in FY 2029-30
- No additional development projects included
- Recession (no growth) in FY 2024-25 and FY 2028-29 for all revenues
- Minimal funding (\$500k) for Special Projects and CWP Projects
- No transfers to Capital Reserve

New Assumptions (Jan 2024)

- Budget Strategy shift from vacancies to Service-Level Reductions (SLR)
- Revised sales tax forecast (\$2M reduction from \$11.4M to \$9.4M)
- Committed fund balance for Sales Tax Repayment Reserve (\$56.5M) for April 2021-June 2023
- \$1M funding for Special Projects and CWP Projects
- \$2M transfers for Capital Reserve

General Fund Annual Operating Surplus/(Deficit)



Balancing the Budget

- Ongoing budget reductions are needed
- Need to identify ongoing expenditure reductions and revenue generation estimated at ~\$15 million
 - Revenue-generating opportunities
 - Service-level reductions
 - Fee increases

Potential Service-Level Reductions for FY 2024-25



Potential Service-Level Reductions

Grouping	Reductions
Operations and Maintenance Reduce sidewalk, curb, and gutter. Move some Public Works contract services in-house, extending maintenance timelines. Reduce Public Works PT staffing. Shift credit card fees to customers. Remove library extra hours from the base due to available State funding to cover these costs. Various other reductions.	3,080,725
Infrastructure Reduce funding to CIP of \$2M annually for the first 5 years of the forecast. Will utilize the existing fund balance to cover these costs. Shift sidewalk and street tree maintenance to property owners and shift school district grounds maintenance to the school district.	4,372,402
Fiscal Accountability Align law enforcement costs with prior year actual hours. Reduce applications used in the City, extend tech refresh cycles, and remove the new Enterprise Resource Planning (ERP) software from the budget.	2,555,421
Community Benefit Reduce 4 th of July Event, partnerships, City events/outreach, paid events, concerts and movies, select City Work Program projects.	463,690
Total	\$10,472,238

Operations and Maintenance

Department	Service-Level Reductions	Fiscal Impact	Full-Time Staffing Impact (FTE)
Public Works	Reduce Public Works Materials and Contract Services and Part-Time Positions	1,768,539	None
Various	Shift Credit Card Fees to Customers	432,668	None
City Manager's Office/CDD	Reduce Part-Time Staffing, Reclassify Positions and Reduce Recruitment Advertising	286,348	None
Parks & Recreation	Reduce Funding for Library Extra Hours	160,000	None
Public Works	Reduce Impec Janitorial Contract	100,000	None
City Manager's Office	Reduce Scene from 10 months to quarterly	92,400	None
Administrative Services	Reduce Budget for Internal Audit	70,000	None
Public Works	Reduce Crossing Guard Services	50,000	None
Parks & Recreation	Reduce Parks & Recreation Expenses	33,619	None
Parks & Recreation	Reduce Park Ranger Services	31,155	None
City Manager's Office	Eliminate Minimum Wage Mailers	23,202	None
Parks & Recreation	Reduce Senior Center Part-Time Staffing and Supplies	21,748	None
Administrative Services/ CDD	Reduce Conferences and Training	11,046	None
Total Operations and Maintenance		\$3,080,725	None

Infrastructure

Department	Service-Level Reductions	Fiscal Impact	Full-Time Staffing Impact (FTE)
Capital Improvement Program	Reduce General Fund Transfers to the Capital Improvement Fund	2,000,000	2
Public Works	Shift Sidewalk Maintenance to Property Owners ¹	1,000,000	1.4
Public Works	Shift School District Grounds Maintenance to School District ¹	737,394	4.2
Public Works	Shift Street Tree Maintenance to Property Owners ¹	455,008	3
Public Works	Defer Vehicle and Equipment Replacement	180,000	None
Total Infrastructure		\$4,372,402	10.6

Fiscal Accountability

Department	Service-Level Reductions	Fiscal Impact	Full-Time Staffing Impact (FTE)
Law Enforcement	Align Law Enforcement Budget with Actuals	1,000,000	None
Innovation & Technology	Reduce Budget for IT	779,187	None
Public Works	Utility True-up	398,407	None
City Attorney's Office	Align City Attorney's Office Contract Services and Materials with Actuals	226,561	None
Parks & Recreation	Consolidate Learn to Swim Program	87,118	None
Administrative Services	Reduce Unemployment Insurance	64,148	None
Total Fiscal Accountability		\$2,555,421	None

Community Benefit

Department	Service-Level Reductions	Fiscal Impact	Full-Time Staffing Impact (FTE)
Parks & Recreation/Public Works	Reduce 4th of July Funding	138,000	None
Council	Reduce Funding for Partnerships	69,307	None
City Manager's Office	Reduce City Events/Outreach	63,166	None
Parks & Recreation	Reduce Budget for Paid Events	38,675	None
Parks & Recreation	Shift Sheriff Fees for Festivals to Festival Organizers	34,992	None
Parks & Recreation	Reduce Budget for Concerts and Movies	25,424	None
Public Works	Eliminate Earth Day Festival	19,126	None
City Manager's Office	Eliminate Select City Work Program Projects	75,000	None
Total Community Benefit		\$463,690	None

Balancing the Budget

Revenue Generation?
Fee Increases?

Gap
\$4.5M

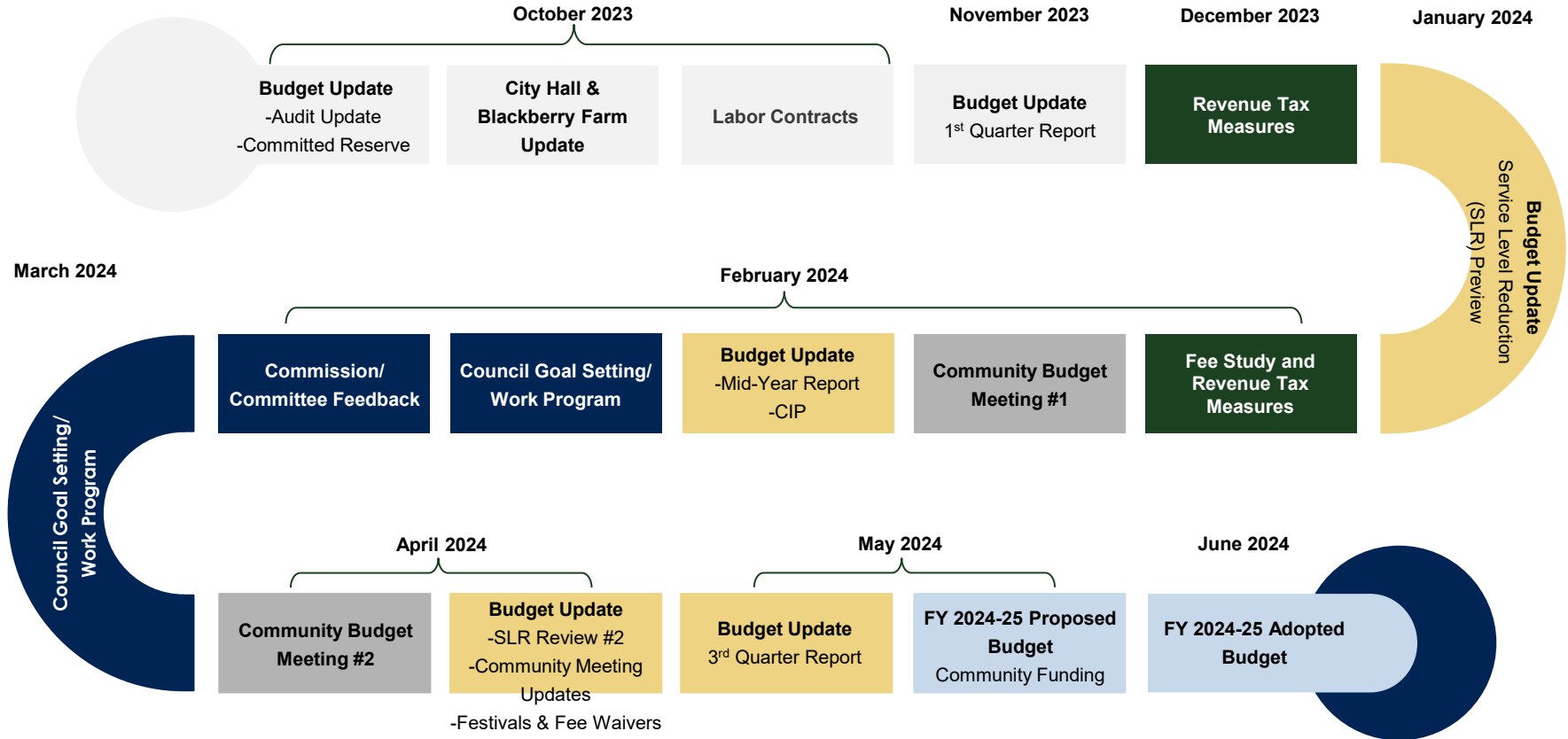
Service-Level
Reductions
\$10.5M

Structural
Deficit
\$15.0M

Recommendation and Next Steps



Roadmap to FY 2024-25 Budget Adoption and Balancing



Recommendation

Provide input to staff on potential service-level reductions for the FY 2024-25 Proposed and Final Budgets

Questions?



From: [Rhoda Fry](#)
To: [City of Cupertino Audit Committee](#)
Subject: Public Comment Audit Committee 3/20/2024 #1
Date: Wednesday, March 20, 2024 3:12:49 PM
Attachments: [Goldfarb and Lipman BMR.xlsx](#)
[H - Weekly AP Payment Register for the Period Ending 1.19 \(1\).pdf](#)
[D - Weekly AP Payment Register for the Period Ending 1.5 \(1\).pdf](#)

CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Dear Audit Committee,

This is one of several emails for public comment.

I would like to let you know that I spoke with the City Attorney on February 22, 2024 to let him know that funds from the restricted BMR Housing and Affordable Housing Fund (under AB 1600) had been mis-allocated to pay for stipulated judgement fees for a lawsuit file by YIMBY and others. Upon further review of the Accounts Payable and two PRAs from Goldfarb and Lipman, I found that around \$165K had been improperly removed from the BMR fund to pay for litigation of the YIMBY lawsuit and Housing Element. It is difficult to determine how much money was improperly removed because the City works with the firm on multiple projects that are not split out in the Accounts Payable reports and the descriptions are not helpful.

The first attachment is a summary that I put together and it only covers judgement fees and Goldfarb and Lipman billings. The second and third attachments are examples of the payment register containing mis-allocated BMR transactions (search for BMR). Perusing through other Accounts Payable reports, it appears that other transactions might have been mis-allocated as well (such as Verizon bills). I am relieved to know that Mr. Orozco is competently engaged in ferreting out these issues that I had reported to City Council on February 27, 2024. I hope that other restricted accounts can be double-checked and that the BMR fund is reimbursed with the interest that it would have accrued had it remained there. It is thanks to Councilmember Moore that I had discovered these inconsistencies because she had created the policy of including the paying account names on the A/P register shared with Council.

On a related matter, the City contracted with Goldfarb and Lipman to litigate the YIMBY lawsuit not to exceed \$50K. It is likely that this amount was exceeded (although it is hard to tell because the billings are combined with other services, all of which were redacted in the PRA). Could you please find out whether the legal fees exceeded \$50K and if so, determine whether an updated contract is needed?

I would appreciate a report back to the Audit Committee on these items the next time the committee meets.

Thank You,
Rhoda Fry (40-year Cupertino resident)



Virus-free. www.avg.com

The City of Cupertino BMR Housing and Affordable Housing Fund was improperly used to pay for the costs of a lawsuit and other expenses

This document refers only to the stipulated judgements from the YIMBY lawsuit and billings from Goldfarb & Lipman during a specific window in time. The City should look through all transactions from the BMR Housing Fund (because there are others that appear to be questionable)

The BMR Housing and Affordable Housing Fund was used to pay for \$15K of Stipulated Judgements

The information below was copied from Accounts Payable Reports

Payment to California Housing Defense Fund

BMR	2024-01-19	733921	1/2/2024	9000.00	Stipulated Judgement 23CV410817
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Payment to Yes In My Back Yard

BMR	2024-01-19	733946	1/2/2024	6000.00	Stipulated Judgement 23CV410817
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The BMR Housing and Affordable Housing Fund was used to pay legal costs for YIMBY lawsuit and Housing Element (HE)
Two PRAs were requested, one for Goldfarb & Lipman for the "YIMBY" lawsuit and the other for "HE" Housing Element Services
All line items in the PRA were redacted so it is impossible to know which costs were from the lawsuit vs housing element vs other
This points to another problem - by looking at the description in the Accounts Payable (A/P) report, it is impossible to determine how much money was used for the lawsuit, the housing element, or other projects (these are highlighted below) and the descriptions of the transactions are not very helpful in determining the services rendered

The total paid for bills containing YIMBY was \$157,222.82

With the exception of \$6748.82, all of the payments were made from the BMR Housing Fund

It appears that over \$165K of money used for this lawsuit and the housing element was improperly taken from the BMR fund

Selected Payments to Goldfarb & Lipman

				YIMBY		
Fund	A/P Date	A/P Entry	Inv Date	Invoice #	HE, other	Amount Description
BMR	2024-01-26	38884	1/18/2024	470181	other	94.50 Housing Legal Review 2023/12 (2)
BMR	2024-01-26	38884	1/18/2024	470095	other	790.00 Legal Services, December 2023
BMR	2024-01-26	38884	1/18/2024	470094	YIMBY/HE	2282.00 Housing Legal Review 2023/12 (3)
BMR	2024-01-26	38884	1/16/2024	470030	other	306.00 Housing Legal Review 2023/12
BMR	2024-01-05	38735	12/20/2023	469494	other	787.50 Housing Legal Review 2023/11 (2)
GENERAL	2023-12-22	38674	12/20/2023	469411	other	2054.00 Legal Services, November 2023
BMR	2024-01-05	38735	12/20/2023	469410	YIMBY/HE	2607.00 Housing Legal Review 2023/11
BMR	2023-12-01	38514	11/16/2023	468648	YIMBY/HE	35050.00 Housing Legal Review 2023/10
BMR	2023-11-03	38315	10/19/2023	467944	YIMBY/HE	39173.00 Housing Legal Review 2023/09
BMR	2023-10-06	38111	9/18/2023	467225	YIMBY/HE	12093.50 Housing Legal Review 2023/08
BMR	2023-08-17	37838	8/17/2023	466488	YIMBY/HE	10172.00 Housing Legal Review 2023/07
BMR	2023-07-28	37598	7/28/2023	465777	YIMBY/HE	9185.50 Housing Legal Review 2023/06
BMR	2023-07-28	37598	7/18/2023	465713	Unkown	238.00 Housing Legal Review 2023/06
BMR	2023-07-28	37598	6/27/2023	464881	YIMBY/HE	32850.00 Housing Legal Review 2023/04
BMR	2023-05-26	37114	5/16/2023	464209	YIMBY/HE	7062.00 Housing Legal Review 2023/04
BMR	2024-01-05	38735	4/25/2023	463698	other	409.50 Housing Legal Review 2023/4 (2)
GENERAL	2023-04-28	36881	4/21/2023	463553	YIMBY/HE	6748.82 Housing Element Legal Review 2023/03
GENERAL	2023-03-17	36560	3/9/2023	462738	other	63.00 Housing Legal Review 2023/02
BMR	2023-03-17	36560	3/9/2023	462736	HE	63.00 Housing Element Update Legal Review 2023/02
BMR	2023-01-26	36185	1/18/2023	461402	other	442.00 Housing Legal Review 2022/12
BMR	2023-01-20	36128	1/20/2023	460429	other	306.00 Housing Legal Review 2022/11
BMR	2022-11-10	35665	10/31/2022	459229	other	136.00 Housing Legal Review 2022/09
BMR	2022-11-10	35665	10/28/2022	458952	other	714.00 Housing Legal Review 2022/09
BMR	2023-01-26	36185	10/5/2022	457757	other	2138.00 Housing Legal Review 2022/08
BMR	2022-11-10	35665	8/12/2022	146262	other	892.00 Housing Legal Review 2022/07
BMR	2022-08-26	35073	8/12/2022	146236	other	238.00 Housing Legal Review 2022/07
BMR	2022-08-19	35056	7/29/2022	146187	other	960.00 FY21-22 Housing Legal Review 2022/5
BMR	2022-07-29	34861	7/25/2022	146110	other	1760.00 FY21-22 Housing Legal Review 2022/06
BMR	2022-07-15	34749	6/30/2022	145777	other	2560.00 BMR Housing Legal Review 2022/05 FY21-22
BMR	2022-07-15	34749	6/30/2022	145776	other	288.00 Housing Legal Review 2022/05 FY21-22
BMR	2022-06-03	34413	05/24//2022	145313	other	992.00 Housing Legal Review 2022/-5
BMR	2022-05-06	34212	4/18/2022	144851	other	384.00 Housing Legal Review 2022/03
BMR	2022-07-28	34861	4/14/2022	144707	other	1984.00 FY21-22 Housing Legal Review 2022/04
BMR	2022-05-27	34353	2/24/2022	144110	other	3616.00 Housing Legal Review 2022/01
GENERAL	2022-04-15	34053	2/24/2022	144109	HE	256.00 Housing Element Update Legal Fees 2022/01
GENERAL	2022-04-15	34053	11/15/2021	142637	HE	64.00 Housing Element Update 2021/10
						179759.32

Payment Register

From Payment Date: 1/13/2024 - To Payment Date: 1/19/2024

Number	Date	Status	Void Reason	Reconciled/ Voided Date	Source	Payee Name	Transaction Amount	Reconciled Amount	Difference
Main Account - Main Checking Account									
<u>Check</u>									
733917	01/19/2024	Open			Accounts Payable	Advantage Grafix	\$106.94		
	Invoice		Date	Description		Amount			
	48201		01/08/2024	Lori B. Business Cards		\$106.94			
	Paying Fund			Cash Account		Amount			
	520 - Resource Recovery			520 100-100 (Cash & Investments Assets Operating Cash)		\$106.94			
733918	01/19/2024	Open			Accounts Payable	Astrid Chevallier	\$1,000.00		
	Invoice		Date	Description		Amount			
	01162024		01/16/2024	Arts & Culture Commission Distinguished Artist Award Chevallier		\$1,000.00			
	Paying Fund			Cash Account		Amount			
	100 - General Fund			100 100-100 (Cash & Investments Assets Operating Cash)		\$1,000.00			
733919	01/19/2024	Open			Accounts Payable	AT&T	\$195.47		
	Invoice		Date	Description		Amount			
	000021095794		01/12/2024	911 Emergency Lines 12/12/2023 - 01/11/2024		\$195.47			
	Paying Fund			Cash Account		Amount			
	610 - Innovation & Technology			610 100-100 (Cash & Investments Assets Operating Cash)		\$195.47			
733920	01/19/2024	Open			Accounts Payable	Bay Aerials Gymnastics	\$18,311.40		
	Invoice		Date	Description		Amount			
	01162024		01/16/2024	December 2023 Program Payment		\$18,311.40			
	Paying Fund			Cash Account		Amount			
	580 - Recreation Program			580 100-100 (Cash & Investments Assets Operating Cash)		\$18,311.40			
733921	01/19/2024	Open			Accounts Payable	California Housing Defense Fund	\$9,000.00		
	Invoice		Date	Description		Amount			
	Stipulated_Judgm		01/02/2024	Stipulated Judgment re 23CV410817		\$9,000.00			
	Paying Fund			Cash Account		Amount			
	265 - BMR Housing			265 100-100 (Cash & Investments Assets Operating Cash)		\$9,000.00			
733922	01/19/2024	Open			Accounts Payable	Chloe Yoon	\$750.00		
	Invoice		Date	Description		Amount			
	01162024		01/16/2024	Arts & Culture Commission Emerging Artist Award Chloe Yoon		\$750.00			
	Paying Fund			Cash Account		Amount			
	100 - General Fund			100 100-100 (Cash & Investments Assets Operating Cash)		\$750.00			
733923	01/19/2024	Open			Accounts Payable	COMCAST	\$2,049.59		
	Invoice		Date	Description		Amount			
	3310-010724		01/07/2024	8155 40 065 0183310 -010724		\$2,049.59			
	Paying Fund			Cash Account		Amount			
	100 - General Fund			100 100-100 (Cash & Investments Assets Operating Cash)		\$423.47			
	570 - Sports Center			570 100-100 (Cash & Investments Assets Operating Cash)		\$559.95			

Payment Register

From Payment Date: 1/13/2024 - To Payment Date: 1/19/2024

Number	Date	Status	Void Reason	Reconciled/ Voided Date	Source	Payee Name	Transaction Amount	Reconciled Amount	Difference
			610 - Innovation & Technology		610 100-100 (Cash & Investments Assets Cash)	Operating	\$1,066.17		
733924	01/19/2024	Open			Accounts Payable	Comcast	\$967.39		
	Invoice		Date	Description		Amount			
	190176184		01/01/2024	Business Class Internet - Mary, Stevens ck, Dec. 2023		\$967.39			
	Paying Fund			Cash Account		Amount			
			610 - Innovation & Technology		610 100-100 (Cash & Investments Assets Cash)	Operating	\$967.39		
733925	01/19/2024	Open			Accounts Payable	County of Santa Clara -Office of the Sheriff	\$1,463,927.17		
	Invoice		Date	Description		Amount			
	1800088322		01/02/2024	Advance for Law Enforcement Jan 2024		\$1,463,927.17			
	Paying Fund			Cash Account		Amount			
			100 - General Fund		100 100-100 (Cash & Investments Assets Cash)	Operating	\$1,463,927.17		
733926	01/19/2024	Open			Accounts Payable	Data Ticket, Inc.	\$44.00		
	Invoice		Date	Description		Amount			
	159854		01/10/2024	Online access to citation processing-Nov 2023		\$44.00			
	Paying Fund			Cash Account		Amount			
			230 - Env Mgmt Cln Crk Strm Drain		230 100-100 (Cash & Investments Assets Cash)	Operating	\$44.00		
733927	01/19/2024	Open			Accounts Payable	Department of Conservation	\$8,714.44		
	Invoice		Date	Description		Amount			
	Fee Oct-Dec 2023		01/19/2024	Dep of Conservation Fee Report OCT-DEC2023		\$8,714.44			
	Paying Fund			Cash Account		Amount			
			100 - General Fund		100 100-100 (Cash & Investments Assets Cash)	Operating	\$8,714.44		
733928	01/19/2024	Open			Accounts Payable	Dex Systems Engineering	\$4,675.00		
	Invoice		Date	Description		Amount			
	1623		01/10/2024	Repair ClearCom headsets; Tree Lighting Ceremony; Install Monito		\$4,675.00			
	Paying Fund			Cash Account		Amount			
			100 - General Fund		100 100-100 (Cash & Investments Assets Cash)	Operating	\$4,675.00		
733929	01/19/2024	Open			Accounts Payable	Division of the State Architect	\$269.10		
	Invoice		Date	Description		Amount			
	DSA OCT-DEC23		01/19/2024	DISABILITY ACCESS & EDUCATION FEE QUARTERLY REPORT (\$4)		\$269.10			
	Paying Fund			Cash Account		Amount			
			100 - General Fund		100 100-100 (Cash & Investments Assets Cash)	Operating	\$269.10		
733930	01/19/2024	Open			Accounts Payable	Mountain View Garden Center	\$344.84		
	Invoice		Date	Description		Amount			
	114941		01/10/2024	Street- Sand for Sand Bags		\$344.84			
	Paying Fund			Cash Account		Amount			
			100 - General Fund		100 100-100 (Cash & Investments Assets Cash)	Operating	\$344.84		

Payment Register

From Payment Date: 1/13/2024 - To Payment Date: 1/19/2024

Number	Date	Status	Void Reason	Reconciled/ Voided Date	Source	Payee Name	Transaction Amount	Reconciled Amount	Difference
733931	01/19/2024	Open			Accounts Payable	Napa Auto Parts	\$495.82		
	Invoice		Date	Description		Amount			
	714555		01/08/2024	Fleet- Spin-on Fluid Filter		\$70.28			
	714564		01/08/2024	Fleet- ATC-10, ATC-15, ATC-25 Fuse Pac		\$42.40			
	714761		01/10/2024	Fleet- Spin-on Fluid Filter		\$123.26			
	714748		01/10/2024	Fleet- Wipers Blades		\$193.16			
	714830		01/11/2024	Fleet- Spin-On Fluid Filter		\$66.72			
	Paying Fund			Cash Account		Amount			
	630 - Vehicle/Equip Replacement			630 100-100 (Cash & Investments Assets Operating Cash)		\$495.82			
733932	01/19/2024	Open			Accounts Payable	Occupational Health Centers of California, A Medi	\$35.00		
	Invoice		Date	Description		Amount			
	81418575		01/09/2024	TB Test - C. Edmonds		\$35.00			
	Paying Fund			Cash Account		Amount			
	100 - General Fund			100 100-100 (Cash & Investments Assets Operating Cash)		\$35.00			
733933	01/19/2024	Open			Accounts Payable	Operating Engineers Local Union No. 3	\$1,537.62		
	Invoice		Date	Description		Amount			
	01122024		01/12/2024	Union Dues pp 12/30/23-1/12/24		\$1,537.62			
	Paying Fund			Cash Account		Amount			
	100 - General Fund			100 100-100 (Cash & Investments Assets Operating Cash)		\$1,537.62			
733934	01/19/2024	Open			Accounts Payable	Pacific Polymers Company	\$4,265.63		
	Invoice		Date	Description		Amount			
	7435		01/11/2024	Grounds - Can Liners		\$4,265.63			
	Paying Fund			Cash Account		Amount			
	100 - General Fund			100 100-100 (Cash & Investments Assets Operating Cash)		\$4,265.63			
733935	01/19/2024	Open			Accounts Payable	PG&E	\$6,294.97		
	Invoice		Date	Description		Amount			
	7100-011624		01/16/2024	7166121710-0 12/8/23-1/7/24		\$6,294.97			
	Paying Fund			Cash Account		Amount			
	100 - General Fund			100 100-100 (Cash & Investments Assets Operating Cash)		\$6,294.97			
733936	01/19/2024	Open			Accounts Payable	PG&E	\$8.94		
	Invoice		Date	Description		Amount			
	1937-122723		12/27/2023	8754273193-7 11/20/23-12/19/23		\$8.94			
	Paying Fund			Cash Account		Amount			
	100 - General Fund			100 100-100 (Cash & Investments Assets Operating Cash)		\$8.94			
733937	01/19/2024	Open			Accounts Payable	PG&E	\$14.01		
	Invoice		Date	Description		Amount			
	0322-121423		12/14/2023	5849279032-2 11/7/23-12/7/23		\$14.01			
	Paying Fund			Cash Account		Amount			
	100 - General Fund			100 100-100 (Cash & Investments Assets Operating Cash)		\$14.01			

Payment Register

From Payment Date: 1/13/2024 - To Payment Date: 1/19/2024

Number	Date	Status	Void Reason	Reconciled/ Voided Date	Source	Payee Name	Transaction Amount	Reconciled Amount	Difference
733938	01/19/2024	Open			Accounts Payable	Royal Coach Tours	\$1,449.00		
	Invoice		Date	Description		Amount			
	29290		01/31/2024	Charter 29290: 1/31/24 - MJ the Musical Trip		\$1,449.00			
	Paying Fund			Cash Account		Amount			
	100 - General Fund			100 100-100 (Cash & Investments Assets Operating Cash)		\$1,449.00			
733939	01/19/2024	Open			Accounts Payable	Santa Clara County Emergency Managers Association	\$89.94		
	Invoice		Date	Description		Amount			
	240018.1		01/17/2024	SCC EMA Membership		\$89.94			
	Paying Fund			Cash Account		Amount			
	100 - General Fund			100 100-100 (Cash & Investments Assets Operating Cash)		\$89.94			
733940	01/19/2024	Open			Accounts Payable	SESAC	\$1,888.00		
	Invoice		Date	Description		Amount			
	10703773		01/01/2024	Music License Yearly Fee 2024 - SESAC		\$1,888.00			
	Paying Fund			Cash Account		Amount			
	100 - General Fund			100 100-100 (Cash & Investments Assets Operating Cash)		\$1,888.00			
733941	01/19/2024	Open			Accounts Payable	South Bay Foundry	\$720.28		
	Invoice		Date	Description		Amount			
	0234072		01/10/2024	Street- 1P 1H Storm Drain, 6" Tall, 24" Clear Sign		\$720.28			
	Paying Fund			Cash Account		Amount			
	230 - Env Mgmt Cln Crk Strm Drain			230 100-100 (Cash & Investments Assets Operating Cash)		\$720.28			
733942	01/19/2024	Open			Accounts Payable	SPRAYTEC	\$15,659.44		
	Invoice		Date	Description		Amount			
	18502		11/22/2023	Fleet- Sprayer, Pump, Eng., Elect. Reel, Hose, & Controller		\$15,659.44			
	Paying Fund			Cash Account		Amount			
	630 - Vehicle/Equip Replacement			630 100-100 (Cash & Investments Assets Operating Cash)		\$15,659.44			
733943	01/19/2024	Open			Accounts Payable	State Water Resources Control Board	\$399.00		
	Invoice		Date	Description		Amount			
	WD-0258752		12/15/2023	Regnart Creek Trail Project through 070123-063024		\$399.00			
	Paying Fund			Cash Account		Amount			
	420 - Capital Improvement Fund			420 100-100 (Cash & Investments Assets Operating Cash)		\$399.00			
733944	01/19/2024	Open			Accounts Payable	United Site Services	\$712.68		
	Invoice		Date	Description		Amount			
	INV-4117125		01/15/2024	Trees/ROW- SWP 1/15/24-2/11/24		\$492.78			
	114-13780757		01/16/2024	portable toilet at compost site Jan-Feb 2024		\$219.90			
	Paying Fund			Cash Account		Amount			
	100 - General Fund			100 100-100 (Cash & Investments Assets Operating Cash)		\$492.78			
	520 - Resource Recovery			520 100-100 (Cash & Investments Assets Operating Cash)		\$219.90			

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Number	Date	Status	Void Reason	Reconciled/ Voided Date	Source	Payee Name	Transaction Amount	Reconciled Amount	Difference
733945	01/19/2024	Open			Accounts Payable	VNH Builders	\$18,167.53		
	Invoice		Date	Description		Amount			
	2023-103-5		01/10/2024	Service Center Security Gate Project		\$18,167.53			
	Paying Fund			Cash Account		Amount			
	100 - General Fund			100 100-100 (Cash & Investments Assets Operating Cash)		\$18,167.53			
733946	01/19/2024	Open			Accounts Payable	Yes In My Back Yard	\$6,000.00		
	Invoice		Date	Description		Amount			
	Stipulated_Judgm		01/02/2024	Stipulated Judgment re 23CV410817		\$6,000.00			
	Paying Fund			Cash Account		Amount			
	265 - BMR Housing			265 100-100 (Cash & Investments Assets Operating Cash)		\$6,000.00			
733947	01/19/2024	Open			Accounts Payable	Lin, Yishan	\$150.00		
	Invoice		Date	Description		Amount			
	01112024		01/11/2024	Arts & Culture Commission Young Artist Group B Award Yishan Lin		\$150.00			
	Paying Fund			Cash Account		Amount			
	100 - General Fund			100 100-100 (Cash & Investments Assets Operating Cash)		\$150.00			
733948	01/19/2024	Open			Accounts Payable	Onorato, Janelle	\$32.25		
	Invoice		Date	Description		Amount			
	2008584.030		01/12/2024	1/12/2024- Basketball #22159 Class Refund		\$32.25			
	Paying Fund			Cash Account		Amount			
	580 - Recreation Program			580 100-100 (Cash & Investments Assets Operating Cash)		\$32.25			
733949	01/19/2024	Open			Accounts Payable	Peng, Tina	\$32.25		
	Invoice		Date	Description		Amount			
	2008570.030		01/12/2024	1/12/2024- Basketball #22159 Class Refund		\$32.25			
	Paying Fund			Cash Account		Amount			
	580 - Recreation Program			580 100-100 (Cash & Investments Assets Operating Cash)		\$32.25			
733950	01/19/2024	Open			Accounts Payable	Salazar, Lindsey	\$52.00		
	Invoice		Date	Description		Amount			
	Salazar1 - 2024		01/02/2024	Livescan Reimbursement - Lindsey Salazar		\$52.00			
	Paying Fund			Cash Account		Amount			
	100 - General Fund			100 100-100 (Cash & Investments Assets Operating Cash)		\$52.00			
733951	01/19/2024	Open			Accounts Payable	Subramanian, Laksh	\$77.50		
	Invoice		Date	Description		Amount			
	2008561.030		01/12/2024	1/12/2024- Basketball #22158 Class Refund		\$77.50			
	Paying Fund			Cash Account		Amount			
	580 - Recreation Program			580 100-100 (Cash & Investments Assets Operating Cash)		\$77.50			
733952	01/19/2024	Open			Accounts Payable	Wang, Amelia	\$150.00		
	Invoice		Date	Description		Amount			
	01112024		01/11/2024	Arts & Culture Commission Young Artist Group A Award Amelia Wang		\$150.00			
	Paying Fund			Cash Account		Amount			

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Number	Date	Status	Void Reason	Reconciled/ Voided Date	Source	Payee Name	Transaction Amount	Reconciled Amount	Difference
	100 - General Fund				100 100-100 (Cash & Investments Assets Cash)	Operating	\$150.00		
Type Check Totals:							36 Transactions	\$1,568,587.20	
EFT									
38813	01/19/2024	Open			Accounts Payable	Colonial Life & Accident Insurance	\$29.16		
	Invoice		Date		Description		Amount		
	01122024		01/12/2024		Colonial Products pp 12/30/23-1/12/24		\$29.16		
	Paying Fund				Cash Account		Amount		
	100 - General Fund				100 100-100 (Cash & Investments Assets Cash)	Operating	\$29.16		
38814	01/19/2024	Open			Accounts Payable	Employment Development	\$10,341.64		
	Invoice		Date		Description		Amount		
	01122024		01/12/2024		State Disability Insurance pp 12/30/23-1/12/24		\$10,341.64		
	Paying Fund				Cash Account		Amount		
	100 - General Fund				100 100-100 (Cash & Investments Assets Cash)	Operating	\$10,341.64		
38815	01/19/2024	Open			Accounts Payable	National Deferred (ROTH)	\$3,234.89		
	Invoice		Date		Description		Amount		
	01122024		01/12/2024		Nationwide Roth pp 12/30/23-1/12/24		\$3,234.89		
	Paying Fund				Cash Account		Amount		
	100 - General Fund				100 100-100 (Cash & Investments Assets Cash)	Operating	\$3,234.89		
38816	01/19/2024	Open			Accounts Payable	National Deferred Compensatin	\$21,174.02		
	Invoice		Date		Description		Amount		
	01122024		01/12/2024		Nationwide Deferred Compensation pp 12/30/23- 1/12/24		\$21,174.02		
	Paying Fund				Cash Account		Amount		
	100 - General Fund				100 100-100 (Cash & Investments Assets Cash)	Operating	\$21,174.02		
38817	01/19/2024	Open			Accounts Payable	PERS-457K	\$14,482.52		
	Invoice		Date		Description		Amount		
	01122024		01/12/2024		PERS 457K pp 12/30/23-1/12/24		\$14,482.52		
	Paying Fund				Cash Account		Amount		
	100 - General Fund				100 100-100 (Cash & Investments Assets Cash)	Operating	\$14,482.52		
38818	01/19/2024	Open			Accounts Payable	State Disbursement Unit	\$349.65		
	Invoice		Date		Description		Amount		
	01122024		01/12/2024		Child Support pp 12/30/23-1/12/24		\$349.65		
	Paying Fund				Cash Account		Amount		
	100 - General Fund				100 100-100 (Cash & Investments Assets Cash)	Operating	\$349.65		
38819	01/16/2024	Open			Accounts Payable	TASC	\$2,791.08		
	Invoice		Date		Description		Amount		
	IN2988493		01/11/2024		FSA - Administration Fees 1/1/24-1/31/24		\$2,791.08		
	Paying Fund				Cash Account		Amount		
	100 - General Fund				100 100-100 (Cash & Investments Assets Cash)	Operating	\$2,791.08		

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Number	Date	Status	Void Reason	Reconciled/ Voided Date	Source	Payee Name	Transaction Amount	Reconciled Amount	Difference
38820	01/16/2024	Open			Accounts Payable	TASC	\$495.91		
	Invoice		Date	Description		Amount			
	IN2988490		01/11/2024	HRA - Administration Fees 1/1/24-1/31/24		\$495.91			
	Paying Fund			Cash Account		Amount			
	100 - General Fund			100 100-100 (Cash & Investments Assets Operating Cash)		\$495.91			
38821	01/19/2024	Open			Accounts Payable	Amazon Capital Services	\$1,145.97		
	Invoice		Date	Description		Amount			
	1F7W-CFLG-X4Y9		01/01/2024	Amazon Purchases Dec 2023 - PR3 Sports Recreation		\$52.36			
	1HRQ-YRJY-WPXH		01/01/2024	5x headphones, calculator, 2x USB-C charger, 2x UPS Battery repl		\$988.30			
	1MHK-KCNM-TVHN		01/01/2024	Amazon Purchases Dec 2023 - PR2 Senior Wellness		\$113.00			
	14LM-J14W-641X		12/15/2023	Apply credit memo related to invoice 136J-N776-GC64		(\$41.46)			
	17YK-RTMM-6DNH		12/15/2023	Apply credit memo related to invoice 136J-N776-GC64		(\$41.46)			
	17HF-TQXY-XH9T		01/01/2024	Amazon Purchases Dec 2023 - PR4 Events, Facilities, Youth, Teen		\$71.31			
	1H9V-XJDV-YFPX		01/01/2024	Apply credit memo related to invoice 17HF-TQXY-XH9T		(\$11.35)			
	17GW-6YYG-XNGH		01/01/2024	Laptop desk stand- Lori B.		\$15.27			
	Paying Fund			Cash Account		Amount			
	100 - General Fund			100 100-100 (Cash & Investments Assets Operating Cash)		\$96.63			
	520 - Resource Recovery			520 100-100 (Cash & Investments Assets Operating Cash)		\$15.27			
	570 - Sports Center			570 100-100 (Cash & Investments Assets Operating Cash)		\$52.36			
	580 - Recreation Program			580 100-100 (Cash & Investments Assets Operating Cash)		\$52.33			
	610 - Innovation & Technology			610 100-100 (Cash & Investments Assets Operating Cash)		\$929.38			
38822	01/19/2024	Open			Accounts Payable	Amazon Web Services, Inc.	\$1,326.04		
	Invoice		Date	Description		Amount			
	1542976409		01/02/2024	GIS AWS December 1 - December 31, 2023		\$1,326.04			
	Paying Fund			Cash Account		Amount			
	610 - Innovation & Technology			610 100-100 (Cash & Investments Assets Operating Cash)		\$1,326.04			
38823	01/19/2024	Open			Accounts Payable	Aquatic Central	\$3,000.00		
	Invoice		Date	Description		Amount			
	100016		01/15/2024	Facilities - Jan 2024 Library Aquarium Maintenance		\$3,000.00			
	Paying Fund			Cash Account		Amount			
	100 - General Fund			100 100-100 (Cash & Investments Assets Operating Cash)		\$3,000.00			
38824	01/19/2024	Open			Accounts Payable	B&H PHOTO-VIDEO	\$322.28		
	Invoice		Date	Description		Amount			
	220343618		01/10/2024	1x SEAGATE EXOS 16TB-7200 ENTERPRS SATA 6GB/S		\$322.28			
	Paying Fund			Cash Account		Amount			
	610 - Innovation & Technology			610 100-100 (Cash & Investments Assets Operating Cash)		\$322.28			

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Number	Date	Status	Void Reason	Reconciled/ Voided Date	Source	Payee Name	Transaction Amount	Reconciled Amount	Difference
38825	01/19/2024	Open			Accounts Payable	Balance Studios, Inc	\$13,333.34		
	Invoice		Date	Description		Amount			
	4116		01/10/2024	McClellan Ranch AR App Payment 2		\$13,333.34			
	Paying Fund			Cash Account		Amount			
	610 - Innovation & Technology			610 100-100 (Cash & Investments Assets Operating Cash)		\$13,333.34			
38826	01/19/2024	Open			Accounts Payable	Battery Systems Inc.	\$549.75		
	Invoice		Date	Description		Amount			
	43982401081126		01/08/2024	Fleet- Core Charges & Automotive Junk Exchange		\$213.66			
	35322401101352		01/12/2024	Fleet- 96R-75, S59-EX, Core Charges, Junk Exchange		\$336.09			
	Paying Fund			Cash Account		Amount			
	630 - Vehicle/Equip Replacement			630 100-100 (Cash & Investments Assets Operating Cash)		\$549.75			
38827	01/19/2024	Open			Accounts Payable	Bay Area Community Resources	\$7,000.00		
	Invoice		Date	Description		Amount			
	2411151-2		01/10/2024	Sustainability Service Corps		\$7,000.00			
	Paying Fund			Cash Account		Amount			
	100 - General Fund			100 100-100 (Cash & Investments Assets Operating Cash)		\$7,000.00			
38828	01/19/2024	Open			Accounts Payable	BECK'S SHOES INC.	\$800.00		
	Invoice		Date	Description		Amount			
	274078-00		01/12/2024	Safety Boots - Ty B, Jared Lopez		\$800.00			
	Paying Fund			Cash Account		Amount			
	100 - General Fund			100 100-100 (Cash & Investments Assets Operating Cash)		\$800.00			
38829	01/19/2024	Open			Accounts Payable	BOSCO OIL INC DBA VALLEY OIL	\$1,986.02		
	Invoice		Date	Description		Amount			
	618041		01/09/2024	Fleet- Shell Rotella, Recycling Fee, Motor Oil, Drum Deposits		\$1,986.02			
	Paying Fund			Cash Account		Amount			
	630 - Vehicle/Equip Replacement			630 100-100 (Cash & Investments Assets Operating Cash)		\$1,986.02			
38830	01/19/2024	Open			Accounts Payable	CHAD MOSLEY	\$110.00		
	Invoice		Date	Description		Amount			
	ChadM11202023		11/20/2023	Cell Phone Reimbursement through 102123-112023		\$55.00			
	ChadM12202023		12/20/2023	Cell Phone Reimbursement through 112123-122023		\$55.00			
	Paying Fund			Cash Account		Amount			
	100 - General Fund			100 100-100 (Cash & Investments Assets Operating Cash)		\$110.00			
38831	01/19/2024	Open			Accounts Payable	CobbleStone Systems Corp.	\$4,666.66		
	Invoice		Date	Description		Amount			
	16100		01/01/2024	Cobblestone for Contract Management Platform 1/1/24-1/1/25		\$4,666.66			
	Paying Fund			Cash Account		Amount			
	100 - General Fund			100 100-100 (Cash & Investments Assets Operating Cash)		\$4,666.66			

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Number	Date	Status	Void Reason	Reconciled/ Voided Date	Source	Payee Name	Transaction Amount	Reconciled Amount	Difference
38832	01/19/2024	Open			Accounts Payable	Ecology Action of Santa Cruz	\$27,120.56		
	Invoice		Date	Description		Amount			
	68121		12/31/2023	Pedestrian Safety Training Measure B through Oct.- Dec. 2023		\$27,120.56			
	Paying Fund			Cash Account		Amount			
	100 - General Fund			100 100-100 (Cash & Investments Assets Operating Cash)		\$27,120.56			
38833	01/19/2024	Open			Accounts Payable	Eflex Group, Inc	\$4,716.29		
	Invoice		Date	Description		Amount			
	01122024		01/12/2024	FSA pp 12/30/23-1/12/24		\$4,716.29			
	Paying Fund			Cash Account		Amount			
	100 - General Fund			100 100-100 (Cash & Investments Assets Operating Cash)		\$4,716.29			
38834	01/19/2024	Open			Accounts Payable	Environmental Systems Research Institute, Inc.	\$27,144.73		
	Invoice		Date	Description		Amount			
	94641680		01/10/2024	ESRI Maintenance 01/17/2024 - 01/16/2025		\$27,144.73			
	Paying Fund			Cash Account		Amount			
	610 - Innovation & Technology			610 100-100 (Cash & Investments Assets Operating Cash)		\$27,144.73			
38835	01/19/2024	Open			Accounts Payable	ESHERICK HOMSEY DODGE AND DAVIS, ARCHITECTS	\$1,570.00		
	Invoice		Date	Description		Amount			
	23110005		11/30/2023	Cupertno Library Donor Wall through 110123-113023		\$1,570.00			
	Paying Fund			Cash Account		Amount			
	420 - Capital Improvement Fund			420 100-100 (Cash & Investments Assets Operating Cash)		\$1,570.00			
38836	01/19/2024	Open			Accounts Payable	FolgerGraphics	\$9,427.79		
	Invoice		Date	Description		Amount			
	137453		10/19/2023	Become Block Leader Postcards		\$584.91			
	137970		11/30/2023	Cupertino Scene December 2023		\$8,842.88			
	Paying Fund			Cash Account		Amount			
	100 - General Fund			100 100-100 (Cash & Investments Assets Operating Cash)		\$9,427.79			
38837	01/19/2024	Open			Accounts Payable	GOT POWER, INC. DBA CD & POWER, INC	\$14,485.42		
	Invoice		Date	Description		Amount			
	01-83463		01/10/2024	Facilities - City Hall Generator Repair		\$14,485.42			
	Paying Fund			Cash Account		Amount			
	100 - General Fund			100 100-100 (Cash & Investments Assets Operating Cash)		\$14,485.42			
38838	01/19/2024	Open			Accounts Payable	GRAINGER INC	\$29.85		
	Invoice		Date	Description		Amount			
	9960310259		01/11/2024	Service Center - AA Batteries		\$29.85			
	Paying Fund			Cash Account		Amount			
	100 - General Fund			100 100-100 (Cash & Investments Assets Operating Cash)		\$29.85			

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Number	Date	Status	Void Reason	Reconciled/ Voided Date	Source	Payee Name	Transaction Amount	Reconciled Amount	Difference
38839	01/19/2024	Open			Accounts Payable	Grimco, Inc.	\$177.88		
	Invoice		Date	Description		Amount			
	31826267-01		01/10/2024	Streets - Cyan Design Jet Ink		\$177.88			
	Paying Fund			Cash Account		Amount			
	270 - Transportation Fund			270 100-100 (Cash & Investments Assets Operating Cash)		\$177.88			
38840	01/19/2024	Open			Accounts Payable	IFPTE LOCAL 21	\$1,937.27		
	Invoice		Date	Description		Amount			
	01122024		01/12/2024	Association Dues - CEA pp 12/30/23-1/12/24		\$1,937.27			
	Paying Fund			Cash Account		Amount			
	100 - General Fund			100 100-100 (Cash & Investments Assets Operating Cash)		\$1,937.27			
38841	01/19/2024	Open			Accounts Payable	InservH2O Inc.	\$834.80		
	Invoice		Date	Description		Amount			
	3511		01/10/2024	Facilities- Water Treatment Jan 2024		\$834.80			
	Paying Fund			Cash Account		Amount			
	100 - General Fund			100 100-100 (Cash & Investments Assets Operating Cash)		\$834.80			
38842	01/19/2024	Open			Accounts Payable	Jarvis Fay LLP	\$6,471.00		
	Invoice		Date	Description		Amount			
	18434		12/31/2023	Legal Services, December 2023		\$4,571.00			
	18433		12/31/2023	Legal Services for Dec. 2023		\$1,900.00			
	Paying Fund			Cash Account		Amount			
	100 - General Fund			100 100-100 (Cash & Investments Assets Operating Cash)		\$6,471.00			
38843	01/19/2024	Open			Accounts Payable	KIMBALL-MIDWEST	\$891.16		
	Invoice		Date	Description		Amount			
	101797037		01/09/2024	Street- Lockwasher, Alloy Flat Washers, Thick Flat Washer		\$891.16			
	Paying Fund			Cash Account		Amount			
	270 - Transportation Fund			270 100-100 (Cash & Investments Assets Operating Cash)		\$891.16			
38844	01/19/2024	Open			Accounts Payable	Law Office of Clare M. Gibson	\$1,320.00		
	Invoice		Date	Description		Amount			
	1194		01/01/2024	Legal Services, December 2023		\$1,320.00			
	Paying Fund			Cash Account		Amount			
	100 - General Fund			100 100-100 (Cash & Investments Assets Operating Cash)		\$1,320.00			
38845	01/19/2024	Open			Accounts Payable	Mearns Consulting LLC	\$3,355.00		
	Invoice		Date	Description		Amount			
	2411		01/15/2024	Professional Consulting Services, Dec 13 2023-Jan 2-5, 8 2024		\$3,355.00			
	Paying Fund			Cash Account		Amount			
	100 - General Fund			100 100-100 (Cash & Investments Assets Operating Cash)		\$3,355.00			
38846	01/19/2024	Open			Accounts Payable	MissionSquare	\$17,156.77		
	Invoice		Date	Description		Amount			
	01122024		01/12/2024	ICMA pp 12/30/23-1/12/24		\$17,156.77			

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	Paying Fund				Cash Account		Amount		
	100 - General Fund				100 100-100 (Cash & Investments Assets Operating Cash)		\$17,156.77		
38847	01/19/2024	Open			Accounts Payable	Nexinite, LLC	\$410.00		
	Invoice		Date	Description			Amount		
	INV-002377		01/08/2024	FY24 Support for CIP Management Hub December 2023			\$410.00		
	Paying Fund				Cash Account		Amount		
	610 - Innovation & Technology				610 100-100 (Cash & Investments Assets Operating Cash)		\$410.00		
38848	01/19/2024	Open			Accounts Payable	Nomad Transit LLC	\$204,806.04		
	Invoice		Date	Description			Amount		
	INV001-9846		12/31/2023	Via Cupertino Shuttle for December 2023			\$204,806.04		
	Paying Fund				Cash Account		Amount		
	100 - General Fund				100 100-100 (Cash & Investments Assets Operating Cash)		\$204,806.04		
38849	01/19/2024	Open			Accounts Payable	ODP Business Solutions, LLC.	\$113.94		
	Invoice		Date	Description			Amount		
	346605841001		12/20/2023	Service Center - Pens, Lanyards			\$113.94		
	Paying Fund				Cash Account		Amount		
	100 - General Fund				100 100-100 (Cash & Investments Assets Operating Cash)		\$113.94		
38850	01/19/2024	Open			Accounts Payable	PARS/City of Cupertino	\$2,951.68		
	Invoice		Date	Description			Amount		
	01122024		01/12/2024	PARS pp 12/30/23-1/12/24			\$2,951.68		
	Paying Fund				Cash Account		Amount		
	100 - General Fund				100 100-100 (Cash & Investments Assets Operating Cash)		\$2,951.68		
38851	01/19/2024	Open			Accounts Payable	PayPal Inc.	\$53.20		
	Invoice		Date	Description			Amount		
	PPGW141206700		12/31/2023	VSV0001160385 cupertinoweb2 01-Dec-23 to 31-Dec-23			\$33.25		
	PPGW141024828		12/31/2023	VSV0003096477 cupertinoweb4 01-Dec-23 to 31-Dec-23			\$19.95		
	Paying Fund				Cash Account		Amount		
	100 - General Fund				100 100-100 (Cash & Investments Assets Operating Cash)		\$53.20		
38852	01/19/2024	Open			Accounts Payable	PLAN JPA	\$503.00		
	Invoice		Date	Description			Amount		
	PLAN-2024-0127		01/10/2024	General Liability Claims - December 2023			\$503.00		
	Paying Fund				Cash Account		Amount		
	100 - General Fund				100 100-100 (Cash & Investments Assets Operating Cash)		\$503.00		
38853	01/19/2024	Open			Accounts Payable	Professional Turf Management, Inc.	\$18,693.56		
	Invoice		Date	Description			Amount		
	1283		12/21/2023	Grounds - Dec 2023 Golf Course Maint.			\$18,693.56		
	Paying Fund				Cash Account		Amount		

Payment Register

From Payment Date: 1/13/2024 - To Payment Date: 1/19/2024

Number	Date	Status	Void Reason	Reconciled/ Voided Date	Source	Payee Name	Transaction Amount	Reconciled Amount	Difference
	560 - Blackberry Farm				560 100-100 (Cash & Investments Assets Cash)	Operating	\$18,693.56		
38854	01/19/2024	Open			Accounts Payable	Quartic Solutions	\$1,298.06		
	Invoice		Date	Description		Amount			
	3807		01/09/2024	FY24 Quartic for GIS Support - December 2023		\$1,298.06			
	Paying Fund			Cash Account		Amount			
	610 - Innovation & Technology				610 100-100 (Cash & Investments Assets Cash)	Operating	\$1,298.06		
38855	01/19/2024	Open			Accounts Payable	Recology South Bay	\$70,033.75		
	Invoice		Date	Description		Amount			
	Dec-23 RY3		01/11/2024	City Payment to Recology Rate Year 2/1/23 - 1/31/24- Dec 2023		\$70,033.75			
	Paying Fund			Cash Account		Amount			
	520 - Resource Recovery				520 100-100 (Cash & Investments Assets Cash)	Operating	\$70,033.75		
38856	01/19/2024	Open			Accounts Payable	SCA of CA, LLC	\$18,563.57		
	Invoice		Date	Description		Amount			
	107838CS		12/31/2023	Street Sweeping- December 2023		\$18,563.57			
	Paying Fund			Cash Account		Amount			
	230 - Env Mgmt Cln Crk Strm Drain				230 100-100 (Cash & Investments Assets Cash)	Operating	\$9,281.78		
	520 - Resource Recovery				520 100-100 (Cash & Investments Assets Cash)	Operating	\$9,281.79		
38857	01/19/2024	Open			Accounts Payable	South Bay Youth Sports LLC	\$5,088.51		
	Invoice		Date	Description		Amount			
	56464		01/15/2024	December 2023 Program Payment		\$5,088.51			
	Paying Fund			Cash Account		Amount			
	580 - Recreation Program				580 100-100 (Cash & Investments Assets Cash)	Operating	\$5,088.51		
38858	01/19/2024	Open			Accounts Payable	Statcomm Inc.	\$15,519.13		
	Invoice		Date	Description		Amount			
	12575217		12/31/2023	Facilities - Library Annual Fire Alarm & Sprinkler Inspection		\$2,541.48			
	12575235		12/31/2023	Facilities-Sport Center Annual Fire Alarm & Sprinkler Inspection		\$2,436.88			
	12575229		12/31/2023	Facilities- Comm. Hall Annual Fire Alarm & Sprinkler Inspection		\$1,782.45			
	12575238		12/31/2023	Facilities- Sen. Center Annual Fire Alarm & Sprinkler Inspection		\$2,810.93			
	12575232		12/31/2023	Facilities- Monte Vista Annual Fire Alarm & Sprinkler Inspection		\$1,461.87			
	12575222		12/31/2023	Facilities- City Hall Annual Fire Alarm & Sprinkler Inspection		\$1,862.90			
	12575241		12/31/2023	Facilities-Serv. Center Annual Fire Alarm & Sprinkler Inspection		\$1,208.44			
	12575239		12/31/2023	Facilities-E. Ed Center Annual Fire Alarm & Sprinkler Inspection		\$1,414.18			
	Paying Fund			Cash Account		Amount			

Payment Register

From Payment Date: 1/13/2024 - To Payment Date: 1/19/2024

Number	Date	Status	Void Reason	Reconciled/ Voided Date	Source	Payee Name	Transaction Amount	Reconciled Amount	Difference
	100 - General Fund				100 100-100 (Cash & Investments Assets	Operating	\$13,082.25		
	570 - Sports Center				570 100-100 (Cash & Investments Assets	Operating	\$2,436.88		
38859	01/19/2024	Open			Accounts Payable	SUNNYVALE FORD, INC.	\$478.67		
	Invoice		Date	Description		Amount			
	231060FOW		01/09/2024	Fleet- PR Filter		\$22.41			
	231271FOW		01/12/2024	Fleet- Separator, Gasket, & Ring		\$329.76			
	231268FOW		01/12/2024	Fleet- HV Hose		\$126.50			
	Paying Fund			Cash Account		Amount			
	630 - Vehicle/Equip Replacement				630 100-100 (Cash & Investments Assets	Operating	\$478.67		
					Cash)				
38860	01/19/2024	Open			Accounts Payable	Suyesh Shrestha	\$81.15		
	Invoice		Date	Description		Amount			
	SuyeshS12062023		12/06/2023	Cell Phone Reimbursement through 12062023		\$40.57			
	SuyeshS01062024		01/06/2024	Cell Phone Reimbursement through 01062024		\$40.58			
	Paying Fund			Cash Account		Amount			
	100 - General Fund				100 100-100 (Cash & Investments Assets	Operating	\$81.15		
					Cash)				
38861	01/19/2024	Open			Accounts Payable	TJKM	\$10,230.50		
	Invoice		Date	Description		Amount			
	0054964		11/30/2023	Apple Campus 2 TDM Monitoring through 11012023-11302023		\$10,230.50			
	Paying Fund			Cash Account		Amount			
	100 - General Fund				100 100-100 (Cash & Investments Assets	Operating	\$10,230.50		
					Cash)				
38862	01/19/2024	Open			Accounts Payable	Turf Star, Inc.	\$1,039.01		
	Invoice		Date	Description		Amount			
	7316079-00		01/11/2024	Fleet- Decals, Hoses, V-Belt, Cross Bearing Kit, Idler		\$1,039.01			
	Paying Fund			Cash Account		Amount			
	630 - Vehicle/Equip Replacement				630 100-100 (Cash & Investments Assets	Operating	\$1,039.01		
					Cash)				
38863	01/19/2024	Open			Accounts Payable	Voler Strategic Advisors, Inc	\$6,000.00		
	Invoice		Date	Description		Amount			
	1914		07/03/2023	Communication Strategy and Support, July 2023		\$6,000.00			
	Paying Fund			Cash Account		Amount			
	100 - General Fund				100 100-100 (Cash & Investments Assets	Operating	\$6,000.00		
					Cash)				

Type EFT Totals:

Main Account - Main Checking Account Totals

51 Transactions

\$559,641.22

Checks	Status	Count	Transaction Amount	Reconciled Amount
	Open	36	\$1,568,587.20	\$0.00
	Reconciled	0	\$0.00	\$0.00
	Voided	0	\$0.00	\$0.00
	Stopped	0	\$0.00	\$0.00
	Total	36	\$1,568,587.20	\$0.00
EFTs	Status	Count	Transaction Amount	Reconciled Amount

Payment Register

From Payment Date: 1/13/2024 - To Payment Date: 1/19/2024

Number	Date	Status	Void Reason	Reconciled/ Voided Date	Source	Payee Name	Transaction Amount	Reconciled Amount	Difference
					Open	51	\$559,641.22	\$0.00	
					Reconciled	0	\$0.00	\$0.00	
					Voided	0	\$0.00	\$0.00	
					Total	51	\$559,641.22	\$0.00	
		All			Status	Count	Transaction Amount	Reconciled Amount	
					Open	87	\$2,128,228.42	\$0.00	
					Reconciled	0	\$0.00	\$0.00	
					Voided	0	\$0.00	\$0.00	
					Stopped	0	\$0.00	\$0.00	
					Total	87	\$2,128,228.42	\$0.00	
Grand Totals:					Checks	Status	Count	Transaction Amount	Reconciled Amount
					Open	36	\$1,568,587.20	\$0.00	
					Reconciled	0	\$0.00	\$0.00	
					Voided	0	\$0.00	\$0.00	
					Stopped	0	\$0.00	\$0.00	
					Total	36	\$1,568,587.20	\$0.00	
		EFTs			Status	Count	Transaction Amount	Reconciled Amount	
					Open	51	\$559,641.22	\$0.00	
					Reconciled	0	\$0.00	\$0.00	
					Voided	0	\$0.00	\$0.00	
					Total	51	\$559,641.22	\$0.00	
		All			Status	Count	Transaction Amount	Reconciled Amount	
					Open	87	\$2,128,228.42	\$0.00	
					Reconciled	0	\$0.00	\$0.00	
					Voided	0	\$0.00	\$0.00	
					Stopped	0	\$0.00	\$0.00	
					Total	87	\$2,128,228.42	\$0.00	

Payment Register

From Payment Date: 12/30/2023 - To Payment Date: 1/5/2024

Number	Date	Status	Void Reason	Reconciled/ Voided Date	Source	Payee Name	Transaction Amount	Reconciled Amount	Difference
Main Account - Main Checking Account									
<u>Check</u>									
733845	01/05/2024	Open			Accounts Payable	3Form, LLC	\$7,484.29		
	Invoice		Date	Description			Amount		
	CO-367955		11/02/2023	Library Donor Wall Fabrication			\$7,484.29		
	Paying Fund			Cash Account			Amount		
	420 - Capital Improvement Fund			420 100-100 (Cash & Investments Assets Operating Cash)			\$7,484.29		
733846	01/05/2024	Open			Accounts Payable	Arrow Acoustics, Inc.	\$7,466.00		
	Invoice		Date	Description			Amount		
	10124A		10/30/2023	Library Donor Wall Installation of 3Form			\$7,466.00		
	Paying Fund			Cash Account			Amount		
	420 - Capital Improvement Fund			420 100-100 (Cash & Investments Assets Operating Cash)			\$7,466.00		
733847	01/05/2024	Open			Accounts Payable	AT&T	\$195.47		
	Invoice		Date	Description			Amount		
	000020963839		12/12/2023	911 Emergency Lines 11/12/2023 - 12/11/2023			\$195.47		
	Paying Fund			Cash Account			Amount		
	610 - Innovation & Technology			610 100-100 (Cash & Investments Assets Operating Cash)			\$195.47		
733848	01/05/2024	Open			Accounts Payable	Comcast	\$967.39		
	Invoice		Date	Description			Amount		
	187647289		12/01/2023	Business Class Internet - Mary, Stevens ck, Nov. 2023			\$967.39		
	Paying Fund			Cash Account			Amount		
	610 - Innovation & Technology			610 100-100 (Cash & Investments Assets Operating Cash)			\$967.39		
733849	01/05/2024	Open			Accounts Payable	County of Santa Clara -Office of the Sheriff	\$4,655.00		
	Invoice		Date	Description			Amount		
	1800088107		12/19/2023	Festival Sheriff Charges			\$1,049.00		
	1800088108		12/19/2023	Festival Sheriff Charges - Diwali			\$3,606.00		
	Paying Fund			Cash Account			Amount		
	100 - General Fund			100 100-100 (Cash & Investments Assets Operating Cash)			\$4,655.00		
733850	01/05/2024	Open			Accounts Payable	DIALOG Design LP	\$18,380.00		
	Invoice		Date	Description			Amount		
	LP.100839		11/15/2023	Professional Services City Hall Renovation			\$18,380.00		
	Paying Fund			Cash Account			Amount		
	420 - Capital Improvement Fund			420 100-100 (Cash & Investments Assets Operating Cash)			\$18,380.00		
733851	01/05/2024	Open			Accounts Payable	Elcor Electric, Inc.	\$8,831.00		
	Invoice		Date	Description			Amount		
	9860		12/22/2023	Quinlan Community Center - Replace Panel Switch			\$8,831.00		
	Paying Fund			Cash Account			Amount		
	100 - General Fund			100 100-100 (Cash & Investments Assets Operating Cash)			\$8,831.00		

Payment Register

From Payment Date: 12/30/2023 - To Payment Date: 1/5/2024

Number	Date	Status	Void Reason	Reconciled/ Voided Date	Source	Payee Name	Transaction Amount	Reconciled Amount	Difference
733852	01/05/2024	Open			Accounts Payable	Foster Brothers Security Systems	\$38.19		
	Invoice		Date	Description			Amount		
	4373		12/21/2023	Facilities- Mortise Thumb Turn Lock			\$38.19		
	Paying Fund			Cash Account			Amount		
	100 - General Fund			100 100-100 (Cash & Investments Assets Operating Cash)			\$38.19		
733853	01/05/2024	Open			Accounts Payable	Freyer & Laureta, Inc.	\$587.50		
	Invoice		Date	Description			Amount		
	23-722		12/22/2023	Service Center Security Gate Project Design - Task IV			\$587.50		
	Paying Fund			Cash Account			Amount		
	100 - General Fund			100 100-100 (Cash & Investments Assets Operating Cash)			\$587.50		
733854	01/05/2024	Open			Accounts Payable	HOME DEPOT CREDIT SERVICES	\$2,290.60		
	Invoice		Date	Description			Amount		
	0024008		11/28/2023	Street- John S - Fence Post Mix, Pallet Deposit			\$148.79		
	0390843		11/28/2023	Facilities - Brandon M - LED Wall Light			\$38.25		
	9611507		11/29/2023	Facilities- Ty B-Rope, Alumin., Crimper Tool, Plug, Center Punch			\$247.56		
	9011891		11/29/2023	Facilities - Ty B - Screw Nut			\$3.01		
	0011866		11/28/2023	Grounds- Bill B- Concrete Patch, Gate Latches, Spring Assortment			\$70.67		
	9030053		11/29/2023	Trees- Ricardo A- Stem Mount			\$21.86		
	7030157		12/01/2023	Street- Michael K- Red Stake Flags			\$32.71		
	3012337		12/05/2023	Street- Dan B- Utility Knife, 6 Pack Duracell Batteries			\$70.78		
	8024167		11/30/2023	Trees- Adrian S- Weather Tamper			\$85.87		
	3602146		12/05/2023	Grounds- Travis W- Elect. PVC, Out. Box, Wallplate, Adapt., PVC			\$27.67		
	0321977		11/28/2023	Grounds- Travis W- Tapcon, Drill Bit, Flat Washer, Screw			\$131.21		
	9600163		11/29/2023	Facilities- Robert G- Black & White Grounding Plugs			\$66.65		
	9011892		11/29/2023	Facilities - Ty Blomquist Plywood for mounting electronics			\$76.87		
	0030649		12/08/2023	Street- Dan B- 3/8x3 Rebar, 3/8 in x 3 ft. Rebar			\$27.23		
	0524799		12/08/2023	Facilities- Michael C- Multi Surface Broom			\$21.84		
	1012599		12/07/2023	Facilities- Michael C- Plywood & Lumbar Fee			\$41.82		
	1400216		12/07/2023	Facilities- Brandon M- Commerical Stat-Tite			\$31.70		
	1512536		12/07/2023	Facilities- Domingo S- Shut Off Coupling, Exit Sign			\$97.23		
	7622272		12/11/2023	Facilities-Ty B-Tile Scraper, Bucket, Edge Blades, Glass Scraper			\$126.13		
	4091124		12/04/2023	Grounds-Ricardo A- Whip Kit, Liq. Tite, 3/4" Bell End, 3/4 Sched			\$164.63		
	6525722		12/12/2023	Facilities- Michael M- HDX Handheld Invoice			\$9.81		
	9013772		12/19/2023	Street- Shawn T- Blanket, Super Glue, Tarp, Tape, Felt Strip			\$74.30		
	9527372		12/19/2023	Facilities- Ty B- Sandnet			\$65.56		
	8031342		12/20/2023	Facilities- Ty B- Interior Scaffold			\$325.94		
	7612013		12/01/2023	Facilities- Robert G- 7.5 Festive Pine Trees			\$216.56		
	5163939		12/13/2023	Facilities - Robert G- Credit for Returned Christmas Tree			(\$108.27)		
	3400221		11/15/2023	Facilities- Brandon M- 2-inch Knife, Putty Knives			\$12.78		

Payment Register

From Payment Date: 12/30/2023 - To Payment Date: 1/5/2024

Number	Date	Status	Void Reason	Reconciled/ Voided Date	Source	Payee Name	Transaction Amount	Reconciled Amount	Difference
	7390886		12/21/2023		Facilities- Brandon M- Toilet Fill Valve		\$16.38		
	8092062		12/20/2023		Facilities- Michael C- Moth Balls		\$41.50		
	8031373		12/20/2023		Grounds- Bill B- Sprayway Glass Foam		\$10.81		
	7024694		12/11/2023		Street- John S - Knit Poly Roller		\$92.75		
	Paying Fund				Cash Account		Amount		
	100 - General Fund				100 100-100 (Cash & Investments Assets Operating Cash)		\$1,845.05		
	230 - Env Mgmt Cln Crk Strm Drain				230 100-100 (Cash & Investments Assets Operating Cash)		\$70.78		
	270 - Transportation Fund				270 100-100 (Cash & Investments Assets Operating Cash)		\$343.07		
	570 - Sports Center				570 100-100 (Cash & Investments Assets Operating Cash)		\$31.70		
733855	01/05/2024	Open			Accounts Payable	HUICHEN LIN	\$761.60		
	Invoice		Date		Description		Amount		
	122123		12/21/2023		November-December 2023 Classes		\$761.60		
	Paying Fund				Cash Account		Amount		
	100 - General Fund				100 100-100 (Cash & Investments Assets Operating Cash)		\$761.60		
733856	01/05/2024	Open			Accounts Payable	HY Floor & Gameline Painting	\$1,360.00		
	Invoice		Date		Description		Amount		
	23275-01		12/22/2023		Facilities- Sports Center Multipurpose Room Floor		\$1,360.00		
	Paying Fund				Cash Account		Amount		
	570 - Sports Center				570 100-100 (Cash & Investments Assets Operating Cash)		\$1,360.00		
733857	01/05/2024	Open			Accounts Payable	IRON MOUNTAIN	\$1,912.55		
	Invoice		Date		Description		Amount		
	JCHS870		12/31/2023		City Clerk Office Storage - 1/1/24 - 1/31/24		\$1,912.55		
	Paying Fund				Cash Account		Amount		
	100 - General Fund				100 100-100 (Cash & Investments Assets Operating Cash)		\$1,912.55		
733858	01/05/2024	Open			Accounts Payable	KELLY-MOORE PAINT CO INC	\$369.15		
	Invoice		Date		Description		Amount		
	808-00000890604		12/21/2023		Facilities- Primer		\$369.15		
	Paying Fund				Cash Account		Amount		
	100 - General Fund				100 100-100 (Cash & Investments Assets Operating Cash)		\$369.15		
733859	01/05/2024	Open			Accounts Payable	Kitchell CEM	\$7,000.00		
	Invoice		Date		Description		Amount		
	116068		11/14/2023		Professional Services City-wide Building Assessment, 10/1/2023-1		\$7,000.00		
	Paying Fund				Cash Account		Amount		
	420 - Capital Improvement Fund				420 100-100 (Cash & Investments Assets Operating Cash)		\$7,000.00		
733860	01/05/2024	Open			Accounts Payable	Li-Fen Lin	\$2,163.00		
	Invoice		Date		Description		Amount		
	12222023		12/22/2023		December 2023 Program Payment		\$2,163.00		
	Paying Fund				Cash Account		Amount		

Payment Register

From Payment Date: 12/30/2023 - To Payment Date: 1/5/2024

Number	Date	Status	Void Reason	Reconciled/ Voided Date	Source	Payee Name	Transaction Amount	Reconciled Amount	Difference
			580 - Recreation Program		580 100-100 (Cash & Investments Assets Cash)	Operating	\$2,163.00		
733861	01/05/2024	Open			Accounts Payable	MSI Fuel Management, Inc.	\$29,071.79		
	Invoice		Date	Description		Amount			
	5793		12/14/2023	MSI Fuel Management, for FMLive SaaS		\$29,071.79			
	Paying Fund			Cash Account		Amount			
	610 - Innovation & Technology			610 100-100 (Cash & Investments Assets Cash)	Operating	\$29,071.79			
733862	01/05/2024	Open			Accounts Payable	Napa Auto Parts	\$95.79		
	Invoice		Date	Description		Amount			
	713649		12/21/2023	Fleet- Air Filter		\$95.79			
	Paying Fund			Cash Account		Amount			
	630 - Vehicle/Equip Replacement			630 100-100 (Cash & Investments Assets Cash)	Operating	\$95.79			
733863	01/05/2024	Open			Accounts Payable	NOR-CAL SPECIALTIES	\$339.45		
	Invoice		Date	Description		Amount			
	18120		10/19/2023	Retention on Sports Center Partition Replacement Project		\$339.45			
	Paying Fund			Cash Account		Amount			
	100 - General Fund			100 100-100 (Cash & Investments Assets Cash)	Operating	\$339.45			
733864	01/05/2024	Open			Accounts Payable	O'Reilly Auto Parts	\$70.06		
	Invoice		Date	Description		Amount			
	2591-338852		12/28/2023	Fleet- Purge Sol		\$70.06			
	Paying Fund			Cash Account		Amount			
	630 - Vehicle/Equip Replacement			630 100-100 (Cash & Investments Assets Cash)	Operating	\$70.06			
733865	01/05/2024	Open			Accounts Payable	Operating Engineers Local Union No. 3	\$1,560.65		
	Invoice		Date	Description		Amount			
	12292023		12/29/2023	Union Dues pp 12/16/23-12/29/23		\$1,560.65			
	Paying Fund			Cash Account		Amount			
	100 - General Fund			100 100-100 (Cash & Investments Assets Cash)	Operating	\$1,560.65			
733866	01/05/2024	Open			Accounts Payable	Quadient, Inc.	\$1,946.04		
	Invoice		Date	Description		Amount			
	60727333		01/01/2024	Standard Maintenance for Postage Machine 01/31/24- 04/29/24)		\$1,946.04			
	Paying Fund			Cash Account		Amount			
	100 - General Fund			100 100-100 (Cash & Investments Assets Cash)	Operating	\$1,946.04			
733867	01/05/2024	Open			Accounts Payable	REBECCA MCCORMICK	\$2,223.50		
	Invoice		Date	Description		Amount			
	12222023		12/22/2023	December 2023 Program Payment		\$2,223.50			
	Paying Fund			Cash Account		Amount			
	580 - Recreation Program			580 100-100 (Cash & Investments Assets Cash)	Operating	\$2,223.50			

Payment Register

From Payment Date: 12/30/2023 - To Payment Date: 1/5/2024

Number	Date	Status	Void Reason	Reconciled/ Voided Date	Source	Payee Name	Transaction Amount	Reconciled Amount	Difference
733868	01/05/2024	Open			Accounts Payable	RPM EXTERMINATORS INC	\$1,275.00		
	Invoice		Date	Description		Amount			
	0105875		12/29/2023	Facilities - Bait Trap Service		\$1,275.00			
	Paying Fund			Cash Account		Amount			
	100 - General Fund			100 100-100 (Cash & Investments Assets Operating Cash)		\$1,020.00			
	570 - Sports Center			570 100-100 (Cash & Investments Assets Operating Cash)		\$255.00			
733869	01/05/2024	Open			Accounts Payable	Rupa Narayanan	\$567.00		
	Invoice		Date	Description		Amount			
	122023		12/20/2023	November-December 2023 Classes		\$567.00			
	Paying Fund			Cash Account		Amount			
	100 - General Fund			100 100-100 (Cash & Investments Assets Operating Cash)		\$567.00			
733870	01/05/2024	Open			Accounts Payable	SAN JOSE WATER COMPANY	\$70,259.93		
	Invoice		Date	Description		Amount			
	SJW112723-0		11/27/2023	0134100000-6 - 8303 Memorial Park		\$3,105.39			
	SJW112723-1		11/27/2023	0345710000-0 - Alderbrook Ln.FS		\$165.77			
	SJW112723-2		11/27/2023	0677310000-0 - 10300 Torre Ave LS (Comm.Hall)		\$699.68			
	SJW112723-3		11/27/2023	1198300000-8 - 21979 San Fernando Ave. 6620 (Trail Restroom)		\$280.17			
	SJW112723-4		11/27/2023	1250520000-1 - 6620 Blackberry/Snack		\$614.24			
	SJW112723-5		11/27/2023	1332100000-5 - Hyde Avenue		\$3,620.72			
	SJW112723-6		11/27/2023	1444810000-9 - Hyannisport Dr. LS		\$1,846.07			
	SJW112723-7		11/27/2023	1735700000-3 - 8303 Memorial Park Restroom		\$352.78			
	SJW112723-8		11/27/2023	1787904559-3 - 22221 McClellan 8302		\$211.96			
	SJW112723-9		11/27/2023	1832500000-0 - Ruppell PL LS		\$1,043.77			
	SJW112723-10		11/27/2023	1836700000-9 - 8322 Mary Mini Park		\$287.42			
	SJW112723-11		11/27/2023	1987700000-0 - Alderbrook Ln LS		\$4,442.02			
	SJW112723-12		11/27/2023	2228610000-7 - 21111 Stevens Crk LS		\$301.94			
	SJW112723-13		11/27/2023	2243500000-9 - 10300 Ainsworth Dr.LS		\$1,660.09			
	SJW112723-14		11/27/2023	2286120000-8 - 21251 Stevens Creek Blvd		\$104.65			
	SJW112723-15		11/27/2023	2288800000-1 - Stokes Ave/8306 Somerset Park		\$512.57			
	SJW112723-16		11/27/2023	2649300000-9 - 10300 Torre Ave. FS (Comm.Hall)		\$165.77			
	SJW112723-17		11/27/2023	2787197813-9 - 8322 Stevens Creek Bl		\$88.52			
	SJW112723-18		11/27/2023	2892070144-9 - 22221 McClellan 8320		\$209.31			
	SJW112723-19		11/27/2023	2958510000-0 - 10555 Mary Ave.		\$88.52			
	SJW112723-20		11/27/2023	2974010000-2 - 21251 Stevens Creek Blvd		\$679.61			
	SJW112723-21		11/27/2023	2984810000-3 - 8504 Alves and Stelling		\$367.31			
	SJW112723-22		11/27/2023	3207400000-4 - 21710 McClellan 8312		\$1,304.21			
	SJW112723-23		11/27/2023	3322910000-4 - 8306 Somerset Park(Stokes Ave)		\$280.17			
	SJW112723-24		11/27/2023	3530520000-4 - 21111 Stev.Crk Blvd 8510		\$468.99			
	SJW112723-25		11/27/2023	3612707315-7 - Stockmeir Ct		\$252.16			
	SJW112723-26		11/27/2023	3673220000-5 - Stev.Crk/Cupertino Rd.		\$88.52			
	SJW112723-27		11/27/2023	3746710000-6 - 21111 Stev.Crk BL FS		\$164.46			
	SJW112723-28		11/27/2023	3841010000-2 - 8507 Monta Vista Park		\$338.26			
	SJW112723-29		11/27/2023	3856110000-9 - 8322 Stella Estates		\$88.52			
	SJW112723-30		11/27/2023	3857710000-1 - 8322 Foothill/Cupertino Rd		\$262.80			
	SJW112723-31		11/27/2023	3900520000-9 - 10300 Torre Ave		\$642.47			
	SJW112723-32		11/27/2023	3953083125-2 - Tuscany Pl		\$562.41			

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	SJW112723-33		11/27/2023	4012210000-7	22601 Voss Av	8304	\$2,172.78		
	SJW112723-34		11/27/2023	4103020000-4	6620 Blackberry/Snack		\$396.37		
	SJW112723-35		11/27/2023	4227520000-6	8303 Memorial Park		\$715.92		
	SJW112723-36		11/27/2023	4444250747-9	Tuscany Pl		\$536.25		
	SJW112723-37		11/27/2023	5237400000-9	Dumas Dr, LS		\$4,171.17		
	SJW112723-38		11/27/2023	5356310000-6	8322 Stev.Crk/Median		\$280.17		
	SJW112723-39		11/27/2023	5778910000-5	8504 Quinlan Ln.FS		\$104.65		
	SJW112723-40		11/27/2023	5835000000-4	8322 Stelling/Alves		\$175.66		
	SJW112723-41		11/27/2023	5929210000-1	8322 Ann Arbor Ct		\$182.91		
	SJW112723-42		11/27/2023	5948100000-4	Emerg Irrig/Golf/ 6640 BBF (Irrigation)		\$6,406.79		
	SJW112723-43		11/27/2023	5986710000-6	10300 Torre Ave. FS (Comm.Hall)		\$547.31		
	SJW112723-44		11/27/2023	5997110000-9	7555 Barnhart Pl		\$2,247.34		
	SJW112723-45		11/27/2023	6292600000-1	10800 Torre Ave LS		\$1,452.13		
	SJW112723-46		11/27/2023	6296810000-8	8322 Stev.Crk Bl median		\$88.52		
	SJW112723-47		11/27/2023	6405210000-1	8506 McClellan Ranch		\$204.72		
	SJW112723-48		11/27/2023	6578520000-0	83 Foothill Bl/Alpine Dr22 LS		\$175.66		
	SJW112723-49		11/27/2023	6730700000-9	21975 San Fernando Av		\$270.08		
	SJW112723-50		11/27/2023	6788620000-4	10555 Mary Ave. 8503		\$367.31		
	SJW112723-51		11/27/2023	6907100000-9	Alderbrook Ln		\$251.67		
	SJW112723-52		11/27/2023	6935200000-9	8303 Memorial Park		\$4,913.82		
	SJW112723-53		11/27/2023	6973320000-5	8301 Linda Vista PK1		\$476.26		
	SJW112723-54		11/27/2023	7036000000-7	85 Stev.Crk/Mary LS		\$182.91		
	SJW112723-55		11/27/2023	7054200000-8	8322 Phar Lap LS		\$53.66		
	SJW112723-56		11/27/2023	7495200000-3	10300 Torre Ave FS		\$165.77		
	SJW112723-57		11/27/2023	7630410000-1	Salem Av.LS		\$175.66		
	SJW112723-58		11/27/2023	7930000000-1	8322 Stelling/Christensen Dr.		\$371.75		
	SJW112723-59		11/27/2023	8006810000-9	10450 Mann Dr		\$53.66		
	SJW112723-60		11/27/2023	8065700000-8	Peninsula and Fitzgerald Is		\$60.91		
	SJW112723-61		11/27/2023	8270010000-9	Janice Ave.LS		\$287.42		
	SJW112723-62		11/27/2023	8287220000-9	8322 Stevens Cr/San Antonio Ls		\$95.77		
	SJW112723-63		11/27/2023	8427420000-9	8322 Foothill/Vista Knoll		\$320.90		
	SJW112723-64		11/27/2023	8549600000-2	Bubb Rd.LS		\$2,280.97		
	SJW112723-65		11/27/2023	8647520000-1	10555 Mary Ave/Corp Yard FS		\$269.11		
	SJW112723-66		11/27/2023	8755010000-9	10455 Miller Ave/Creekside		\$405.04		
	SJW112723-67		11/27/2023	8879620000-9	8504 Christensen Dr		\$345.52		
	SJW112723-68		11/27/2023	8886800000-6	8301 Linda Vista PK2		\$476.26		
	SJW112723-69		11/27/2023	9377600000-7	8307 Varian Park		\$1,173.47		
	SJW112723-70		11/27/2023	9824500000-9	8322 Irrig SC/Stelling		\$342.68		
	SJW112723-71		11/27/2023	9988206980-2	(old 6784967491-5) - 8303 Memorial Park		\$2,361.60		
	SJW112923-0		11/29/2023	5122900000-8	Portable Meter - Trees & ROW		\$601.56		
	SJW120423-0		12/04/2023	0251610000-1	19500 Calle De Barcelona		\$110.04		
	SJW120423-1		12/04/2023	1649600000-7	Barrington Bridge Lane		\$938.41		
	SJW120423-2		12/04/2023	2628900000-7	Farallone Dr.LS		\$2,992.26		
	SJW120423-3		12/04/2023	8148220000-3	Sterling BL LS(Sterlinig BarnhartPk)		\$679.28		
	SJW120723-0		12/07/2023	0068410000-1	22221 McClellan 8302		\$4,076.58		
	Paying Fund				Cash Account		Amount		
	100 - General Fund				100 100-100 (Cash & Investments Assets Operating Cash)		\$62,917.75		

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	560 - Blackberry Farm				560 100-100 (Cash & Investments Assets	Operating	\$6,406.79		
	570 - Sports Center				Cash)				
					570 100-100 (Cash & Investments Assets	Operating	\$935.39		
					Cash)				
733871	01/05/2024	Open			Accounts Payable	SYSCO - SAN FRANCISCO	\$423.49		
	Invoice		Date	Description		Amount			
	650169367		11/16/2023	BWS Food - SYSCO - Food for 300 Breakfast w. Santa		\$423.49			
	Paying Fund			Cash Account		Amount			
	580 - Recreation Program				580 100-100 (Cash & Investments Assets	Operating	\$423.49		
					Cash)				
733872	01/05/2024	Open			Accounts Payable	T-MOBILE	\$127.99		
	Invoice		Date	Description		Amount			
	4158-122123		12/21/2023	966594158-122123		\$127.99			
	Paying Fund			Cash Account		Amount			
	610 - Innovation & Technology				610 100-100 (Cash & Investments Assets	Operating	\$127.99		
					Cash)				
733873	01/05/2024	Open			Accounts Payable	DYG Realty Investments LLC	\$5,000.00		
	Invoice		Date	Description		Amount			
	274660		01/03/2024	10621 Gascoigne Dr, Encroachment, 274660		\$5,000.00			
	Paying Fund			Cash Account		Amount			
	100 - General Fund				100 100-100 (Cash & Investments Assets	Operating	\$5,000.00		
					Cash)				
733874	01/05/2024	Open			Accounts Payable	Orlow, Claire	\$95.00		
	Invoice		Date	Description		Amount			
	2002119.032		12/21/2023	Trip Cancellation Refund		\$95.00			
	Paying Fund			Cash Account		Amount			
	100 - General Fund				100 100-100 (Cash & Investments Assets	Operating	\$95.00		
					Cash)				
Type Check Totals:									
EFT									
38718	01/05/2024	Open			Accounts Payable	Colonial Life & Accident Insurance	\$29.16		
	Invoice		Date	Description		Amount			
	12292023		12/29/2023	Colonial Products pp 12/16/23-12/29/23		\$29.16			
	Paying Fund			Cash Account		Amount			
	100 - General Fund				100 100-100 (Cash & Investments Assets	Operating	\$29.16		
					Cash)				
38719	01/05/2024	Open			Accounts Payable	Employment Development	\$12,487.43		
	Invoice		Date	Description		Amount			
	12292023		12/29/2023	State Disability Insurance pp 12/16/23-12/29/23		\$12,487.43			
	Paying Fund			Cash Account		Amount			
	100 - General Fund				100 100-100 (Cash & Investments Assets	Operating	\$12,487.43		
					Cash)				
38720	01/05/2024	Open			Accounts Payable	National Deferred (ROTH)	\$3,234.89		
	Invoice		Date	Description		Amount			
	12292023		12/29/2023	Nationwide Roth pp 12/16/23-12/29/23		\$3,234.89			
	Paying Fund			Cash Account		Amount			
	100 - General Fund				100 100-100 (Cash & Investments Assets	Operating	\$3,234.89		
					Cash)				

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38721	01/05/2024	Open			Accounts Payable	National Deferred Compensatin	\$55,940.42		
	Invoice		Date	Description		Amount			
	12292023		12/29/2023	Nationwide Deferred Compensation pp 12/16/23-12/29/23		\$55,940.42			
	Paying Fund			Cash Account		Amount			
	100 - General Fund			100 100-100 (Cash & Investments Assets Operating Cash)		\$55,940.42			
38722	01/05/2024	Open			Accounts Payable	PERS-457K	\$14,878.30		
	Invoice		Date	Description		Amount			
	12292023		12/29/2023	PERS 457K pp 12/16/23-12/29/23		\$14,878.30			
	Paying Fund			Cash Account		Amount			
	100 - General Fund			100 100-100 (Cash & Investments Assets Operating Cash)		\$14,878.30			
38723	01/05/2024	Open			Accounts Payable	State Disbursement Unit	\$349.65		
	Invoice		Date	Description		Amount			
	12292023		12/29/2023	Child Support pp 12/16/23-12/29/23		\$349.65			
	Paying Fund			Cash Account		Amount			
	100 - General Fund			100 100-100 (Cash & Investments Assets Operating Cash)		\$349.65			
38724	01/05/2024	Open			Accounts Payable	Acuity Brands Technology Services, Inc.	\$45,500.00		
	Invoice		Date	Description		Amount			
	E2024-75		12/20/2023	BuildingOS Atrius Platform 12/10/23 -12/9/24		\$45,500.00			
	Paying Fund			Cash Account		Amount			
	100 - General Fund			100 100-100 (Cash & Investments Assets Operating Cash)		\$45,500.00			
38725	01/05/2024	Open			Accounts Payable	Aquatic Central	\$3,000.00		
	Invoice		Date	Description		Amount			
	100015		12/15/2023	Facilities - Dec 2023 Library Aquarium Maintenance		\$3,000.00			
	Paying Fund			Cash Account		Amount			
	100 - General Fund			100 100-100 (Cash & Investments Assets Operating Cash)		\$3,000.00			
38726	01/05/2024	Open			Accounts Payable	B&H PHOTO-VIDEO	\$13,788.82		
	Invoice		Date	Description		Amount			
	219629104		12/18/2023	24x SEAGATE ENTERPRS SATA 6GB/S HDD/REG, 2x SYNOLOGY RS2423RP+ 1		\$13,788.82			
	Paying Fund			Cash Account		Amount			
	610 - Innovation & Technology			610 100-100 (Cash & Investments Assets Operating Cash)		\$13,788.82			
38727	01/05/2024	Open			Accounts Payable	Bikeep Inc.	\$49.00		
	Invoice		Date	Description		Amount			
	18041		12/31/2023	Bikeep Upkeep & Maintenance, December 2023		\$49.00			
	Paying Fund			Cash Account		Amount			
	100 - General Fund			100 100-100 (Cash & Investments Assets Operating Cash)		\$49.00			

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38728	01/05/2024	Open			Accounts Payable	BKF Engineers	\$6,126.00		
	Invoice		Date	Description			Amount		
	23120791		12/08/2023	Processional Services I-280 Trail, 10/30/2023-11/26/2023			\$6,126.00		
	Paying Fund			Cash Account			Amount		
	420 - Capital Improvement Fund			420 100-100 (Cash & Investments Assets Operating Cash)			\$6,126.00		
38729	01/05/2024	Open			Accounts Payable	BMI Imaging Systems	\$13,650.20		
	Invoice		Date	Description			Amount		
	320782		11/15/2023	Finance Division Scanning Services - 32 Boxes Nov. 2023			\$13,650.20		
	Paying Fund			Cash Account			Amount		
	610 - Innovation & Technology			610 100-100 (Cash & Investments Assets Operating Cash)			\$13,650.20		
38730	01/05/2024	Open			Accounts Payable	BOSCO OIL INC DBA VALLEY OIL	\$13,637.53		
	Invoice		Date	Description			Amount		
	179689		12/21/2023	Fleet- Diesel Fuel, Gasoline, Storage Fees, Environmental Fees			\$13,637.53		
	Paying Fund			Cash Account			Amount		
	630 - Vehicle/Equip Replacement			630 100-100 (Cash & Investments Assets Operating Cash)			\$13,637.53		
38731	01/05/2024	Open			Accounts Payable	CSG Consultants, Inc.	\$330.00		
	Invoice		Date	Description			Amount		
	54189		12/05/2023	Professional Svcs Emergency Storm Drain, 10//2/2023 -11/24/2023			\$330.00		
	Paying Fund			Cash Account			Amount		
	420 - Capital Improvement Fund			420 100-100 (Cash & Investments Assets Operating Cash)			\$330.00		
38732	01/05/2024	Open			Accounts Payable	David Stillman	\$144.95		
	Invoice		Date	Description			Amount		
	DavidS12192023		12/19/2023	Transportation Group Meeting			\$144.95		
	Paying Fund			Cash Account			Amount		
	100 - General Fund			100 100-100 (Cash & Investments Assets Operating Cash)			\$144.95		
38733	01/05/2024	Open			Accounts Payable	Doggie Walk Bags, Inc.	\$3,437.44		
	Invoice		Date	Description			Amount		
	0110994-IN		12/18/2023	Grounds- Unscented Disposable Bags			\$3,437.44		
	Paying Fund			Cash Account			Amount		
	100 - General Fund			100 100-100 (Cash & Investments Assets Operating Cash)			\$3,437.44		
38734	01/05/2024	Open			Accounts Payable	Eflex Group, Inc	\$4,716.29		
	Invoice		Date	Description			Amount		
	12292023		12/29/2023	FSA pp 12/16/23-12/29/23			\$4,716.29		
	Paying Fund			Cash Account			Amount		
	100 - General Fund			100 100-100 (Cash & Investments Assets Operating Cash)			\$4,716.29		

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38735	01/05/2024	Open			Accounts Payable	Goldfarb & Lipman LLP	\$3,804.00		
	Invoice		Date	Description		Amount			
	469410		12/20/2023	Housing Legal Review 2023/11		\$2,607.00			
	463698		04/25/2023	Housing Legal Review 2023/4 (2)		\$409.50			
	469494		12/20/2023	Housing Legal Review 2023/11 (2)		\$787.50			
	Paying Fund			Cash Account		Amount			
	265 - BMR Housing			265 100-100 (Cash & Investments Assets Operating Cash)		\$3,804.00			
38736	01/05/2024	Open			Accounts Payable	GRACE DUVAL	\$533.00		
	Invoice		Date	Description		Amount			
	12222023		12/22/2023	December 2023 Program Payment		\$533.00			
	Paying Fund			Cash Account		Amount			
	580 - Recreation Program			580 100-100 (Cash & Investments Assets Operating Cash)		\$533.00			
38737	01/05/2024	Open			Accounts Payable	GRAINGER INC	\$400.79		
	Invoice		Date	Description		Amount			
	9942400954		12/20/2023	Facilities- Disposable Respirator, N95 Masks		\$145.94			
	9941941560		12/20/2023	Facilities- Roof Leak Diverter		\$196.05			
	9943520164		12/21/2023	Facilities- Vibration Absorber		\$58.80			
	Paying Fund			Cash Account		Amount			
	100 - General Fund			100 100-100 (Cash & Investments Assets Operating Cash)		\$400.79			
38738	01/05/2024	Open			Accounts Payable	IFPTE LOCAL 21	\$1,936.06		
	Invoice		Date	Description		Amount			
	12292023		12/29/2023	Association Dues - CEA pp 12/16/23-12/29/23		\$1,936.06			
	Paying Fund			Cash Account		Amount			
	100 - General Fund			100 100-100 (Cash & Investments Assets Operating Cash)		\$1,936.06			
38739	01/05/2024	Open			Accounts Payable	IMPEC GROUP INC.,	\$67,835.00		
	Invoice		Date	Description		Amount			
	2312133		12/31/2023	Facilities - December 2023 Janitorial Services		\$67,835.00			
	Paying Fund			Cash Account		Amount			
	100 - General Fund			100 100-100 (Cash & Investments Assets Operating Cash)		\$58,308.00			
	560 - Blackberry Farm			560 100-100 (Cash & Investments Assets Operating Cash)		\$1,159.00			
	570 - Sports Center			570 100-100 (Cash & Investments Assets Operating Cash)		\$8,368.00			
38740	01/05/2024	Open			Accounts Payable	Jenny Tsai	\$3,965.00		
	Invoice		Date	Description		Amount			
	12222023		12/22/2023	December 2023 Program Payment		\$3,965.00			
	Paying Fund			Cash Account		Amount			
	580 - Recreation Program			580 100-100 (Cash & Investments Assets Operating Cash)		\$3,965.00			
38741	01/05/2024	Open			Accounts Payable	JIA THOMPSON	\$1,638.00		
	Invoice		Date	Description		Amount			
	12222023		12/22/2023	December 2023 Program Payment		\$1,638.00			
	Paying Fund			Cash Account		Amount			

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	580 - Recreation Program				580 100-100 (Cash & Investments Assets	Operating	\$1,638.00		
	Cash)								
38742	01/05/2024	Open			Accounts Payable	JULIA KINST	\$55.00		
	Invoice		Date	Description			Amount		
	JuliaK12192023		12/19/2023	Cell Phone Reimbursement 11/20/23-12/19/23			\$55.00		
	Paying Fund			Cash Account			Amount		
	100 - General Fund			100 100-100 (Cash & Investments Assets	Operating		\$55.00		
	Cash)								
38743	01/05/2024	Open			Accounts Payable	KEVIN GREENE	\$55.00		
	Invoice		Date	Description			Amount		
	KevinG121823		12/18/2023	Cell Phone Reimbursement - Kevin G 11.19.23 to			\$55.00		
				12.18.23					
	Paying Fund			Cash Account			Amount		
	100 - General Fund			100 100-100 (Cash & Investments Assets	Operating		\$55.00		
	Cash)								
38744	01/05/2024	Open			Accounts Payable	KEVIN RIEDEN	\$50.00		
	Invoice		Date	Description			Amount		
	KevinR12122023		12/12/2023	Cell Phone Bill through 12122023			\$50.00		
	Paying Fund			Cash Account			Amount		
	100 - General Fund			100 100-100 (Cash & Investments Assets	Operating		\$50.00		
	Cash)								
38745	01/05/2024	Open			Accounts Payable	KIMBALL-MIDWEST	\$1,044.98		
	Invoice		Date	Description			Amount		
	101765624		12/27/2023	Street- Ult Promax Safety Red			\$1,044.98		
	Paying Fund			Cash Account			Amount		
	100 - General Fund			100 100-100 (Cash & Investments Assets	Operating		\$1,044.98		
	Cash)								
38746	01/05/2024	Open			Accounts Payable	Mary Nickel	\$332.50		
	Invoice		Date	Description			Amount		
	122123		12/21/2023	November-December 2023 Classes			\$332.50		
	Paying Fund			Cash Account			Amount		
	100 - General Fund			100 100-100 (Cash & Investments Assets	Operating		\$332.50		
	Cash)								
38747	01/05/2024	Open			Accounts Payable	MissionSquare	\$17,156.77		
	Invoice		Date	Description			Amount		
	12292023		12/29/2023	ICMA pp 12/16/23-12/29/23			\$17,156.77		
	Paying Fund			Cash Account			Amount		
	100 - General Fund			100 100-100 (Cash & Investments Assets	Operating		\$17,156.77		
	Cash)								
38748	01/05/2024	Open			Accounts Payable	Moore Iacofano Goltzman, Inc.	\$22,857.02		
	Invoice		Date	Description			Amount		
	0084101		12/15/2023	Prof Services All-Inclusive Playground, 11/1/2023-			\$13,658.19		
				11/30/2023					
	0084102		12/15/2023	Professional Services LM Park, 11/1/2023-11/30/2023			\$9,198.83		
	Paying Fund			Cash Account			Amount		
	280 - Park Dedication			280 100-100 (Cash & Investments Assets	Operating		\$9,198.83		
	Cash)								

Payment Register

From Payment Date: 12/30/2023 - To Payment Date: 1/5/2024

Number	Date	Status	Void Reason	Reconciled/ Voided Date	Source	Payee Name	Transaction Amount	Reconciled Amount	Difference
					420 - Capital Improvement Fund	420 100-100 (Cash & Investments Assets Operating Cash)	\$13,658.19		
38749	01/05/2024	Open			Accounts Payable	Pacific Office Automation	\$10,210.32		
	Invoice		Date	Description		Amount			
	080024		09/08/2023	July 28, 2023 MFP CH 080024 Meters Service		\$4,288.33			
	130532		10/20/2023	Sept. 21, 2023 MFP CH 130532 Meters service		\$1,087.50			
	973403		02/21/2022	Quarterly Maint. & Support for 15 mfp 11/15/21 - 02/14/22		\$1,292.97			
	091215		05/24/2022	MFP Labor & Initialization PERFORMED ALIGNMENT & CALIBRATION		\$180.00			
	746530		11/21/2022	Quarterly Maint. & Support for 15 mfp 08/20/22 - 11/20/22		\$3,361.52			
	Paying Fund			Cash Account		Amount			
					610 - Innovation & Technology	610 100-100 (Cash & Investments Assets Operating Cash)	\$10,210.32		
38750	01/05/2024	Open			Accounts Payable	PARS/City of Cupertino	\$2,359.15		
	Invoice		Date	Description		Amount			
	12292023		12/29/2023	PARS pp 12/16/23-12/29/23		\$2,359.15			
	Paying Fund			Cash Account		Amount			
					100 - General Fund	100 100-100 (Cash & Investments Assets Operating Cash)	\$2,359.15		
38751	01/05/2024	Open			Accounts Payable	Preferred Alliance, Inc.	\$2,019.12		
	Invoice		Date	Description		Amount			
	0191752-IN		12/21/2023	DEC23 - Annual Recon & 11-20 Participants Offsite		\$2,019.12			
	Paying Fund			Cash Account		Amount			
					100 - General Fund	100 100-100 (Cash & Investments Assets Operating Cash)	\$2,019.12		
38752	01/05/2024	Open			Accounts Payable	Quartic Solutions	\$724.50		
	Invoice		Date	Description		Amount			
	3762		12/12/2023	FY24 Quartic for GIS Support - November 2023		\$724.50			
	Paying Fund			Cash Account		Amount			
					610 - Innovation & Technology	610 100-100 (Cash & Investments Assets Operating Cash)	\$724.50		
38753	01/05/2024	Open			Accounts Payable	Richard Yau	\$6,600.00		
	Invoice		Date	Description		Amount			
	2310		11/22/2023	Professional Services CIP Project Management, 10/1/2023-10/31/20		\$6,600.00			
	Paying Fund			Cash Account		Amount			
					210 - Storm Drain Improvement	210 100-100 (Cash & Investments Assets Operating Cash)	\$1,050.00		
					420 - Capital Improvement Fund	420 100-100 (Cash & Investments Assets Operating Cash)	\$5,550.00		
38754	01/05/2024	Open			Accounts Payable	RUBY CHEN	\$600.00		
	Invoice		Date	Description		Amount			
	12222023		12/22/2023	December 2023 Program Payment		\$600.00			
	Paying Fund			Cash Account		Amount			
					580 - Recreation Program	580 100-100 (Cash & Investments Assets Operating Cash)	\$600.00		

Payment Register

From Payment Date: 12/30/2023 - To Payment Date: 1/5/2024

Number	Date	Status	Void Reason	Reconciled/ Voided Date	Source	Payee Name	Transaction Amount	Reconciled Amount	Difference
38755	01/05/2024	Open			Accounts Payable	Santa Clara Valley Transportation Authority	\$101,648.13		
	Invoice		Date		Description		Amount		
	1800034295		12/21/2023		Congestion Mgmt Program (CMP) Member Agency Fees 7/1/23-6/30/24		\$101,648.13		
	Paying Fund				Cash Account		Amount		
	100 - General Fund				100 100-100 (Cash & Investments Assets Operating Cash)		\$101,648.13		
38756	01/05/2024	Open			Accounts Payable	Sedgwick Claims Management Services, Inc.	\$2,343.33		
	Invoice		Date		Description		Amount		
	400000168956		01/02/2024		Worker's Compensation Claims 1/1/24-1/31/24		\$2,343.33		
	Paying Fund				Cash Account		Amount		
	620 - Workers' Compensation				620 100-100 (Cash & Investments Assets Operating Cash)		\$2,343.33		
38757	01/05/2024	Open			Accounts Payable	Sonitrol/Pacific West Security, Inc.	\$11,670.00		
	Invoice		Date		Description		Amount		
	79893		01/01/2024		Sports Center Security/Fire Alarm Inspections Jan-Mar 2024		\$741.00		
	79792		01/01/2024		Traffic Ops Center Security/Fire Alarm Inspections Jan-Mar 2024		\$366.00		
	79880		01/01/2024		BBF Retreat Center Security/Fire Alarm Inspections Jan-Mar 2024		\$252.00		
	79888		01/01/2024		Monta Vista Security/Fire Alarm Inspections Jan-Mar 2024		\$807.00		
	79887		01/01/2024		Senior Center Security/Fire Alarm Inspections Jan-Mar 2024		\$174.00		
	79790		01/01/2024		BBF Cafe Security/Fire Alarm Inspections Jan-Mar 2024		\$402.00		
	79883		01/01/2024		Library & Comm Hall Security/Fire Alarm Inspections Jan-Mar 2024		\$678.00		
	79886		01/01/2024		Wilson Snack Shack Security/Fire Alarm Inspections Jan-Mar 2024		\$138.00		
	79884		01/01/2024		QCC Security/Fire Alarm Inspections Jan-Mar 2024		\$1,038.00		
	79784		01/01/2024		BBF Golf Maint Bldg Security/Fire Alarm Inspections Jan-Mar 202		\$273.00		
	79791		01/01/2024		City Hall Security/Fire Alarm Inspections Jan-Mar 2024		\$1,749.00		
	79890		01/01/2024		Wilson Park Security/Fire Alarm Inspections Jan-Mar 2024		\$261.00		
	79885		01/01/2024		City Hall Elevator Security/Fire Alarm Inspections Jan-Mar 2024		\$111.00		
	79889		01/01/2024		Creekside Park Security/Fire Alarm Inspections Jan-Mar 2024		\$345.00		
	79882		01/01/2024		MC Ranch& Comm Hall Security/Fire Alarm Inspections Jan-Mar 2024		\$1,548.00		
	79892		01/01/2024		Service Center Security/Fire Alarm Inspections Jan-Mar 2024		\$936.00		
	79785		01/01/2024		BBF Kiosk Security/Fire Alarm Inspections Jan-Mar 2024		\$252.00		
	79891		01/01/2024		City Hall Security/Fire Alarm Inspections Jan-Mar 2024		\$624.00		
	79881		01/01/2024		Library Security/Fire Alarm Inspections Jan-Mar 2024		\$975.00		

Payment Register

From Payment Date: 12/30/2023 - To Payment Date: 1/5/2024

Number	Date	Status	Void Reason	Reconciled/ Voided Date	Source	Payee Name	Transaction Amount	Reconciled Amount	Difference
	Paying Fund				Cash Account		Amount		
	100 - General Fund				100 100-100 (Cash & Investments Assets Operating Cash)		\$10,929.00		
	570 - Sports Center				570 100-100 (Cash & Investments Assets Operating Cash)		\$741.00		
38758	01/05/2024	Open			Accounts Payable	Starbird Consulting LLC	\$4,480.00		
	Invoice		Date	Description			Amount		
	0245		12/18/2023	Professional Services Regnart Rd through November 30.2023			\$4,480.00		
	Paying Fund				Cash Account		Amount		
	420 - Capital Improvement Fund				420 100-100 (Cash & Investments Assets Operating Cash)		\$4,480.00		
38759	01/05/2024	Open			Accounts Payable	Superco Specialty Products	\$280.98		
	Invoice		Date	Description			Amount		
	PSI532327		12/27/2023	Fleet- Preserv-It Liquid			\$280.98		
	Paying Fund				Cash Account		Amount		
	630 - Vehicle/Equip Replacement				630 100-100 (Cash & Investments Assets Operating Cash)		\$280.98		
38760	01/05/2024	Open			Accounts Payable	TERI GERHARDT	\$35.46		
	Invoice		Date	Description			Amount		
	TeriG111723		11/17/2023	Teri Gerhardt Cell reimbursement Oct 17 - Nov 17 2023			\$35.46		
	Paying Fund				Cash Account		Amount		
	610 - Innovation & Technology				610 100-100 (Cash & Investments Assets Operating Cash)		\$35.46		
38761	01/05/2024	Open			Accounts Payable	Vintage Contractors, Inc	\$31,240.00		
	Invoice		Date	Description			Amount		
	7819		12/04/2023	Grounds- Basketball Resurfacing @ Creekside, Hoover & Somerset			\$31,240.00		
	Paying Fund				Cash Account		Amount		
	100 - General Fund				100 100-100 (Cash & Investments Assets Operating Cash)		\$31,240.00		
38762	01/05/2024	Open			Accounts Payable	Zoom Video Communications, Inc.	\$286.72		
	Invoice		Date	Description			Amount		
	INV232532369		12/22/2023	Zoom Webinar 1000 Dec 22, 2023 - Jan 21, 2024			\$286.72		
	Paying Fund				Cash Account		Amount		
	610 - Innovation & Technology				610 100-100 (Cash & Investments Assets Operating Cash)		\$286.72		

Type EFT Totals:

Main Account - Main Checking Account Totals

45 Transactions

\$487,460.91

Checks	Status	Count	Transaction Amount	Reconciled Amount
	Open	30	\$177,517.43	\$0.00
	Reconciled	0	\$0.00	\$0.00
	Voided	0	\$0.00	\$0.00
	Stopped	0	\$0.00	\$0.00
	Total	30	\$177,517.43	\$0.00
EFTs	Status	Count	Transaction Amount	Reconciled Amount

Payment Register

From Payment Date: 12/30/2023 - To Payment Date: 1/5/2024

Number	Date	Status	Void Reason	Reconciled/ Voided Date	Source	Payee Name	Transaction Amount	Reconciled Amount	Difference
					Open	45	\$487,460.91	\$0.00	
					Reconciled	0	\$0.00	\$0.00	
					Voided	0	\$0.00	\$0.00	
					Total	45	\$487,460.91	\$0.00	
		All			Status	Count	Transaction Amount	Reconciled Amount	
					Open	75	\$664,978.34	\$0.00	
					Reconciled	0	\$0.00	\$0.00	
					Voided	0	\$0.00	\$0.00	
					Stopped	0	\$0.00	\$0.00	
					Total	75	\$664,978.34	\$0.00	
Grand Totals:					Checks	Status	Count	Transaction Amount	Reconciled Amount
					Open	30	\$177,517.43	\$0.00	
					Reconciled	0	\$0.00	\$0.00	
					Voided	0	\$0.00	\$0.00	
					Stopped	0	\$0.00	\$0.00	
					Total	30	\$177,517.43	\$0.00	
		EFTs			Status	Count	Transaction Amount	Reconciled Amount	
					Open	45	\$487,460.91	\$0.00	
					Reconciled	0	\$0.00	\$0.00	
					Voided	0	\$0.00	\$0.00	
					Total	45	\$487,460.91	\$0.00	
		All			Status	Count	Transaction Amount	Reconciled Amount	
					Open	75	\$664,978.34	\$0.00	
					Reconciled	0	\$0.00	\$0.00	
					Voided	0	\$0.00	\$0.00	
					Stopped	0	\$0.00	\$0.00	
					Total	75	\$664,978.34	\$0.00	

From: [Rhoda Fry](#)
To: [City of Cupertino Audit Committee](#)
Subject: 3/21 Audit Committee Public Comment #2
Date: Wednesday, March 20, 2024 3:29:07 PM

CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Dear Audit Committee,

This is one of several emails for public comment.

Please explain why in FY 19/20, the ACFR appears to have over-reported sales-tax revenue by about \$9M

The ACFR reported \$35,657,214 in Sales Tax Revenue. See page 10 (it appears 6 times):
<https://www.cupertino.org/home/showpublisheddocument/29190/637534959803230000>

The ACFR consistently reports net sales tax revenue - that is after tax rebates (or kickbacks) to Apple and Insight, "Sales tax consultant payments which are contingent on revenues collected are netted against the related revenues." See page 42 of 19/20 ACFR

However, the City's gross sales-tax revenue according to the CDTFA was \$35,468,863
Source: <https://www.cdtfa.ca.gov/dataportal/dataset.htm?url=MonthlyLocalAllocationCities>

The rebate payments to BAZ and Insight (as reported in adding A/Ps) is \$9,170,351

Consequently, looking at what CDTFA paid to Cupertino minus Cupertino's rebate payments, the net-sales tax revenue would have been about 26,298,512.

These calculations work for 2018/19 and 2021/22. So it is hard to understand why they don't work for 2019/2020.

Note also that the Certificate of Participation Official Statement states the unaudited sales-tax revenue of \$26,651,250 (see page 20). See official statement tab here:
<https://emma.msrb.org/IssueView/Details/P1405077>

Was the net sales-tax revenue around \$35M or around \$26M in 2019/2020?

Please explain the statement on page vi (8th page on pdf) of the 2019/2020 ACFR:
"In FY 2019-20, the City's sales taxes experienced growth due to a one-time double payment from Apple." The State pays sales-tax to Cupertino, not Apple. Please explain. What is the double-payment? And why is it considered sales-tax?

Please also explain the next sentence on that page:

"Additionally, a change in estimate in which the City adjusted its accrual practice to include the full remittance amounts from July and August 2020 contributed to approximately \$9.0 of the increase over the previous fiscal year. This change in estimate will be applied prospectively and consistently moving forward." This is confusing because when looking at

the net sales-tax revenue reported in the ACFR and comparing the CDTFA payments to Cupertino and the Cupertino payments to BAZ and Insight, the numbers come close to reconciling.

This is also described on page 4, on the 18th page of the pdf:

“Although sales tax declined slightly year over year in FY 2018- 19, the City experienced an increase of approximately \$10.8 million, or 43.2% over the previous year. This is primarily due to a change in estimate in which the City adjusted its accrual practice to include the full remittance amounts from July and August 2020. This change in estimate will be applied prospectively and consistently moving forward. This increase is also due to a one-time double payment received by Apple.”

And on page 15 or the 29th page of the .pdf:

“Sales tax increased \$10.8 million, or 43%, over the prior year due to strong business and industry and county pool allocation growth. \$9.0 million of the increase was also attributable to a change in estimate in which the full remittances for July and August 2020 were accrued.”

Can you please explain these discrepancies by the next Audit Committee Meeting?

Thanks Much,
Rhoda Fry (Cupertino resident of 40 years)



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From: [Rhoda Fry](#)
To: [City of Cupertino Audit Committee](#)
Subject: Public Comment Audit Committee 3/21/2024 #3
Date: Wednesday, March 20, 2024 4:10:24 PM
Attachments: [B - Draft Resolution.pdf](#)
[Staff Report - 2024-03-20T155017.603.pdf](#)
[A - Good Faith Estimates.pdf](#)

CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Dear Audit Committee,

This is my last public comment for the day!

In 2020, the City of Cupertino refinanced our debt.

City Council was advised that the interest rate would DECREASE.

Instead the interest rate INCREASED from 3% to 4%.

The payment did go down because some of the debt was paid off.

Why wasn't the final interest rate provided at that time?

Why didn't the council meeting include a truth-in-lending statement explaining what the savings to the City would have been to pay off the Certificates of Participation completely?

Note that a Certificate of Participation is similar to a Municipal Bond but does not require a vote of the electorate.

This debt instrument has similar regulations under the SEC.

You can find the official statement here with the new 4% interest rate:

<https://emma.msrb.org/IssueView/Details/P1405077>

You can find the official statement here with old 3% interest rate:

<https://emma.msrb.org/IssueView/Details/EP352488>

Attached are the documents from the September 15, 2020 meeting.

You will see that the final interest rate was not provided. I'm feeling duped.

If you watch the video of the meeting (which is at the very end of that council meeting) you will find that council members were told that the interest rate would be reduced and that was not true.

Additionally, during that meeting, the consultant (UFI) revealed that his company would be compensated for the refinance. This does not seem right to me.

Kindly provide an explanation for the next Audit Committee Meeting.

Thanks,
Rhoda Fry



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RESOLUTION NO. _____

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CUPERTINO
PUBLIC FACILITIES CORPORATION AUTHORIZING THE EXECUTION
AND DELIVERY OF DOCUMENTS RELATING TO THE SALE AND
DELIVERY OF 2020A CERTIFICATES OF PARTICIPATION IN A
PRINCIPAL AMOUNT NOT TO EXCEED \$27,000,000 AND AUTHORIZING
AND DIRECTING CERTAIN ACTIONS IN CONNECTION THEREWITH**

WHEREAS, the Cupertino Public Facilities Corporation (the “Corporation”) is a nonprofit public benefit corporation organized and existing under the laws of the State of California with the authority to assist in the financing and refinancing of the construction, reconstruction, modernization and equipping of certain capital improvements on behalf of the City of Cupertino (the “City”); and

WHEREAS, the Corporation previously assisted the City in the execution and delivery of the City’s \$43,940,000 Certificates of Participation (2012 Refinancing Project) (the “Refunded Certificates”) in order to refinance certain public capital improvements; and

WHEREAS, the City desires to refinance the Refunded Certificates in order to achieve debt service savings through the execution and delivery of the City of Cupertino 2020A Certificates of Participation in the aggregate principal amount not to exceed \$27,000,000 (the “Certificates”) pursuant to a Trust Agreement (the “Trust Agreement”) by and among the City, the Corporation, and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”); and

WHEREAS, in order to facilitate the execution and delivery of the Certificates, the City intends to lease to the Corporation the City’s City Hall, Administrative Offices, Cupertino Community Hall/Council Chambers, Senior Center, and Quinlan Community Center properties, and the existing improvements thereon (collectively, the “Leased Premises”) pursuant to a Site Lease (as defined below) and to lease the Leased Premises back from the Corporation pursuant to the Lease (as defined below); and

WHEREAS, the Certificates will evidence undivided and fractional interests in certain lease payments by the City to the Corporation pursuant to the Site Lease and the Lease; and

WHEREAS, to facilitate the execution and delivery of the Certificates, the Corporation will assign the lease payments to Trustee pursuant to an Assignment Agreement (the “Assignment Agreement”), by and between the Corporation and the Trustee, and the Trustee at the request of the City will execute the Certificates pursuant to the Trust Agreement; and

WHEREAS, the forms of the documents necessary to refinance the Refunded Certificates and provide for the execution and delivery of the Certificates are on file with the Secretary as described herein; and

WHEREAS, good faith estimates of certain information relating to the Certificates are set forth in the staff report submitted to the Board of Directors herewith as required by California Government Code Section 5852.1; such estimates were provided by Urban Futures Inc., the City’s Municipal Advisor; and

WHEREAS, the refinancing of the Refunded Certificates for debt service savings will provide a public benefit to the City and its residents by reducing the cost of the public capital improvements refinanced using the proceeds of the Refunded Certificates; and

WHEREAS, all acts, conditions and things required by the Constitution and laws of the State to exist, to have happened and to have been performed precedent to and in connection with the consummation of the financing authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the Corporation is now duly authorized and empowered, pursuant to each and every requirement of law, to consummate such financing for the purpose, in the manner and upon the terms herein provided.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Cupertino Public Facilities Corporation as follows:

Section 1. Authorization of Certificates. This Board of Directors hereby authorizes the preparation, sale and delivery of the Certificates, in one or more tax-exempt or taxable series, in a combined aggregate principal amount not to exceed \$27,000,000 in accordance with the terms and provisions of the Trust Agreement and within the parameters set forth in Sections 1 and 6 of the Resolution of the City Council of the City approving the execution and delivery of the Certificates. The purposes for which the proceeds of the sale of the Certificates shall be expended are: (i) to prepay the Refunded Certificates; and (ii) to pay the costs of the sale and delivery of the Certificates.

Section 2. Certificate Documents. The forms of the Site Lease between the Corporation and the City (the "Site Lease"), the Lease Agreement between the City and the Corporation (the "Lease"), the Trust Agreement, and the Assignment Agreement (collectively, the "Agreements") presented at this meeting and on file with the Secretary are hereby approved. Each of the President, Vice President, Treasurer and Secretary of the Corporation, and other officers of the Corporation designated in writing by the President or Treasurer (collectively, the "Authorized Officers"), is hereby authorized and directed, for and in the name and on behalf of the Corporation, to execute and deliver the Agreements in substantially said form, with such additions thereto and changes therein as the Authorized Officer or Officers executing same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof by one or more of the Authorized Officers.

Section 3. Preliminary Official Statement. The form of the Preliminary Official Statement, presented at this meeting and on file with the Secretary, is hereby approved. Each of Authorized Officers is hereby authorized and directed, for and in the name and on behalf of the Corporation, to make such changes to the Preliminary Official Statement as are necessary to make it final as of its date and are authorized and directed, for and in the name and on behalf of the Corporation, to execute and deliver a certificate deeming the Preliminary Official Statement final as of its date in accordance with Rule 15c2-12 promulgated under the Securities Exchange Act of 1934. Each of the Authorized Officers is hereby authorized and directed, for and in the name and on behalf of the Corporation, to execute, approve and deliver the final Official Statement in the form of the Preliminary Official Statement with such changes, insertions and omissions therein as the Authorized Officer or Officers executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof by one or more of such Authorized Officers.

Section 4. Attestations. The Secretary and such person or persons as may have been designated by the Secretary to act on her behalf, are hereby authorized and directed to attest the

signature of the Authorized Officers designated herein to execute any documents described herein, and to affix and attest the seal of the Corporation, as may be required or appropriate in connection with the execution and delivery of the Lease, the Site Lease, the Trust Agreement, the Escrow Agreement and such other agreements authorized by this resolution as the Secretary shall deem appropriate.

Section 5. Appointment of Trustee and Legal Counsel. The Bank of New York Mellon Trust Company, N.A., is hereby appointed to serve as Trustee with respect to the Certificates. The Cupertino City Attorney is hereby appointed to serve as general legal counsel to the Corporation.

Section 6. Other Actions. Each of the Authorized Officers is authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents and agreements which they may deem necessary or advisable in order to consummate the sale, execution and delivery of the Certificates, the refinancing of the Refunded Certificates, the execution of the Agreements, and otherwise to carry out, give effect to and comply with the terms and intent of this Resolution, the Certificates, the Agreements, the Purchase Agreement, the Preliminary Official Statement, and the Official Statement, including, but not limited to, the entering into of any agreements terminating the leasehold interests in the Leased Premises relating to the Refunded Certificates and or any subordination, non-disturbance and attornment agreements with sub-lessees of the Leased Premises, removing, adding or substituting any City properties from or to the properties to be leased pursuant to the Site Lease and the Lease, terminating the site lease and lease agreement executed in connection with the Refunded Certificates, and taking such actions as may be needed to remove encumbrances to title to the properties to be leased pursuant to the Site Lease and the Lease and to obtain title insurance with respect to such properties. Such actions heretofore taken by such officers are hereby ratified, confirmed, and approved.

Section 7. Effect. This Resolution shall take effect from and after its date of adoption.

Section 8. Certification by Secretary. The Secretary shall certify to the passage and adoption of this resolution and enter it into the book of original resolutions.

PASSED, APPROVED, and ADOPTED at a special meeting of the Board of Directors of the Cupertino Public Facilities Corporation this 15th day of September 2020, by the following vote:

Members of Board of Directors

AYES:

NOES:

ABSENT:

ABSTAIN:

<p>SIGNED:</p> <hr/> <p>Steven Scharf, President Cupertino Public Facilities Corporation</p>	 <hr/> <p>Date</p>
<p>ATTEST:</p> <hr/> <p>Kirsten Squarcia, Secretary</p>	 <hr/> <p>Date</p>



ADMINISTRATIVE SERVICES DEPARTMENT

CITY HALL
10300 TORRE AVENUE • CUPERTINO, CA 95014-3255
TELEPHONE: (408) 777-3220 • FAX: (408) 777-3109
CUPERTINO.ORG

CUPERTINO PUBLIC FACILITIES CORPORATION STAFF REPORT

Meeting: SEPTEMBER 15, 2020

Subject

Authorizing the execution and delivery of documents relating to the sale and delivery of the City of Cupertino's 2020A Certificates of Participation ("Certificates") to refinance the City's outstanding Certificates of Participation (2012 Refinancing Project) ("2012 Certificates" or "Refunded Certificates") for debt service savings and authorizing related actions.

Recommended Action

Adopt Resolution No. _____ of the Board of Directors of the Cupertino Public Facilities Corporation authorizing the execution and delivery of documents relating to the sale and delivery of the 2020A Certificates of Participation in a principal amount not to exceed \$27 million and authorizing and directing certain actions in connection therewith.

Discussion

This report is a companion to a report on the City Council agenda.

The Cupertino Public Facilities Corporation (the "Corporation"), formed in 1986, is a nonprofit public benefit corporation organized and existing under the laws of the State of California with the authority to assist in the financing and refinancing of the construction, reconstruction, modernization and equipping of certain capital improvements on behalf of the City of Cupertino (the "City"). The City Council comprises the Board of Directors of the Corporation. The City's Mayor, Vice Mayor, Secretary, and Treasurer serve as the President, Vice President, Secretary, and Treasurer of the Corporation.

The Corporation previously assisted the City in executing and delivering the City's \$43.940 million 2012 Certificates, which are currently outstanding in the amount of \$27.010 million, have interest rates ranging from 3.000% to 3.125%, and a final maturity of July 1, 2030. The 2012 Certificates can be currently refunded on any date without premium. Municipal bond rates are currently near historical lows. The Corporation has determined that refinancing the 2012 Certificates for debt service savings will provide a public benefit to the City and its residents by reducing annual debt service payments

through 2030, reducing the cost of the public capital improvements refinanced using the proceeds of the Refunded Certificates.

In order to facilitate the sale and delivery of the Certificates, the City will lease certain real property consisting generally of City Hall, Administrative Offices, Cupertino Community Hall/Council Chambers, Senior Center, and Quinlan Community Center properties and the existing improvements thereon (the “Leased Premises”), to the Corporation under a **Site Lease** in consideration of the payment of an upfront rental payment; and the Corporation will sublease the Leased Premises back to the City under a **Lease Agreement** in consideration of the agreement by the City to pay semiannual lease payments (the “Lease Payments”).

The Corporation will assign its right to receive the Lease Payments to The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”), under an **Assignment Agreement**. In consideration of such assignment, the Trustee will execute and deliver not-to-exceed \$27 million aggregate principal amount of Certificates, each evidencing a direct, undivided fractional interest in the Lease Payments, the proceeds of which will be applied to refinance the 2012 Certificates, as provided in a **Trust Agreement** among the Corporation, the City, and the Trustee, and an **Escrow Agreement** between the City and The Bank of New York Mellon Trust Company, N.A., as escrow agent (the “Escrow Agent”).

Staff recommends that the Board of Directors of the Corporation adopt the proposed Resolution that approves all documents and actions needed to authorize the issuance and sale of the Certificates, including the following substantially final form financing documents together with any changes or additions deemed advisable and approved by the President, Vice President, Treasurer, Secretary, or other officers of the Corporation designated in writing by the President or Treasurer:

- Site Lease between the City as lessor and the Corporation as lessee, whereby the City leases the Leased Premises to the Corporation in consideration of the payment by the Corporation to the City of an upfront rental payment which is sufficient to enable the City to refinance the 2012 Certificates and to pay related financing costs.
- Lease Agreement between the Corporation as lessor and the City as lessee, whereby the Corporation subleases the Leased Premises back to the City in consideration of the payment by the City of semiannual Lease Payments.
- Assignment Agreement between the Corporation and the Trustee, providing for the Corporation’s assignment of certain of its rights in the Site Lease and the Lease Agreement, including its right to receive Lease Payments, to the Trustee for the benefit of the Certificate owners.

- Trust Agreement among the City, the Corporation, and the Trustee, whereby the Trustee agrees to execute and deliver the Certificates, and which sets forth the material terms and provisions relating to the Certificates.
- Escrow Agreement between the City and the Escrow Agent containing terms by which the Escrow Agent will hold proceeds of the Certificates on behalf of the owners of the 2012 Certificates to pay and discharge the 2012 Certificates and give proper notice to the owners.
- Termination Agreement among the City, the Corporation, and the Trustee for the 2012 Certificates providing for the termination of the 2012 Site Lease, the 2012 Lease Agreement, and the 2012 Assignment Agreement relating to the 2012 Certificates.
- Certificate Purchase Agreement between the City and the underwriter Stifel, Nicolaus & Company, Inc., pursuant to the terms and provisions of which the Certificates will be sold with a negotiated method of sale, such terms and provisions including the underwriter's discount not to exceed 0.50% of the par amount of the Certificates.
- Preliminary Official Statement pursuant to which the Certificates will be offered for purchase by the public and must contain all facts material to the Certificates and the Corporation (with certain permitted exceptions to be completed in the final Official Statement) and must not omit or misstate any such material facts. The Preliminary Official Statement has been reviewed and approved for transmittal to the Board by the City's financing team. The distribution of the Preliminary Official Statement by the Corporation is subject to federal securities laws, including the Securities Act of 1933 and the Securities Exchange Act of 1934. These laws require the Preliminary Official Statement to include all facts that would be material to an investor in the Certificates. Material information is information that there is a substantial likelihood would have actual significance in the deliberations of the reasonable investor when deciding whether to buy or sell the Certificates. If the Board concludes that the Preliminary Official Statement includes all facts that would be material to an investor in the Certificates, it must adopt a resolution that authorizes staff to execute a certificate to the effect that the Preliminary Official Statement has been "deemed final."
- Amended Debt Management Policy that contains general policies regarding the City and its related entities' use and management of debt and has been updated to include continuing disclosure policies and procedures.

If the Resolution is adopted by the Board, sale of the Certificates is expected to be completed on or about the week of October 5th with a delivery/closing date on or about

the week of October 26th, at which time the City will receive the proceeds for refinancing the 2012 Certificates.

Sustainability Impact

No sustainability impact.

Fiscal Impact

Assuming S&P's affirmation of the City's AA+ General Fund rating and based on interest rates as of September 1, 2020 (plus a 50 basis point cushion), the sale and delivery of the Certificates is estimated to result in cash flow savings of approximately \$4.15 million through June 1, 2030. Annual debt service savings is estimated to be approximately \$415,000. Net present value savings is estimated to be approximately \$2.26 million (or 8.36% on \$27.010 million of refunded 2012 Certificates). The estimated savings are net of all financing costs and will benefit the City's General Fund.

In accordance with California Government Code Section 5852.1, good faith estimates are provided with respect to the Certificates in Exhibit A.

Prepared by: Kristina Alfaro, Director Administrative Services

Reviewed by: Dianne Thompson, Assistant City Manager

Approved for Submission by: Deborah Feng, City Manager

Attachments:

A – Exhibit A: Good Faith Estimates

B – Resolution No. _____

[Note: This report and the Resolution reference documents that are attached to the companion report on the City Council agenda.]

EXHIBIT A

GOOD FAITH ESTIMATES

The good faith estimates set forth herein are provided with respect to the City of Cupertino's (the "City's") 2020A Certificates of Participation (the "Certificates") in accordance with California Government Code Section 5852.1. Such good faith estimates have been provided to the City by Urban Futures, Inc. as municipal advisor to the City (the "Municipal Advisor"), each with respect to the Certificates.

Principal Amount. The Municipal Advisor has informed the City that, based on the City's financing plan and current market conditions, its good faith estimate of the aggregate principal amount of the Certificates to be sold is \$22,695,000 (the "Estimated Principal Amount").

True Interest Cost of the Certificates. The Municipal Advisor has informed the City that, assuming that the Estimated Principal Amount of the Certificates is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the true interest cost of the Certificates, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the Certificates, is 1.26%.

Finance Charge of the Certificates. The Municipal Advisor has informed the City that, assuming that the Estimated Principal Amount of the Certificates is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the finance charge for the Certificates, which means the sum of all fees and charges paid to third parties (or costs associated with the Certificates), is \$313,822.

Amount of Proceeds to be Received. The Municipal Advisor has informed the City that, assuming that the Estimated Principal Amount of the Certificates is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the amount of proceeds expected to be received by the City for sale of the Certificates, less the finance charge of the Certificates, as estimated above, and any reserve fund funded with proceeds of the Certificates, is \$25,666,245.

Total Payment Amount. The Municipal Advisor has informed the City that, assuming that the Estimated Principal Amount of the Certificates is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the total payment amount, which means the sum total of all payments the City will make to pay debt service on the Certificates, plus the finance charge for the Certificates, as described above, not paid with the proceeds of the Certificates, calculated to the final maturity of the Certificates, is \$27,547,758.

The foregoing estimates constitute good faith estimates only. The actual principal amount of the Certificates issued and sold, the true interest cost thereof, the finance charges thereof, the amount of proceeds received therefrom and total payment amount with respect thereto may differ from such good faith estimates due to (a) the actual date of the sale of the Certificates being

different than the date assumed for purposes of such estimates, (b) the actual principal amount of Certificates sold being different from the Estimated Principal Amount, (c) the actual amortization of the Certificates being different than the amortization assumed for purposes of such estimates, (d) the actual market interest rates at the time of sale of the Certificates being different than those estimated for purposes of such estimates, (e) other market conditions, or (f) alterations in the City's financing plan, or a combination of such factors. The actual date of sale of the Certificates and the actual principal amount of Certificates sold will be determined by the City based on the timing of the need for proceeds of the Certificates and other factors. The actual interest rates borne by the Certificates will depend on market interest rates at the time of sale thereof. The actual amortization of the Certificates will also depend, in part, on market interest rates at the time of sale thereof. Market interest rates are affected by economic and other factors beyond the control of the City.

From: [Rhoda Fry](#)
To: [City of Cupertino Audit Committee](#)
Subject: RE: Public Comment Audit Committee 3/21/2024 #4
Date: Thursday, March 21, 2024 7:13:33 AM
Attachments: [G - Trust Agreement.pdf](#)
[H - Escrow Agreement.pdf](#)
[I - Termination Agreement.pdf](#)
[J - Certificate Purchase Agreement.pdf](#)
[K - Preliminary Official Statement.pdf](#)
[Staff Report - 2024-03-21T064000.556.pdf](#)
[A - Good Faith Estimates.pdf](#)
[B - Draft Resolution.pdf](#)
[C - Site Lease.pdf](#)
[D - Lease Agreement.pdf](#)
[E - Memorandum of Lease Agreement.pdf](#)
[F - Assignment Agreement.pdf](#)

CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Dear Audit Committee,

Here is an addendum to my comment #3.

I would encourage you to watch the video of the City Council meeting from September 15, 2020.

First item #10 and then go to the very end of the meeting for the last few minutes.

Two agenda items contained the information regarding the refinance – I had written to you about the second agenda item, which is why I couldn't find the missing interest rates that had occurred during the first agenda item. I had read it a long time ago and forgotten that this single item spanned two agenda items.

The video is here:

https://cupertino.granicus.com/MediaPlayer.php?view_id=18&clip_id=2838

Note that the City's consultant made \$313K for this transaction which RAISED our debt's interest rate from 3% to 4% (our payment went down because part of the debt was paid off – why pay off a loan at 3%?).

Attached is the packet from Agenda item #10.

You will see that the council did NOT receive the new interest rate and did not receive a complete truth in lending statement. That's in attachment A.

You will find that the new interest rate is BLANK on the second page of attachment K and on page 14 of attachment G and starting on page 20 of attachment J.

I was able to find the new rate by going to the EMMA website, the Electronic Municipal Market Access site run by the Municipal Securities Rulemaking Board.

<https://emma.msrb.org/IssuerHomePage/Issuer?id=B9B2B3D550D44B2F21A46FDEFDBD7683>

If you would like to understand this further, you can feel free to contact me at fryhouse@earthlink.net or 408-529-3560

Regards,

Rhoda Fry



Virus-free www.avg.com

TRUST AGREEMENT

Dated as of October 1, 2020

by and among

**THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,
as Trustee**

and

CUPERTINO PUBLIC FACILITIES CORPORATION

and

CITY OF CUPERTINO

Relating to the

\$_____

**CITY OF CUPERTINO
2020A CERTIFICATES OF PARTICIPATION**

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EXHIBIT A	FORM OF 2020A CERTIFICATE A-1
EXHIBIT B	FORM OF DELIVERY COST REQUISITION B-1

TRUST AGREEMENT

THIS TRUST AGREEMENT, is dated as of October 1, 2020, and entered into by and among THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association organized under the laws of the United States of America, as trustee (the "Trustee"), the CUPERTINO PUBLIC FACILITIES CORPORATION, a nonprofit public benefit corporation duly organized and existing under the laws of the State of California, as lessor under the Lease hereinafter referred to (the "Corporation"), and the CITY OF CUPERTINO, a municipal corporation and general law city duly organized and existing under the Constitution and laws of the State of California, as lessee under the Lease (the "City");

WITNESSETH:

WHEREAS, the City and the Corporation have heretofore entered into a Lease Agreement, dated as of May 1, 2012 (the "2012 Lease Agreement"), pursuant to which the Corporation agreed to lease to the City certain real property and improvements located thereon; and

WHEREAS, the City has previously executed and delivered its \$43,940,000 Certificates of Participation (2012 Refinancing Project) (the "Refunded Certificates"), which Refunded Certificates were secured by lease payments under and pursuant to the terms the 2012 Lease Agreement; and

WHEREAS, the City and the Corporation have entered into a Lease Agreement, dated as of October 1, 2020 (the "Lease"), whereby the City has agreed to lease the Leased Premises (defined below) from the Corporation; and

WHEREAS, in order to prepay the 2012 Lease Agreement and to defease and refinance the Refunded Certificates, the City and the Corporation have authorized the sale of the \$_____ City of Cupertino 2020A Certificates of Participation (the "Certificates"); and

WHEREAS, as security for the Certificates, the Corporation has assigned the rights to receive all Lease Payments described in the Lease, and the Corporation and the City have granted a security interest in all moneys held by the Trustee hereunder (other than the Rebate Fund as described herein) to the extent described herein to the Trustee for the benefit of the Owners (defined below) of Certificates and any Additional Certificates (defined below) executed and delivered hereunder; and

WHEREAS, Section 5450 *et seq.* of the California Government Code (the "Government Code") provides statutory authority for pledging collateral for the payment of principal or prepayment price of, and interest on, any agreement, including certificates of participation, and the Government Code creates a continuing perfected security interest which shall attach immediately to such collateral irrespective of whether the parties to the pledge document have notice of the pledge and without the need for any physical delivery, recordation, filing or further act, and, therefore, the City and the Corporation hereby warrant and represent that pursuant to the Lease, this Trust Agreement and the Government Code, the Trustee has a first priority perfected security interest in the Lease Payments described in the Lease represented by the Certificates pursuant to the Government Code; and

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein, the parties hereto hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01 Definitions and Rules of Construction. Unless the context otherwise requires, the terms defined in this Section shall, for all purposes of this Trust Agreement, have the meanings herein specified. Unless the context otherwise indicates, words importing the singular number shall include the plural number and vice versa. The terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder” and any similar terms, as used in this Trust Agreement, refer to this Trust Agreement as a whole.

“Additional Certificates” means certificates of participation authorized by a Supplemental Agreement that are executed and delivered by the Trustee under and pursuant to Section 2.11 hereof.

“Additional Payments” means all amounts payable by the City as Additional Payments as defined in Section 4.11 of the Lease.

“Assignment Agreement” means the Assignment Agreement, dated as of the date hereof, by and between the Trustee and the Corporation, and any duly authorized and executed amendments thereto.

“Beneficial Owner” means any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Certificates (including persons holding Certificates through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Certificates for federal income tax purposes.

“Business Day” means any day other than (i) a Saturday or Sunday, or (ii) a day on which banking institutions in the State of New York or the State of California are authorized or required by law or executive order to remain closed.

“Certificates” means the \$ _____ City of Cupertino 2020A Certificates of Participation to be executed and delivered by the Trustee pursuant to this Trust Agreement.

“Certificate Year” means the period extending from June 2 each year to June 1 of the subsequent calendar year, provided that the first Certificate Year shall commence on the Delivery Date and end on June 1, 2021.

“City” means the City of Cupertino, a municipal corporation and a general law city organized and existing under the laws and Constitution of the State, and its successors and assigns.

“City Representative” means the Mayor, the City Manager, the Assistant City Manager, the Administrative Services Director, or any other person authorized by the City Manager of the City to act on behalf of the City with respect to the Lease or this Trust Agreement.

“Code” means the Internal Revenue Code of 1986, and the regulations issued thereunder, as the same may be amended from time to time, and any successor provisions of law. Reference to a particular section of the Code shall be deemed to be a reference to any successor to any such section.

“Continuing Disclosure Certificate” means that certain Continuing Disclosure Certificate dated as of October __, 2020, executed by the City and acknowledged by the Trustee, as Dissemination Agent, as it may be amended from time to time in accordance with the terms thereof.

“Corporation” means the Cupertino Public Facilities Corporation, a nonprofit public benefit corporation organized under the laws of the State, its successors and assigns.

“Corporation Representative” means the President, Vice President, Secretary, and Treasurer of the Corporation, or any other person authorized by the President or Treasurer to act on behalf of the Corporation under or with respect to the Lease.

“Delivery Cost Fund” means the fund by that name established and held by the Trustee pursuant to Section 3.02 hereof.

“Delivery Cost Requisition” means a written requisition substantially in the form attached hereto as Exhibit B.

“Delivery Costs” means and includes all items of expense directly or indirectly payable by or reimbursable to the City or the Corporation relating to the prepayment of the Refunded Certificates from the proceeds of the Certificates, including but not limited to costs provided in the contract of purchase with the Original Purchaser, filing and recording costs, settlement costs, printing costs, word processing costs, reproduction and binding costs, initial fees and charges of the Trustee, including its first annual administration fee and the fees of its counsel, legal fees and charges, financing and other professional consultant fees, fees of auctioning the Certificates, costs of rating agencies and costs of providing information to such rating agencies, any computer and other expenses incurred in connection with the Certificates, fees for execution, transportation and safekeeping of the Certificates and charges and fees in connection with the foregoing.

“Delivery Date” means the date on which the Certificates, duly executed by the Trustee, are delivered to the Original Purchaser thereof.

“Depository” means the securities depository acting as depository pursuant to Section 2.09 hereof.

“DTC” means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York in its capacity as securities depository for the Certificates.

“Escrow Fund” means the Escrow Fund established under the 2012A Certificates Escrow Agreement.

“Event of Default” means an event of default under the Lease, as defined in Section 9.1 thereof.

“Fiscal Year” means the fiscal year of the City commencing July 1 and ending June 30 of the next year.

“Government Obligations” means Permitted Investments of the type described in paragraphs (A) or (B) of the definition thereof.

“Independent Counsel” means an attorney duly admitted to the practice of law before the highest court of the state in which such attorney maintains an office and who is not an employee of the Corporation, the Trustee or the City.

“Interest Payment Date” means June 1 and December 1 of each year commencing _____ 1, 20__.

“Lease” means the Lease Agreement related to the Certificates, dated as of the date hereof, by and between the City and the Corporation, and any duly authorized and executed amendments thereto.

“Lease Payment” means any of the Lease Payments required to be paid by the City to the Corporation pursuant to Section 4.4 of the Lease.

“Lease Payment Date” means the second Business Day prior to each Interest Payment Date.

“Lease Payment Fund” means the fund by that name established and held by the Trustee pursuant to Section 5.02 hereof.

“Lease Proceeds” has the meaning set forth in Section 5.01(c).

“Leased Premises” has the meaning set forth in the Lease.

“Letter of Representations” means the letter of the City delivered to and accepted by the Depository on or prior to delivery of the Certificates as book-entry certificates making reference to the DTC Operational Arrangements memorandum, as it may be amended from time to time, setting forth the basis on which the Depository serves as depository for such book-entry certificates, as such letters were originally executed or as they may be supplemented or revised or replaced by letters from the City and the Trustee delivered to and accepted by the Depository.

“Moody’s” means Moody’s Investors Service or any successors or assigns thereto.

“Net Proceeds” means any proceeds of any insurance, performance bonds or taking by eminent domain or condemnation paid with respect to the Leased Premises remaining after payment therefrom of any expenses (including attorneys’ fees) incurred in the collection thereof.

“Net Proceeds Fund” means the fund by that name established and held by the Trustee pursuant to Section 7.01 hereof.

“Nominee” means the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to Section 2.09 hereof.

“Original Purchaser” means Stifel, Nicolaus & Company, Incorporated, as original purchaser of the Certificates on the Delivery Date.

“Outstanding” when used as of any particular time with respect to Certificates, means (subject to the provisions of Section 10.03 hereof) all Certificates or Additional Certificates theretofore executed and delivered by the Trustee under this Trust Agreement except:

(1) Certificates or Additional Certificates theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation;

(2) Certificates or Additional Certificates for the payment or prepayment of which funds or Government Obligations, together with interest earned thereon, in the necessary amount shall have theretofore been deposited with the Trustee (whether upon or prior to the maturity or prepayment date of such Certificates or Additional Certificates), provided that, if such Certificates are to be prepaid prior to maturity, notice of such prepayment shall have been given as provided in Section 4.05 hereof or provision satisfactory to the Trustee shall have been made for the giving of such notice; and

(3) Certificates or Additional Certificates in lieu of or in exchange for which other Certificates or Additional Certificates shall have been executed and delivered by the Trustee pursuant to Sections 2.05 and 2.06 hereof.

“Owner” or “Certificate Owner” or “Owner of a Certificate”, or any similar term, when used with respect to a Certificate means the person in whose name such Certificate is registered on the registration books maintained by the Trustee.

“Participants” means those broker-dealers, banks and other financial institutions from time to time for which the Depository holds book-entry certificates as securities depository.

“Permitted Investments” means, if and to the extent permitted by law and by any policy guidelines promulgated by the City:

A. Direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury) or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.

B. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself):

1. Farmers Home Administration (FmHA)
Certificates of beneficial ownership
2. Federal Housing Administration Debentures (FHA)
3. General Services Administration
Participation certificates
4. Government National Mortgage Association (GNMA or “Ginnie Mae”)
GNMA-guaranteed mortgage-backed bonds
GNMA-guaranteed pass-through obligations

5. U.S. Maritime Administration
Guaranteed Title XI financing (qualified under the Ship Financing Act of 1972)
6. U.S. Department of Housing and Urban Development (HUD)
Project Notes
Local Corporation Bonds

C. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities are only permitted if they have been stripped by the agency itself):

1. Federal Home Loan Bank System
Senior debt obligations
2. Federal Home Loan Mortgage Corporation (FHLMC or “Freddie Mac”)
Participation certificates
Senior debt obligations
3. Federal National Mortgage Association (FNMA or “Fannie Mae”)
Mortgage-backed securities and senior debt obligations (excluding stripped mortgage securities which are valued greater than par on the portion of unpaid principal)
4. Student Loan Marketing Association (SLMA or “Sallie Mae”)
Senior debt obligations
5. Resolution Funding Corp (REFCORP)
The interest only component of REFCORP strips which have been stripped by request to the Federal Reserve Bank of New York
6. Farm Credit System Corp. - Consolidated system-wide bonds and notes

D. Money market funds registered under the Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933, and having a rating by Standard & Poor’s of “AAAm-G,” “AAAm” or “AAm” or by Moody’s of “Aaa,” “Aa1” or “Aa2,” including funds for which the Trustee, its parent holding company, if any, or any affiliates or subsidiaries of the Trustee provide investment advisory or other management services.

E. Certificates of deposit secured at all times by collateral described in (A) and/or (B) above and having a maturity of one year or less. Such certificates must be issued by commercial banks, savings and loan associations or mutual savings banks whose short-term obligations are rated “A-1+” by Standard & Poor’s and “Prime-1” by Moody’s, which may include the Trustee and its affiliates. The collateral must be held by a third party and the Owners must have a perfected first security interest in the collateral.

F. Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by FDIC (including those of the Trustee and its affiliates).

G. Commercial paper rated at the time of investment “Prime - 1” by Moody’s and “A-1+” or better by Standard & Poor’s.

H. Investment agreements, including guaranteed investment agreements, acceptable to the Trustee.

I. Bonds or notes issued by any state or municipality which are rated by Moody’s or Standard & Poor’s in one of the two highest rating categories assigned by such agencies.

J. Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured or unguaranteed obligation rating of “Prime - 1” or “A3” or better by Moody’s or “A-1+” or better by Standard & Poor’s, including those of the Trustee and its affiliates.

K. Repurchase agreements rated “AA” or better by Standard and Poor’s and that provide for the transfer of securities from a dealer bank or securities firm (seller/borrower) to the Trustee (buyer/lender), and the transfer of cash from the Trustee to the dealer bank or securities firm with an agreement that the dealer bank or securities firm will repay the cash plus a yield to the Trustee, in exchange for the securities at a specified date or dates.

L. Any guaranteed investment contract, including forward delivery agreements (“FDAs”) and forward purchase agreements (“FPAs”), with a financial institution or insurance company which has at the date of execution thereof an outstanding issue of unsecured, uninsured and unguaranteed debt obligations or a claims-paying ability rated within the two highest rating categories of Standard & Poor’s or Moody’s. Only Permitted Investments described in clauses A, B or C above and having maturities equal to or less than 30 years from their date of delivery will be considered eligible for any collateralization/delivery purposes for guaranteed investment contracts, FDAs or FPAs;

M. Pre-refunded municipal bonds rated “Aaa” by Moody’s and “AAA” by Standard & Poor’s. If, however, the issue is only rated by Standard & Poor’s (i.e., there is no Moody’s rating), then the pre-refunded bonds must have been pre-refunded with cash, direct U.S. or U.S. guaranteed obligations, or AAA rated pre-refunded municipals to satisfy this condition.

N. The Local Agency Investment Fund of the State, provided that the Trustee may deposit and withdraw monies in its own name.

O. Any other investment which the City is permitted by law to make (including investment agreements and forward delivery or forward purchase agreements).

“Value” of the above investments shall be determined by the manner currently employed by the Trustee or any other manner consistent with industry standard.

“Prepayment” means any payment made by the City pursuant to Article X of the Lease as a prepayment of Lease Payments.

“Prepayment Fund” means the fund by that name established and held by the Trustee pursuant to Section 4.01 hereof.

“Principal Office or Corporate Trust Office” means the corporate trust office of the Trustee in Los Angeles, California, or such other or additional offices as may be designated by the Trustee; provided, however, that for the purposes of payment, transfer or exchange of Certificates such term means the office or agency of the Trustee at which, at any particular time its corporate trust agency business shall be conducted.

“Project” means the real property and public capital improvements refinanced with proceeds of the Refunded Certificates and any other project identified in the Lease or any supplement thereto as a Project.

“Rebate Fund” has the meaning set forth in Section 8.08(a).

“Rebate Requirement” has the meaning set forth in Section 8.08(a).

“Record Date” means the close of business on the fifteenth (15th) day of the month preceding each Interest Payment Date, whether or not such fifteenth (15th) day is a Business Day.

“Refunded Certificates” means the \$43,940,000 aggregate principal amount of the City of Cupertino Certificates of Participation (2012 Refinancing Project).

“Series” means the Certificates and such Additional Certificates which are secured by Lease Payments.

“S&P” or “Standard & Poor’s” means S&P Global Ratings, a Standard & Poor’s Financial Services LLC business, or any successors or assigns thereto.

“Site Lease” means the Site Lease related to the Certificates, dated the date hereof, by and between the Corporation and the City, and any duly authorized and executed amendments thereto .

“Special Counsel” means Stradling Yocca Carlson & Rauth, a Professional Corporation, or any other attorney or firm of attorneys of nationally recognized standing in matters pertaining to the tax-exempt status of interest on obligations issued by states and their political subdivisions and acceptable to the City.

“State” means the State of California.

“Supplemental Agreement” means a supplement to this Trust Agreement providing for the execution and delivery of Additional Certificates pursuant to Section 2.11 hereof.

“Tax Certificate” means the Tax Certificate, dated as of the Delivery Date, concerning matters pertaining to the use and investment of proceeds of the Certificates executed and delivered to the City on the date of execution and delivery of the Certificates, including any and all exhibits attached thereto.

“Term” means the time during which the Lease is in effect, as provided in Section 4.2 of the Lease.

“Treasury Regulations” has the meaning set forth in Section 8.08(a).

“Trustee” means The Bank of New York Mellon Trust Company, N.A., a national banking association duly organized and existing under the laws of the United States of America, and any successor trustee.

“Trust Agreement” or “Agreement” means this Trust Agreement, together with any amendments hereof or supplements hereto permitted to be made hereunder.

“2012A Certificates Escrow Agreement” means that certain 2012A Certificates Escrow Agreement dated as of October 1, 2020, by and between the City and The Bank of New York Mellon Trust Company, N.A., as Escrow Agent, providing for the defeasance of the Refunded Certificates.

Section 1.02 Authorization. Each of the parties hereby represents and warrants that it has full legal authority and is duly empowered to enter into this Trust Agreement, and has taken all actions necessary to authorize the execution of this Trust Agreement by the officers and persons signing it.

Section 1.03 Equal Security. In consideration of the acceptance of the Certificates by the Owners, this Trust Agreement shall be deemed to be and shall constitute a contract between the Trustee and the Owners to secure the full and final payment of the interest, if any, and principal represented by the Certificates which may be executed and delivered hereunder, subject to each of the agreements, conditions, covenants and terms contained herein; and all agreements, conditions, covenants and terms contained herein required to be observed or performed by or on behalf of the Trustee shall be for the equal and proportionate benefit, protection and security of all Owners without distinction, preference or priority as to security or otherwise of any Certificates of a Series over any other Certificates of a Series by reason of the number or date thereof or the time of execution or delivery thereof or for any cause whatsoever, except as expressly provided herein or therein. All of the Certificates of a Series are equally secured as provided in this Section, except as may be otherwise expressly provided in this Trust Agreement.

ARTICLE II

THE CERTIFICATES OF PARTICIPATION

Section 2.01 Authorization. Upon written request of the City Representative, the Trustee will execute and deliver to the Original Purchaser Certificates in an aggregate principal amount of \$_____ representing proportionate ownership interests in the Lease Payments and the Prepayments. The Certificates shall be initially executed and delivered as book-entry certificates.

Section 2.02 Description of Certificates.

(a) Each Certificate shall be dated the Delivery Date and shall mature on June 1 in each of the years and in the amounts, and shall bear interest (calculated on the basis of a 360-day year of twelve 30-day months) at the rates, as follows:

<i>Maturity (June 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>
2021	\$	%
2022		
2023		
2024		
2025		
2026		
2027		
2028		
2029		
2030		

The Certificates shall be delivered in fully registered form, numbered from one upwards in consecutive numerical order (with such alphabetical prefix as the Trustee shall determine). The Certificates shall be executed and delivered in the denominations of Five Thousand Dollars (\$5,000) and any integral multiple thereof.

Each Certificate shall bear interest from the Interest Payment Date next preceding the date of execution thereof, unless (i) it is executed during the period from the day after the Record Date for an Interest Payment Date to and including such Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or (ii) it is executed on or prior to the Record Date for the first Interest Payment Date, in which event interest shall be payable from the Delivery Date; provided, however, that if, at the time of execution of any Certificate interest with respect to such Certificate is in default, such Certificate shall bear interest from the Interest Payment Date to which interest has been paid or made available for payment with respect to such Certificate.

(b) Payment Provisions. Interest with respect to any Certificate shall be payable in lawful money of the United States of America by check or draft of the Trustee, mailed no later than the Interest Payment Date to the Owner at its address as it appears, on the Record Date, on the registration books maintained by the Trustee or at such other address as has been furnished to the Trustee in writing by the Owner on or prior to such Record Date; provided, however, that at the written request of the Owner of at least One Million Dollars (\$1,000,000) in aggregate principal amount of Outstanding Certificates filed with the Trustee prior to any Record Date, interest with respect to such Certificates shall be paid to such Owner on each succeeding Interest Payment Date (unless such request has been revoked in writing) by wire transfer of immediately available funds to an account in the continental United States designated in such written request. Payments of defaulted interest with respect to the Certificates shall be paid by check or draft to the registered Owners of the Certificates as of a special record date to be fixed by the Trustee, notice of which special record date shall be given to the registered Owners of the Certificates no less than ten (10) days prior thereto. The principal of and premium, if any, on the Certificates is payable when due upon surrender thereof at the Principal Office in lawful money of the United States of America.

Section 2.03 Form of Certificates. The Certificates and the assignment to appear thereon shall be substantially in the forms set forth in Exhibit A attached hereto and by this reference incorporated herein with such appropriate additions, modifications, and insertions as are permitted or required by this Trust Agreement. Pending the preparation of definitive Certificates, the Certificates may be executed and delivered in temporary form exchangeable for definitive Certificates when ready for delivery. If the Trustee delivers temporary Certificates, it shall execute and deliver definitive Certificates in an equal aggregate principal amount of authorized denominations, when available, without additional charge, and thereupon the temporary Certificates shall be surrendered to the Trustee at its Principal Office. Until so exchanged, the temporary Certificates shall be entitled to the same benefits under this Trust Agreement as definitive Certificates.

Section 2.04 Execution. The Certificates shall be executed by and in the name of the Trustee by the manual signature of any authorized signatory of the Trustee. The Trustee shall insert the date of execution of each Certificate in the place provided thereon.

Section 2.05 Transfer and Exchange.

(a) Transfer of Certificates. Any Certificate may, in accordance with its terms, be transferred upon the books required to be kept pursuant to the provisions of Section 2.08 hereof by the person in whose name it is registered, in person or by its duly authorized attorney, upon surrender of such Certificate for cancellation at the Principal Office accompanied by delivery of a written instrument of transfer in a form acceptable to the Trustee, duly executed. Whenever any Certificate or Certificates shall be surrendered for transfer, the Trustee shall execute and deliver a new Certificate or Certificates of the same tenor and maturity, for like aggregate principal amount in authorized denominations. The cost of printing Certificates and any services rendered or expenses incurred by the Trustee in connection with any transfer shall be paid by the City. The Trustee shall require the payment by the Owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer, and there shall be no other charge to any Owner for any such transfer.

(b) Exchange of Certificates. Certificates may be exchanged at the Principal Office for a like aggregate principal amount of Certificates of other authorized denominations of the same tenor and maturity. The Trustee may require the payment by the Certificate Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange. The cost of printing Certificates and any services rendered or expenses incurred by the Trustee in connection with any exchange shall be paid by the City. All Certificates surrendered pursuant to the provisions of this Section shall be cancelled and destroyed by the Trustee and shall not be redelivered.

(c) Time for Transfer or Exchange. The Trustee shall not be obligated to transfer or exchange any Certificate after a Record Date and before the following Interest Payment Date, or during the period in which it is selecting Certificates for prepayment, or after notice of prepayment has been given as provided in Section 4.05 hereof.

Section 2.06 Certificates Mutilated, Lost, Destroyed or Stolen. If any Certificate shall become mutilated, the Trustee, at the expense of the Owner of said Certificate, shall execute and deliver a new Certificate of like tenor, maturity and principal amount in exchange and substitution for the Certificate so mutilated, but only upon surrender to the Trustee of the Certificate so mutilated. Every mutilated Certificate so surrendered to the Trustee shall be cancelled by it. If any Certificate

shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee, and, if such evidence is satisfactory to the Trustee and, if an indemnity, satisfactory to the Trustee indemnifying the Trustee, the Corporation and the City, shall be given, the Trustee, at the expense of the Certificate Owner, shall execute and deliver a new Certificate of like tenor, maturity and principal amount and numbered as the Trustee shall determine in lieu of and in substitution for the Certificate so lost, destroyed or stolen. The Trustee may require payment of an appropriate fee for each new Certificate delivered under this Section and of the expenses which may be incurred by the Trustee in carrying out the duties under this Section. Any Certificate executed under the provisions of this Section in lieu of any Certificate alleged to be lost, destroyed or stolen shall be equally and proportionately entitled to the benefits of this Trust Agreement with all other Certificates secured by this Trust Agreement. Notwithstanding any other provision of this Section, in lieu of delivering a new Certificate in place of one which has been mutilated, lost, destroyed or stolen, and which has matured, or has been called for prepayment, the Trustee may make payment with respect to such Certificate upon receipt of the above-mentioned indemnity.

Section 2.07 Execution of Documents and Proof of Ownership. Any request, direction, consent, revocation of consent, or other instrument in writing required or permitted by this Trust Agreement to be signed or executed by Certificate Owners may be in any number of concurrent instruments of similar tenor, and may be signed or executed by such Owners in person or by their attorneys or agents appointed by an instrument in writing for that purpose, or by any bank, trust company or other depository for such Certificates. Proof of the execution of any such instrument, or of any instrument appointing any such attorney or agent, and of the ownership of Certificates shall be sufficient for any purpose of this Trust Agreement (except as otherwise herein provided), if made in the following manner:

(a) The fact and date of the execution by any Owner or its attorney or agent of any such instrument and of any instrument appointing any such attorney or agent, may be proved by a certificate, which need not be acknowledged or verified, of an officer of any bank or trust company located within the United States of America, or of any notary public, or other officer authorized to take acknowledgments of deeds to be recorded in such jurisdictions, that the persons signing such instruments acknowledged before him the execution thereof. Where any such instrument is executed by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association or partnership, such certificate shall also constitute sufficient proof of its authority.

(b) The fact of the ownership of Certificates by any person, the amount and numbers of such Certificates and the date of execution shall be proved by the registration books maintained pursuant to Section 2.08 hereof.

Nothing contained in this Article II shall be construed as limiting the Trustee to such proof, it being intended that the Trustee may accept any other evidence of the matters herein stated which the Trustee may deem sufficient in its sole discretion. Any request or consent of the Owner of any Certificate shall bind every future Owner of the same Certificate in respect of anything done or to be done by the Trustee in pursuance of such request or consent.

Section 2.08 Certificate Register. The Trustee will keep or cause to be kept at its Principal Office or another office designated by the Trustee sufficient books for the registration and transfer of the Certificates which shall, during normal working hours and upon reasonable notice, be open to inspection by the City and the Corporation; and, upon presentation for such purpose, the

Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, Certificates as hereinbefore provided. The City, the Corporation and the Trustee shall be entitled to treat the registered owner of a Certificate as the absolute owner thereof for all purposes, whether or not a Certificate shall be overdue and the City, the Corporation and the Trustee shall not be affected by any notice to the contrary.

Section 2.09 Book-Entry System.

(a) Election of Book-Entry System. Prior to the execution and delivery of the Certificates, the City may provide that such Certificates shall be initially executed and delivered as book-entry Certificates. If the City shall elect to deliver any Certificates in book-entry, then the City shall cause the delivery of a separate single fully registered Certificate (which may be typewritten) for each maturity date of such Certificates in an authorized denomination corresponding to that total principal amount of the Certificates designated to mature on such date. Upon initial execution and delivery, the ownership of each such Certificate shall be registered in the Certificate register in the name of the Nominee, as nominee of the Depository, and ownership of the Certificates, or any portion thereof, may not thereafter be transferred except as provided in subsection (d) of this Section 2.09.

With respect to book-entry Certificates, the City and the Trustee shall have no responsibility or obligation to any Participant or to any person on behalf of which such a Participant holds an interest in such book-entry Certificates. Without limiting the immediately preceding sentence, the City and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee, or any Participant with respect to any ownership interest in book-entry Certificates, (ii) the delivery to any Participant or any other person, other than an Owner as shown in the Certificate register, of any notice with respect to book-entry Certificates, including any notice of prepayment, (iii) the selection by the Depository and its Participants of the beneficial interests in book-entry Certificates to be prepaid in the event the City prepays the Certificates in part, or (iv) the payment by the Depository or any Participant or any other person, of any amount with respect to principal, premium, if any, or interest evidenced and represented by book-entry Certificates. The City and the Trustee may treat and consider the person in whose name each book-entry Certificate is registered in the Certificate register as the absolute Owner of such book-entry Certificate for the purpose of payment of principal, premium and interest with respect to such Certificate, for the purpose of giving notices of prepayment and other matters with respect to such Certificate, for the purpose of registering transfers with respect to such Certificate, and for all other purposes whatsoever. The Trustee shall pay all principal, premium, if any, and interest evidenced and represented by the Certificates only to or upon the order of the respective Owner, as shown in the Certificate register, or its respective attorney duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to payment of principal, premium, if any, and interest evidenced and represented by the Certificates to the extent of the sum or sums so paid. No person other than an Owner, as shown in the Certificate register, shall receive a Certificate evidencing the obligation to make payments of principal, premium, if any, and interest evidenced and represented by the Certificates. Upon delivery by the Depository to the Owner and the Trustee, of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, and subject to the provisions herein with respect to Record Dates, the word "Nominee" in this Trust Agreement shall refer to such nominee of the Depository.

(b) Delivery of Letter of Representations. In order to qualify the book-entry Certificates for the Depository's book-entry system, the City shall execute and deliver to the Depository a Letter of Representations. The execution and delivery of a Letter of Representations shall not in any way impose upon the City any obligation whatsoever with respect to persons having interests in such book-entry Certificates other than the Owners, as shown on the Certificate register. In addition to the execution and delivery of a Letter of Representations, the City shall take such other actions, not inconsistent with this Trust Agreement, as are reasonably necessary to qualify book-entry Certificates for the Depository's book-entry program.

(c) Selection of Depository. In the event (i) the Depository determines not to continue to act as securities depository for book-entry Certificates, or (ii) the City determines that continuation of the book-entry system is not in the best interest of the beneficial owners of the Certificates or the City, then the City will discontinue the book-entry system with the Depository. If the City determines to replace the Depository with another qualified securities depository, the City shall prepare or direct the preparation of a new single, separate, fully registered Certificate for each of the maturity dates of such book-entry Certificates, registered in the name of such successor or substitute qualified securities depository or its Nominee as provided in subsection (d) of this Section 2.09. If the City fails to identify another qualified securities depository to replace the Depository, then the Certificates shall no longer be restricted to being registered in such Certificate register in the name of the Nominee, but shall be registered in whatever name or names the Owners transferring or exchanging such Certificates shall designate, in accordance with the provisions of Section 2.05 hereof.

(d) Payments to Depository. Notwithstanding any other provision of this Trust Agreement to the contrary, so long as all Outstanding Certificates are held in book-entry and registered in the name of the Nominee, all payments with respect to principal, prepayment premium, if any, and interest evidenced and represented by such Certificate and all notices with respect to such Certificate shall be made and given, respectively to the Nominees, as provided in the Letter of Representations or as otherwise instructed by the Depository and agreed to by the Trustee notwithstanding any inconsistent provisions herein.

(i) The Certificates shall be initially executed and delivered as provided in Section 2.01 hereof. If such Certificates are initially registered in the name of the Nominee, then registered ownership of such Certificates, or any portions thereof, may not thereafter be transferred except:

(A) to any successor of DTC or its nominee, or of any substitute depository designated pursuant to clause (B) of subsection (i) of this Section 2.09(d) ("Substitute Depository"); provided that any successor of DTC or Substitute Depository shall be qualified under any applicable laws to provide the service proposed to be provided by it;

(B) to any Substitute Depository, upon (1) the resignation of DTC or its successor (or any Substitute Depository or its successor) from its functions as depository, or (2) a determination by the City that DTC (or its successor) is no longer able to carry out its functions as depository; provided that any such Substitute Depository shall be qualified under any applicable laws to provide the services proposed to be provided by it; or

(C) to any person as provided below, upon (1) the resignation of DTC or its successor (or any Substitute Depository or its successor) from its functions as depository,

or (2) a determination by the City that DTC or its successor (or Substitute Depository or its successor) is no longer able to carry out its functions as depository.

(ii) In the case of any transfer pursuant to clause (A) or clause (B) of subsection (i) of this Section 2.09(d), upon receipt of all Outstanding Certificates by the Trustee, together with a written request of the City to the Trustee designating the Substitute Depository, a single new Certificate, which the City shall prepare or cause to be prepared, shall be executed and delivered for each maturity of Certificates then Outstanding, registered in the name of such successor or such Substitute Depository or their Nominees, as the case may be, all as specified in such written request of the City. In the case of any transfer pursuant to clause (C) of subsection (i) of this Section 2.09(d), upon receipt of all Outstanding Certificates by the Trustee, together with a written request of the City to the Trustee, new Certificates, which the City shall prepare or cause to be prepared, shall be executed and delivered in such denominations and registered in the names of such persons as are requested in such written request of the City, subject to the limitations of Section 2.01 hereof, provided that the Trustee shall not be required to deliver such new Certificates within a period of less than sixty (60) days from the date of receipt of such written request from the City.

(iii) In the case of a partial prepayment or an advance prepayment of any Certificates evidencing a portion of the principal maturing in a particular year, DTC or its successor (or any Substitute Depository or its successor) shall make an appropriate notation on such Certificates indicating the date and amounts of such reduction in principal, in form acceptable to the Trustee, all in accordance with the Letter of Representations. The Trustee shall not be liable for such Depository's failure to make such notations or errors in making such notations.

(iv) The City and the Trustee shall be entitled to treat the person in whose name any Certificate is registered as the Owner thereof for all purposes of this Trust Agreement and any applicable laws, notwithstanding any notice to the contrary received by the Trustee or the City; and the City and the Trustee shall not have responsibility for transmitting payments to, communicating with, notifying, or otherwise dealing with any beneficial owners of the Certificates. Neither the City nor the Trustee shall have any responsibility or obligation, legal or otherwise, to any such beneficial owners or to any other party, including DTC or its successor (or Substitute Depository or its successor), except to the Owner of any Certificates, and the Trustee may rely conclusively on its records as to the identity of the Owners of the Certificates.

Section 2.10 Destruction of Cancelled Certificates. Whenever in this Trust Agreement provision is made for the surrender or cancellation by the Trustee and the delivery to the City of any Certificates, the Trustee will cancel and destroy such Certificates and deliver a certificate of such destruction to the City upon its request.

Section 2.11 Additional Certificates. Subsequent to the execution and delivery by the Trustee of the Certificates, the Trustee shall, upon written request or requests of the City Representative and of the Corporation Representative, execute and deliver from time to time one or more series of Additional Certificates in such aggregate principal amount as may be set forth in such written request or requests, provided that there shall have been compliance with all of the following conditions, which are hereby made conditions precedent to the preparation, execution and delivery of such Additional Certificates:

(a) The parties to this Trust Agreement shall have executed a Supplemental Agreement which sets forth the terms and provisions of such Additional Certificates, including the

establishment of such funds and accounts, which may be separate and apart from the funds and accounts established hereunder for the Certificates, as shall be necessary or appropriate;

(b) The scheduled principal and interest payable with respect to such Additional Certificates shall be payable only on Interest Payment Dates applicable to the Certificates;

(c) The Lease shall have been amended, if necessary, to (i) increase or adjust the Lease Payments due and payable on each Lease Payment Date to an amount sufficient to pay the principal, premium (if any) and interest payable with respect to all Outstanding Certificates, including all Additional Certificates as and when the same mature or become due and payable (except to the extent such principal, premium and interest may be payable out of moneys then on deposit with the Trustee in accordance with this Trust Agreement), and (ii) make such other revisions to the Lease as are necessitated by the execution and delivery of such Additional Certificates (provided, however, that such other revisions shall not prejudice the rights of the Owners of Outstanding Certificates as granted them under the terms of this Trust Agreement);

(d) There shall have been delivered to the Trustee a counterpart of the amendments required by subsection (c) of this Section 2.11;

(e) The Trustee shall have received a certificate of the Corporation Representative that there exists on the part of the Corporation no Event of Default (or any event which, once all notice or grace periods have passed, would constitute an Event of Default);

(f) The Trustee shall have received a certificate of the City Representative that (i) there exists on the part of the City no Event of Default (or any event which, once all notice or grace periods have passed, would constitute an Event of Default) and (ii) the Lease Payments as increased or adjusted do not exceed in any year the fair rental value of the Leased Premises (as such term is defined in the amended Lease);

(g) The Trustee shall have received an opinion of Special Counsel substantially to the effect that (i) said Supplemental Agreement and said amendments to the Lease comply in all respects with the requirements of this Section, (ii) said Supplemental Agreement and said amendments to the Lease have been duly authorized, executed and delivered by the City and the Corporation, as applicable, (provided that said opinion of Special Counsel, in rendering the opinions set forth in this clause (ii), shall be entitled to rely upon one or more other opinions of counsel, including counsel to any of the respective parties to said Supplemental Agreement or said amendments to the Lease), (iii) assuming that no Event of Default has occurred and is continuing, this Trust Agreement, as amended by said Supplemental Agreement, and the Lease, as amended by the respective amendments thereto, constitute the legal, valid and binding obligations of the City and the Corporation, as applicable, enforceable against said parties in accordance with their respective terms (except to the extent that enforcement thereof may be limited by bankruptcy, insolvency, moratorium, debt adjustment or other laws affecting creditors' rights generally, and except to the extent that enforcement thereof may be limited by general principles of equity, regardless of whether enforcement is sought in a legal or equitable proceeding) and (iv) the execution of such Supplemental Agreement and said amendments to the Lease, and performance by the parties thereunder, will not result in the inclusion of the interest portion of any Lease Payments payable with respect to any Certificates, including Additional Certificates (to the extent such Additional Certificates are executed and delivered as tax exempt Certificates), theretofore prepared, executed and delivered, in the gross income of the Owners of the Certificates or the owners of any Additional Certificates (to the extent

such Additional Certificates are executed and delivered as tax exempt Certificates) for purposes of federal income taxation;

(h) There shall have been delivered to the Trustee an endorsement to or reissuance of the title insurance policy delivered under Section 5.5 of the Lease providing that the insured amount is at least equal to the aggregate principal amount of all of the Certificates and Additional Certificates outstanding upon the execution and delivery of such Additional Certificates; and

(i) Such other conditions shall have been satisfied, and such other instruments shall have been duly executed and delivered to the Trustee, as the City or the Corporation shall have reasonably requested.

Upon delivery to the Trustee of the foregoing instruments, the Trustee shall cause to be executed and delivered Additional Certificates of a Series representing the aggregate principal amount specified in such Supplemental Agreement, and such Additional Certificates shall be equally and ratably secured with all Certificates of like Series, including any Additional Certificates, theretofore prepared, executed and delivered, all without preference, priority or distinction (other than with respect to maturity, payment, prepayment or sinking fund payment (if any)) of any one Certificate of a Series, including Additional Certificates, over any other; provided, however, that no provision of this Trust Agreement shall require the City to consent to or otherwise permit the preparation, execution and delivery of Additional Certificates, it being understood and agreed that any such consent or other action of the City to permit the preparation, execution and delivery of Additional Certificates, or lack thereof, shall be in the sole discretion of the City.

ARTICLE III

APPLICATION OF PROCEEDS

Section 3.01 Application of Proceeds and Other Amounts. The net proceeds from the sale of the Certificates in the amount of \$_____ (representing the par amount of the Certificates of \$_____, plus original premium of \$_____, less Original Purchaser's discount of \$_____) shall be deposited with the Trustee as follows: \$_____ shall be deposited to the Delivery Cost Fund for the payment of Delivery Costs, and \$_____ shall be deposited to the Escrow Fund.

The Trustee may, in its discretion, establish a temporary fund or account in its books or records to facilitate such deposits and transfers.

Section 3.02 Establishment of the Delivery Cost Fund. There is hereby established a separate fund to be known as the "Delivery Cost Fund," which shall be held by the Trustee in trust. The moneys in the Delivery Cost Fund shall be used and withdrawn by the Trustee from time to time to pay the Delivery Costs upon submission of a Delivery Cost Requisition stating (a) the person to whom payment is to be made, (b) the amount to be paid, (c) the purpose for which the obligation was incurred, (d) that such payment is a proper charge against the Delivery Cost Fund, and (e) that such amounts have not been the subject of a prior Delivery Cost Requisition. On the earlier of (i) six months from the Delivery Date, or (ii) the date of receipt by the Trustee of a Delivery Cost Requisition therefor, all amounts (if any) remaining in the Delivery Cost Fund shall be withdrawn therefrom by the Trustee and transferred to the Lease Payment Fund. Thereafter, the Delivery Cost

Fund shall be closed. Each such Delivery Cost Requisition shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of such facts.

ARTICLE IV

PREPAYMENT FUND

Section 4.01 Establishment of Prepayment Fund. The Trustee shall establish a special fund designated as the “City of Cupertino (2020A Certificates) Prepayment Fund,” referred to herein as the “Prepayment Fund”; shall keep such fund separate and apart from all other funds and moneys held by it; and shall administer such fund as herein provided. Moneys to be used for prepayment of the Certificates shall be deposited into the Prepayment Fund and used solely for the purpose of prepaying the Certificates in advance of their maturity on the date designated for prepayment and upon presentation and surrender of such Certificates to the Trustee.

Section 4.02 Extraordinary Prepayment. The Certificates are subject to prepayment prior to their respective maturity dates on any date, in whole or in part, from Net Proceeds which the Trustee shall deposit in the Prepayment Fund as provided in Section 6.1(c) of the Lease at least forty-five (45) days prior to the date fixed for prepayment and credited towards the prepayment made by the City pursuant to Section 10.2 of the Lease, at a prepayment price equal to the principal amount thereof together with accrued interest to the date fixed for prepayment, without premium.

Section 4.03 Reserved.

Section 4.04 Selection of Certificates for Prepayment. In the event of an extraordinary prepayment of Certificates pursuant to Section 4.02 hereof, the Trustee shall select Certificates for prepayment so that the Net Proceeds will be applied to prepay a proportionate amount of Certificates and Additional Certificates based on the Outstanding principal amount and by lot within any maturity. The Trustee shall promptly notify the City and the Corporation in writing of the Certificates so selected for prepayment by mailing to the City and the Corporation copies of the notice of prepayment provided for in Section 4.05 hereof.

Section 4.05 Notice of Prepayment.

(a) Content. When prepayment is authorized or required pursuant to this Article IV, the Trustee shall give notice of the prepayment of the Certificates. Such notice shall specify: (a) the prepayment date, (b) the prepayment price, (c) if less than all of the Outstanding Certificates of a maturity are to be prepaid, the Certificate numbers (and in the case of partial prepayment, the respective principal amounts), (d) the CUSIP numbers of the Certificates to be prepaid, (e) the place or places where the prepayment will be made, and (f) the original date of execution and delivery of the Certificates. Such notice shall further state that on the specified date there shall become due and payable upon each Certificate to be prepaid, the portion of the principal amount of such Certificate to be prepaid, together with interest accrued to said date, and that from and after such date, provided that moneys therefor have been deposited with the Trustee, interest with respect thereto shall cease to accrue and be payable.

(b) Recipients: Timing. Notice of such prepayment shall be sent by first class mail or delivery service postage prepaid, or by telecopy, to the Depository on the date of mailing of notice to the Owners by first class mail and by first class mail, postage prepaid, to the Corporation

and the respective Owners of any Certificates designated for prepayment at their addresses appearing on the Certificate registration books, at least twenty (20) days, but not more than sixty (60) days, prior to the prepayment date; provided that neither failure to receive such notice nor any defect in any notice so mailed shall affect the sufficiency of the proceedings for the prepayment of such Certificates. Under no circumstances shall the Trustee have any liability to any party for any inaccurate CUSIP number.

Section 4.06 Partial Prepayment of Certificates. Upon surrender by the Owner of a Certificate for partial prepayment at the Principal Office, payment of such partial prepayment of the principal amount of a Certificate will be paid to such Owner. Upon surrender of any Certificate prepaid in part only, the Trustee shall execute and deliver to the registered Owner thereof, at the expense of the City, a new Certificate or Certificates which shall be of authorized denominations equal in principal amount to the unprepaid portion of the Certificate surrendered and of the same tenor and maturity. Such partial prepayment shall be valid upon payment of the amount thereby required to be paid to such Owner, and the City, the Corporation and the Trustee shall be released and discharged from all liability to the extent of such payment.

Section 4.07 Effect of Notice of Prepayment. Notice having been given to the Owners of the Certificates as set forth in Section 4.05 hereof, and the moneys for the prepayment (including, the interest to the applicable date of prepayment), having been set aside in the Prepayment Fund, the Certificates shall become due and payable on said date of prepayment, and, upon presentation and surrender thereof at the Principal Office, said Certificates shall be paid at the prepayment price with respect thereto, plus interest accrued and unpaid to said date of prepayment.

If, on the date of a prepayment, moneys for the prepayment of all the Certificates to be prepaid, together with interest to said date of prepayment, shall be held by the Trustee so as to be available therefor on such date of prepayment, and, if notice of prepayment thereof shall have been given as set forth in Section 4.05 hereof, then, from and after said date of prepayment, interest with respect to the Certificates to be prepaid shall cease to accrue and become payable. All moneys held by or on behalf of the Trustee for the prepayment of Certificates shall be held in trust for the account of the Owners of the Certificates so to be prepaid, without liability for interest thereon.

All Certificates paid at maturity or prepaid prior to maturity pursuant to the provisions of this Article shall be cancelled upon surrender thereof and destroyed.

Section 4.08 Surplus. Any funds remaining in the Prepayment Fund after prepayment and payment of all Certificates Outstanding, including accrued interest and payment of any applicable fees and expenses to the Trustee pursuant to Sections 9.06 and 9.07 hereof and any other Additional Payments payable under the Lease or provision made therefor satisfactory to the Trustee, and provision for any amounts required to be transferred to the Rebate Fund pursuant to Sections 8.07 and 8.08 hereof, shall be withdrawn by the Trustee and remitted to the City.

ARTICLE V

LEASE PAYMENTS; LEASE PAYMENT FUND

Section 5.01 Security Provisions.

(a) Assignment of Rights in Lease. The Corporation has, pursuant to the Assignment Agreement, absolutely assigned and set over to the Trustee certain of its rights in the Lease, including but not limited to all of the Corporation's rights to receive and collect all of the Lease Payments, the Prepayments and all other amounts required to be deposited in the Lease Payment Fund pursuant to the Lease or pursuant hereto. All Lease Payments, Prepayments and such other amounts to which the Corporation may at any time be entitled (other than amounts due to the Corporation under Section 4.11 of the Lease) shall be paid directly to the Trustee, and all of the Lease Payments and Prepayments collected or received by the Corporation shall be deemed to be held and to have been collected or received by the Corporation as the agent of the Trustee and if received by the Corporation at any time shall be deposited by the Corporation with the Trustee within five (5) Business Days after the receipt thereof, and all such Lease Payments shall be forthwith deposited by the Trustee upon the receipt thereof in the Lease Payment Fund, all such Prepayments shall be forthwith deposited by the Trustee upon the receipt thereof in the Prepayment Fund.

(b) Security Interest in Moneys and Funds. The Corporation and the City, as their interests may appear, hereby grant to the Trustee for the benefit of the Owners of the Certificates a lien on and a security interest in all moneys in the following funds or accounts held by the Trustee under this Trust Agreement (excepting only the Rebate Fund and any moneys to be deposited into the Rebate Fund), including without limitation, the Lease Payment Fund, the Prepayment Fund and the Net Proceeds Fund, and all such moneys shall be held by the Trustee in trust and applied to the respective purposes specified herein and in the Lease.

(c) Pledge of Lease Payments and Proceeds. The Lease Payments are hereby irrevocably pledged to and shall be used for the punctual payment of the interest and principal represented by the Certificates (and Additional Certificates to the extent provided in a Supplemental Agreement). Any proceeds from the re-letting or any other disposition of the Leased Premises pursuant to Article IX of the Lease (the "Lease Proceeds") are hereby irrevocably pledged equally to the Certificates and any Additional Certificates. Except as permitted under Section 2.11 hereof with respect to Additional Certificates, the Lease Payments and Lease Proceeds shall not be used for any other purpose while any of the Certificates remain Outstanding. This pledge shall constitute a first lien on the Lease Payments and Lease Proceeds in accordance with the terms hereof, subject to Section 13.03 hereof and subject to Section 2.11 hereof.

Section 5.02 Establishment of Lease Payment Fund. The Trustee shall establish a special fund designated as the "City of Cupertino (2020A Certificates) Lease Payment Fund," referred to herein as the "Lease Payment Fund." All moneys at any time deposited by the Trustee in the Lease Payment Fund shall be held by the Trustee in trust for the benefit of the Owners of the Certificates. So long as any Certificates are Outstanding, neither the City nor the Corporation shall have any beneficial right or interest in the Lease Payment Fund or the moneys deposited therein, except only as provided in this Trust Agreement, and such moneys shall be used and applied by the Trustee as hereinafter set forth.

Section 5.03 Deposits. There shall be deposited in the Lease Payment Fund all Lease Payments and in the Prepayment Fund all Prepayments received by the Trustee, including any moneys received by the Trustee for deposit therein pursuant to Section 3.01 hereof and Section 4.4 of the Lease, including without limitation Section 5.4(c) of the Lease (regarding proceeds of rental interruption insurance) or pursuant to this Trust Agreement, which moneys shall be applied as a credit towards any Lease Payment then due.

Section 5.04 Application of Moneys. Except as provided in this Section, all amounts in the Lease Payment Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the principal and interest with respect to the Certificates as the same shall become due and payable, in accordance with the provisions of Article II and Article IV hereof, subject to the requirement that certain investment earnings may be transferred to the Rebate Fund, as provided in Section 8.08 hereof.

On or before each Interest Payment Date, the Trustee shall set aside an amount sufficient to pay the interest becoming due and payable on such Interest Payment Date on all Outstanding Certificates and Additional Certificates. Moneys so set aside shall be used and withdrawn by the Trustee solely for the purpose of paying the interest with respect to the Certificates as it shall become due and payable (including, accrued interest with respect to any Certificates prepaid prior to maturity).

On or before each Interest Payment Date on which the principal of the Certificates shall be payable, the Trustee shall set aside an amount equal to (i) the principal amount of the Certificates and Additional Certificates coming due and payable on such Interest Payment Date pursuant to Section 2.02 hereof, and (ii) the prepayment price of the Certificates and Additional Certificates (consisting of the principal amount thereof and any applicable premiums) required to be prepaid on such Interest Payment Date pursuant to any of the provisions of Article IV hereof. Moneys so set aside shall be used and withdrawn by the Trustee solely for the purpose of (i) paying the principal of the Certificates and Additional Certificates at the maturity thereof, or (ii) paying the principal of and premium (if any) on any Certificates and Additional Certificates upon the prepayment thereof pursuant to Section 4.03 hereof.

Section 5.05 Surplus. Any funds remaining in the Lease Payment Fund after payment of all Certificates Outstanding, including accrued interest and payment of any applicable fees to the Trustee pursuant to Sections 9.06 and 9.07 hereof and any other Additional Payments due under the Lease, or provision made therefor satisfactory to the Trustee, and provision for any amounts required to be transferred to the Rebate Fund pursuant to Section 8.08 hereof, shall be withdrawn by the Trustee and remitted to the City.

ARTICLE VI

[RESERVED]

ARTICLE VII

NET PROCEEDS FUND

Section 7.01 Establishment of Net Proceeds Fund: Deposits. The Trustee shall establish when required a special fund designated as the “City of Cupertino (2020A Certificates) Net Proceeds

Fund,” referred to herein as the “Net Proceeds Fund,” to be maintained and held in trust for the benefit of the Owners, subject to disbursement therefrom as provided herein. The Trustee shall deposit Net Proceeds in the Net Proceeds Fund as provided in Section 6.1(a) of the Lease.

(a) Casualty Insurance. The Trustee shall disburse Net Proceeds for replacement or repair of the Leased Premises as provided in Section 6.1(b) of the Lease, or transfer such proceeds to the Prepayment Fund upon notification of the City Representative as provided in Section 6.1(c) of the Lease. Pending such application, such Net Proceeds may be invested by the Trustee as directed by the City Representative in Permitted Investments that mature not later than such times moneys are expected to be needed to pay such costs of repair or replacement. After all of the Certificates have been paid and the entire amount of principal and interest with respect to the Certificates has been paid in full, or provision made for payment satisfactory to the Trustee, including provision for all amounts required to be transferred to the Rebate Fund pursuant to Section 8.08 hereof, the Trustee shall pay any remaining moneys in the Net Proceeds Fund to the City after payment of any amounts due to the Trustee pursuant to Sections 9.06 and 9.07 hereof and any other Additional Payments due under the Lease.

(b) Title Insurance. Proceeds of any policy of title insurance received by the Trustee with respect to the Leased Premises shall be applied and disbursed by the Trustee upon the written request of the City as follows:

(i) If the City determines that the title defect giving rise to such proceeds has not substantially interfered with its use and occupancy of the Leased Premises and will not result in an abatement of Lease Payments and Additional Payments payable by the City under the Lease (such determination to be certified by the City in writing), such proceeds shall be remitted to the City and used for any lawful purpose thereof; or

(ii) If the City determines that the title defect giving rise to such proceeds has substantially interfered with its use and occupancy of the Leased Premises and will result in an abatement of Lease Payments and Additional Payments payable by the City under the Lease (such determination to be certified by the City Representative in writing), then the Trustee shall immediately deposit such proceeds in the Prepayment Fund and such proceeds shall be applied to the prepayment of Certificates in the manner provided in Section 4.02 hereof.

Section 7.02 Cooperation. The Corporation and the Trustee shall cooperate fully with the City at the expense of the City in filing any proof of loss with respect to any insurance policy maintained pursuant to Article V of the Lease and in the prosecution or defense of any prospective or pending condemnation proceeding with respect to the Leased Premises or any item or portion thereof; provided, however, the Trustee shall not be obligated to take any action hereunder if it is not indemnified to its satisfaction from and against any liability or expense arising therefrom.

ARTICLE VIII

MONEYS IN FUNDS; INVESTMENT

Section 8.01 Held in Trust. The moneys and investments held by the Trustee under this Trust Agreement, other than in the Rebate Fund, are irrevocably held in trust for the benefit of the respective Owners and, in the case of the Rebate Fund, for payment as required to the United States Treasury, and for the purposes herein specified, and such moneys, and any income or interest earned

thereon, shall be expended only as provided in this Trust Agreement, and shall not be subject to levy or attachment or lien by or for the benefit of any creditor of the Corporation, the Trustee or the City, or any of them.

Section 8.02 Investments Authorized.

(a) By Trustee. Subject to the further provisions of this Article VIII, moneys held by the Trustee hereunder shall be invested and reinvested on maturity thereof by the Trustee pursuant to Section 8.02(b) hereof. The Trustee will report any such investments to the City on a monthly basis in its regular statements.

(b) Upon Direction of the City. The City Representative shall direct by electronic mail, to the designated trust officer responsible for the administration of this Trust Agreement, followed by oral notification and distribution by U.S. Mail or overnight courier service of such notice, such investment in specific Permitted Investments not less than two (2) Business Days prior to the date that such Permitted Investment is to take effect. Such investments and reinvestments shall be made giving full consideration for the time at which funds are required to be available based among other things, scheduled completion of the various components of the Project. In the event that the City Representative does not so direct the Trustee, the Trustee shall invest in the Permitted Investments described in paragraph (D) of the definition thereof contained in Section 1.01 hereof.

Investments purchased with funds on deposit in the Lease Payment Fund and Prepayment Fund shall mature not later than the Interest Payment Date or prepayment date, as appropriate, immediately succeeding the investment. Investments instructed by the City Representative to be purchased with funds on deposit in the Delivery Cost Fund shall mature not later than the dates upon which such funds shall be needed to be expended for the payment of Delivery Costs. The Trustee may conclusively rely upon the written instructions of the City Representative as to both the suitability and legality of the directed investments.

(c) Registration. Such investments, if registrable, shall be registered in the name of the Trustee for the benefit of the Owners and held by the Trustee or its nominee.

(d) Trustee as Purchaser or Agent. The Trustee may purchase or sell to itself or any affiliate, as principal or agent, investments authorized by this Section. The Trustee may act as purchaser or agent in the making or disposing of any investment. The Trustee or any of its affiliates may act as a sponsor of, or as an advisor to any provider of, Permitted Investments hereunder. The City and the Corporation acknowledge that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the City and the Corporation the right to receive brokerage confirmations of security transactions as they occur, the City and the Corporation specifically waive receipt of such confirmations to the extent permitted by law. The Trustee will furnish the City periodic cash transaction statements which shall include detail for all investment transactions made by the Trustee hereunder.

(e) Trustee Standard of Care. Except as otherwise provided in Section 9.05 hereof, the Trustee shall not be responsible or liable for any consequences of any investment of funds or sale of such investment made by it in accordance with this Section or disposition made by it in accordance with Section 8.05(b) hereof.

Section 8.03 Crediting of Investments. Except as otherwise provided in this Trust Agreement, any income, profit or loss on the investment of moneys held by the Trustee hereunder shall be credited to the respective fund for which it is held.

Section 8.04 Accounting. The Trustee shall furnish to the City, not less than monthly, an accounting (which may be in the form of its regular statements) of all investments made by the Trustee and all funds and amounts held by the Trustee; provided, that the Trustee shall not be obligated to deliver an accounting for any fund or account that (i) has a balance of zero and (ii) has not had any activity since the last reporting date. The Trustee shall keep accurate records of all funds administered by it and of all Certificates paid and discharged.

Section 8.05 Valuation and Disposition of Investments.

(a) Valuation. Subject to the provisions of Section 8.08 hereof, for the purpose of determining the amount in any fund, all Permitted Investments (except investment agreements) credited to such fund shall be valued at the lower of the cost or the market price, exclusive of accrued interest. With respect to all funds and accounts, investments shall be valued by the Trustee not less often than annually nor more often than monthly. In making any such valuations, the Trustee may utilize, and conclusively rely upon such valuation services as may be available to the Trustee, including those within its regular accounting system.

(b) Disposition. Subject to the provisions of Section 8.08 hereof, the Trustee shall sell, or present for prepayment, any Permitted Investment so purchased by the Trustee whenever it shall be necessary in order to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund to which such Permitted Investment is credited.

Section 8.06 Commingling of Moneys in Funds. The Trustee may, and upon the written request of the City Representative shall, commingle any of the funds held by it pursuant to this Trust Agreement into a separate fund or funds for investment purposes only; provided, however, that all funds or accounts held by the Trustee hereunder shall be accounted for separately notwithstanding such commingling by the Trustee. The City shall ensure that any such commingling complies with Section 1.148-4 of the Treasury Regulations, and shall provide direction to the Trustee accordingly. In no event shall the Trustee have any duty or obligation, at any time and in any manner to monitor compliance with any governmental regulations relating to commingling of accounts.

Section 8.07 Tax Covenants.

(a) General. The City and the Corporation hereby covenant with the Owners of the Certificates that, notwithstanding any other provisions of this Trust Agreement, they shall not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion from gross income of the interest component evidenced by the Certificates under Section 103 of the Code. The City and the Corporation (to the extent that the Corporation may have control over the Project or the proceeds of the Certificates) shall not, directly or indirectly, use or permit the use of proceeds of the Certificates or the Project, or any portion thereof, by any person other than a governmental unit (as such term is used in Section 141 of the Code), in such manner or to such extent as would result in the loss of exclusion from gross income for federal income tax purposes of the interest components evidenced by the Certificates.

(b) Use of Proceeds. The City and the Corporation (to the extent that the Corporation may have control over the Project or the proceeds of the Certificates) shall not take any action, or fail to take any action, if any such action or failure to take action would cause the Lease Payments evidenced by the Certificates to be “private activity bonds” within the meaning of Section 141 of the Code, and in furtherance thereof, shall not make any use of the proceeds of the Certificates or the Project, or any portion thereof, or any other funds of the City, that would cause the Lease Payments evidenced by the Certificates to be “private activity bonds” within the meaning of Section 141 of the Code. To that end, so long as any Certificates evidencing Lease Payments are outstanding, the City and the Corporation, with respect to such proceeds and the Project, will comply with applicable requirements of the Code and all regulations of the United States Department of the Treasury issued thereunder and under Section 103 of the Code, to the extent such requirements are, at the time, applicable and in effect. The City shall establish reasonable procedures necessary to ensure continued compliance with Section 141 of the Code and the continued qualification of the Lease Payments evidenced by the Certificates as “governmental bonds.”

(c) Arbitrage. The City and the Corporation (to the extent that the Corporation may have control over the Project or the proceeds of the Certificates) shall not, directly or indirectly, use or permit the use of any proceeds of any Certificates, or of the Project, or other funds of the City, or take or omit to take any action, that would cause the Lease Payments evidenced by the Certificates to be “arbitrage bonds” within the meaning of Section 148 of the Code. To that end, the City and the Corporation shall comply with all requirements of Section 148 of the Code and all regulations of the United States Department of the Treasury issued thereunder to the extent such requirements are, at the time, in effect and applicable to the Lease Payments evidenced by the Certificates.

(d) Federal Guarantee. The City and the Corporation (to the extent that the Corporation may have control over the proceeds of the Certificates) shall not make any use of the proceeds of the Certificates or any other funds of the City, or take or omit to take any other action, that would cause the Lease Payments evidenced by the Certificates to be “federally guaranteed” within the meaning of Section 149(b) of the Code.

(e) Compliance with Tax Certificate. In furtherance of the foregoing tax covenants of this Section, the City covenants that it will comply with the provisions of the Tax Certificate, which is incorporated herein as if fully set forth herein. These covenants shall survive payment in full or defeasance of the Certificates.

Section 8.08 Rebate Fund.

(a) General. The Trustee shall establish a special fund designated the “City of Cupertino (2020 Certificates) Rebate Fund” (the “Rebate Fund”). Absent an opinion of Special Counsel that the exclusion from gross income for federal income tax purposes of the interest component evidenced by the Certificates will not be adversely affected, the City shall cause to be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to this Section and the Tax Certificate. All amounts at any time on deposit in the Rebate Fund shall be held by the Trustee in trust, to the extent required to satisfy the requirement to make rebate payments to the United States of America (the “Rebate Requirement”) pursuant to Section 148 of the Code and the Treasury Regulations promulgated thereunder (the “Treasury Regulations”). Such amounts shall be free and clear of any lien under this Trust Agreement and shall be governed by this Section and Section 8.07 hereof and by the Tax Certificate executed by the City. The Trustee shall be deemed conclusively to have complied with the Rebate Requirement and the Tax Certificate if it follows the

directions of the City, and shall have no independent responsibility to, or liability resulting from its failure to, enforce compliance by the City with the Rebate Requirement. The Trustee shall have no responsibility to independently make any calculation or determination or to review the City's calculations.

(b) Deposits.

(i) Within forty-five (45) days after the end of the fifth (5th) Certificate Year and each fifth (5th) Certificate Year thereafter, (1) the City shall calculate or cause to be calculated with respect to the Certificates the amount that would be considered the "rebate amount" within the meaning of Section 1.148-3 of the Treasury Regulations, and (2) the City shall transfer to the Trustee for deposit in the Rebate Fund, if and to the extent required, amounts sufficient to cause the balance in the Rebate Fund to be equal to the "rebate amount" so calculated.

(ii) The City shall not be required to deposit any amount to the Rebate Fund in accordance with preceding sentence if the amount on deposit in the Rebate Fund prior to the deposit required to be made under this subsection (b) equals or exceeds the "rebate amount" calculated in accordance with the preceding sentence. Such excess may be withdrawn from the Rebate Fund to the extent permitted under subsection (g) of this Section 8.08.

(iii) The City shall not be required to calculate the "rebate amount," and shall not be required to deposit any amount to the Rebate Fund in accordance with this subsection (b), with respect to all or a portion of the proceeds of the Certificates (including amounts treated as proceeds of the Certificates) (1) to the extent such proceeds satisfy the expenditure requirements of Section 148(f)(4)(B) or Section 148(f)(4)(C) of the Code or Section 1.148-7(d) of the Treasury Regulations, whichever is applicable, and otherwise qualify for the exception to the Rebate Requirement pursuant to whichever of said sections is applicable, (2) to the extent such proceeds are subject to an election by the City under Section 148(f)(4)(C)(vii) of the Code to pay a one and one-half percent (1½%) penalty in lieu of arbitrage rebate in the event any of the percentage expenditure requirements of Section 148(f)(4)(C) are not satisfied, or (3) to the extent such proceeds qualify for the exception to arbitrage rebate under Section 148(f)(4)(A)(ii) of the Code for amounts in a "bona fide debt service fund."

(c) Withdrawal Following Payment of Certificates. Any funds remaining in the Rebate Fund after the payment or prepayment of all the Certificates and any amounts described in paragraph (ii) of subsection (d) of this Section 8.08, or provision made therefor satisfactory to the Trustee, including accrued interest and payment of any applicable fees and expenses to the Trustee, shall be withdrawn by the Trustee and remitted to the City.

(d) Withdrawal for Payment of Rebate. Upon the City's written direction, but subject to the exceptions contained in subsection (b) of this Section 8.08 to the requirement to calculate the "rebate amount" and make deposits to the Rebate Fund, the Trustee shall pay to the United States of America, from amounts on deposit in the Rebate Fund,

(i) not later than sixty (60) days after the end of (1) the fifth (5th) Certificate Year, and (2) each fifth (5th) Certificate Year thereafter, an amount that, together with all previous rebate payments, is equal to at least ninety percent (90%) of the "rebate amount" calculated as of the end of such Certificate Year in accordance with Section 1.148-3 of the Treasury Regulations; and

(ii) not later than sixty (60) days after the payment of all Certificates, an amount equal to one hundred percent (100%) of the “rebate amount” calculated as of the date of such payment (and any income attributable to the “rebate amount” determined to be due and payable) in accordance with Section 1.148-3 of the Treasury Regulations.

(e) Rebate Payments. Each payment required to be made pursuant to subsection (d) of this Section 8.08 shall be made to the Internal Revenue Service Center, Ogden, Utah 84201, on or before the date on which such payment is due, and shall be accompanied by Internal Revenue Service Form 8038-T, which shall be completed by the arbitrage rebate consultant for execution by the City and provided to the Trustee.

(f) Deficiencies in the Rebate Fund. In the event that, prior to the time any payment is required to be made from the Rebate Fund, the amount in the Rebate Fund is not sufficient to make such payment when such payment is due, the City shall calculate the amount of such deficiency and direct the Trustee to deposit an amount received from the City equal to such deficiency into the Rebate Fund prior to the time such payment is due.

(g) Withdrawals of Excess Amounts. In the event that immediately following the calculation required by subsection (b) of this Section 8.08, but prior to any deposit made under said subsection, the amount on deposit in the Rebate Fund exceeds the “rebate amount” calculated in accordance with said subsection, upon written instructions from the City, the Trustee shall withdraw the excess from the Rebate Fund and credit such excess to the Lease Payment Fund.

(h) Record Keeping. The City shall retain records of all determinations made hereunder until six (6) years after the complete retirement of the Certificates.

(i) Survival after Defeasance. Notwithstanding anything in this Trust Agreement to the contrary, the Rebate Requirement shall survive the payment in full or defeasance of the Certificates.

ARTICLE IX

THE TRUSTEE

Section 9.01 Appointment of Trustee.

(a) Appointment. The Bank of New York Mellon Trust Company, N.A., a national banking association organized under the laws of the United States of America, is hereby appointed Trustee by the Corporation and the City.

(b) Qualifications. The Corporation and the City agree that they will maintain a Trustee having a corporate trust office in New York, New York, San Francisco, California, Santa Ana, California, or Los Angeles, California capable of exercising trust powers in the State of California, with a combined capital (exclusive of borrowed capital) and a surplus of at least Seventy-Five Million Dollars (\$75,000,000), or be a member of a bank holding company system, which shall have a combined capital and surplus of at least Seventy-Five Million Dollars (\$75,000,000), and subject to supervision or examination by federal or state authority, so long as any Certificates are Outstanding. If such bank, corporation or trust company publishes a report of condition at least annually pursuant to law or to the requirements of any supervising or examining authority above

referred to then for the purpose of this Section the combined capital and surplus of such bank, corporation or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

(c) Removal. So long as there is no Event of Default, the City may remove the Trustee initially appointed, and any successor thereto, and may appoint a successor or successors thereto.

(d) Resignation. The Trustee may, upon written notice to the City and the Corporation, resign; provided that such resignation shall not take effect until the successor Trustee is appointed as provided in this Section. Upon receiving such notice of resignation, the City shall promptly appoint a successor Trustee. In the event the City does not name a successor Trustee within thirty (30) days after receipt of notice of the Trustee's resignation, then the Trustee may petition a federal or state court to seek the immediate appointment of a successor Trustee and be reimbursed by the City for all costs incurred in connection therewith.

(e) Successor. Any successor Trustee shall be a bank, corporation or trust company meeting the qualifications as set forth in subsection (b) of this Section 9.01. Any resignation or removal of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee. Upon such acceptance, the successor Trustee shall mail notice thereof to the Owners at their respective addresses set forth on the Certificate registration books maintained pursuant to Section 2.08.

Section 9.02 Merger or Consolidation. Any company or banking association into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided that such company shall be eligible under Section 9.01 hereof, shall be the successor to the Trustee without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

Section 9.03 Protection of the Trustee.

(a) Reliance Upon Papers or Documents. The Trustee shall be protected and shall incur no liability in acting or proceeding in good faith upon any resolution, notice, telegram, facsimile, request, consent, direction, waiver, certificate, statement, affidavit, voucher, bond, requisition or other paper or document which it shall in good faith believe to be genuine and to have been passed or signed by the proper board or person or to have been prepared and furnished pursuant to any of the provisions of this Trust Agreement, and the Trustee shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument, but may, in the absence of bad faith on its part, accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements. In the event the Trustee shall make any investigation into the content of any such certifications, the Trustee shall not thereby be deemed to have expanded the scope of its duties.

(b) Reliance Upon Opinions of Counsel. The Trustee may consult with its counsel or counsel to the City with regard to legal questions and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith in accordance therewith. Before being required to take any action, the

Trustee may require an opinion of Independent Counsel acceptable to the Trustee which opinion shall be made available to the other parties hereto upon request, which counsel may be counsel to any of the parties hereto, or a verified certificate of any party hereto, or both, concerning the proposed action and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken by the Trustee in reliance thereon and the City shall promptly reimburse the Trustee for such costs.

(c) Reliance Upon Requested Certificates. Whenever in the administration of its duties under this Trust Agreement, the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed), in the absence of bad faith on its part, shall be deemed to be conclusively proved and established by the certificate of the City Representative or the Corporation Representative and such certificate shall be full warranty to the Trustee for any action taken or suffered under the provisions of this Trust Agreement in reliance thereon, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable, provided however that the duties and obligations of the Trustee shall not be deemed expanded thereby.

Section 9.04 Rights of the Trustee.

(a) Ownership of Certificates. The Trustee may become an Owner with the same rights it would have if it were not Trustee; may acquire and dispose of other bonds or evidence of indebtedness of the City with the same rights it would have if it were not the Trustee; and may act as a depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners, whether or not such committee shall represent the Owners of the majority in principal amount of the Certificates then Outstanding.

(b) Attorneys, Agents, Receivers. The Trustee may execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys, agents, or receivers, shall not be responsible for the actions or omissions of such attorneys, agents or receivers if appointed by it with reasonable care, and shall be entitled to advice of counsel concerning all matters of trust and its duty hereunder.

(c) Funds and Accounts. In addition to the funds and accounts established or required to be established pursuant to this Trust Agreement, the Trustee may establish such additional funds and accounts as it deems necessary or appropriate to perform its duties hereunder, and shall have the right to close such accounts in its discretion.

Section 9.05 Standard of Care. The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct. The Trustee shall only perform those duties specifically set forth herein and no implied duties, covenants or obligations whatsoever shall be read into this Trust Agreement. In the event of and during the continuance of an Event of Default, the Trustee shall exercise such care in performing its duties hereunder as a prudent person would exercise under the circumstances in the conduct of its own affairs. No action by the Trustee shall be construed or deemed to expand the limitations on the scope of the Trustee's duties. The Trustee shall not be considered in breach of or in default in its obligations hereunder in the event of a delay in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited

to, acts of God or of the public enemy or terrorists, acts of government, acts of the other party, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, earthquakes, explosion, mob violence, riot, inability to procure or general sabotage or rationing of labor, equipment, facilities, sources of energy, material or supplies in the open market, litigation or arbitration involving a party or others relating to zoning or other governmental action or inaction pertaining to the Leased Premises, malicious mischief, condemnation, and unusually severe weather or delays of suppliers or subcontractors due to such causes or any similar event and/or occurrences beyond the control of the Trustee.

Section 9.06 Compensation of the Trustee. As an Additional Payment under Section 4.11 of the Lease, the City shall, from time to time, pay such amounts as are specified in any written agreement with the City and, on demand, pay to the Trustee to the extent not covered by such agreement reasonable compensation for its services and the services of any accountants, consultants, attorneys and other experts as may be engaged by the Trustee to provide services under this Trust Agreement pursuant to a written agreement between the City and the Trustee. Further, in the event of a default hereunder, the City agrees that the Trustee's fees and costs shall be deemed to be a substantial contribution to the trust and bankruptcy estate, if applicable. The City's obligation hereunder shall remain valid and binding notwithstanding maturity and payment of the Certificates or resignation and removal of the Trustee.

Section 9.07 Indemnification of Trustee. The City shall, to the extent permitted by law, indemnify and save the Trustee and its officers, directors, agents, and employees harmless from and against (whether or not litigated) all claims, losses, costs, expenses, liability and damages, including legal fees and expenses, arising out of (i) the use, maintenance, condition or management of, or from any work or thing done on, the Leased Premises by the City, (ii) any breach or default on the part of the City in the performance of any of its obligations under this Trust Agreement and any other agreement made and entered into for purposes of the Leased Premises, (iii) any act of the City or of any of its agents, contractors, servants, employees or licensees with respect to the Leased Premises, (iv) any act of any assignee of, or purchaser from, the City or of any of its or their agents, contractors, servants, employees or licensees with respect to the Leased Premises, (v) the exercise and performance by the Trustee of its powers and duties hereunder or any related document, (vi) the sale of the Certificates and the carrying out of any of the transactions contemplated by the Certificates or this Trust Agreement, or (vii) any untrue statement or alleged untrue statement of any material fact or omission or alleged omission to state a material fact necessary to make the statements made in light of the circumstances in which they were made, not misleading in any official statement or other disclosure document utilized in connection with the sale of the Certificates. The indemnification set forth in this Section shall extend to the Trustee's officers, agents, employees, successors and assigns. No indemnification will be made under this Section or elsewhere in this Trust Agreement or other agreements for willful misconduct or negligence by the Trustee, its officers, agents, employees, successors or assigns. The City's obligations hereunder shall remain valid and binding notwithstanding maturity and payment of the Certificates, or the resignation or removal of the Trustee.

In accepting the trust hereby created, the Trustee acts solely as Trustee for the Owners and not in its individual capacity, and all persons, including, without limitation, the Owners, Corporation and the City, having any claim against the Trustee arising from the Trust Agreement shall look only to the funds and accounts held by the Trustee hereunder for payment, except as otherwise provided herein or where the Trustee has breached its standard of care as described in Section 9.05 hereof.

Under no circumstances shall the Trustee be liable in its individual capacity for the obligations evidenced by the Certificates.

No provision of this Trust Agreement shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties hereunder or in the exercise of any of its rights or powers.

The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of not less than a majority in aggregate principal amount of the Certificates at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee or in the exercise of any right hereunder. In the event of conflicting instructions hereunder, the Trustee shall have the right to decide the appropriate course of action and be protected in so doing.

The Trustee is authorized and directed to execute, in its capacity as Trustee, the Assignment Agreement.

Every provision of this Trust Agreement, the Lease, the Site Lease and the Assignment Agreement relating to the conduct or liability of the Trustee shall be subject to the provisions of this Trust Agreement, including without limitation, this Article IX.

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

The Trustee shall not to be deemed to have knowledge of any Event of Default hereunder or under the Lease unless it has actual knowledge thereof at its Principal Office.

Before taking any action under Article XIII or this Article at the request of the Owners, the Trustee may require that a satisfactory indemnity bond be furnished by the Owners for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or willful misconduct in connection with any action so taken.

Section 9.08 Trustee's Disclaimer of Warranties. THE TRUSTEE MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OR FITNESS FOR THE USE CONTEMPLATED BY THE CITY OF THE LEASED PREMISES, OR ANY PORTION THEREOF. THE CITY ACKNOWLEDGES THAT THE CITY IS LEASING THE LEASED PREMISES AS IS. In no event shall the Trustee be liable for incidental, indirect, special or consequential damages, in connection with or arising out of the Lease, the Site Lease, the Assignment Agreement or this Trust Agreement for the existence, furnishing, functioning or the City's use and possession of the Leased Premises.

ARTICLE X

MODIFICATION OR AMENDMENT OF AGREEMENTS

Section 10.01 Amendments Permitted.

(a) With Consent. This Trust Agreement and the rights and obligations of the Owners, and the Lease and the rights and obligations of the parties thereto, may be modified or amended at any time, with notice to any rating agency then rating the Certificates by a Supplemental Agreement or amendment thereto which shall become effective when the written consents of the Owners of a majority in aggregate principal amount of the Certificates then Outstanding, exclusive of Certificates disqualified as provided in Section 10.03 hereof, shall have been filed with the Trustee. No such modification or amendment shall:

(i) extend or have the effect of extending the maturity of any Certificate or reducing the fixed interest rate with respect thereto or extending the time of payment of interest, or reducing the amount of principal thereof or reducing any premium payable upon the prepayment thereof, without the express consent of the Owner of such Certificates being affected, or

(ii) reduce or have the effect of reducing the percentage of Certificates required for the affirmative vote or written consent to an amendment or modification of the Lease, or

(iii) modify any of the rights or obligations of the Trustee without its written assent thereto, or

(iv) amend this Section without the prior written consent of the Owners of all Certificates then outstanding.

The Trustee shall have the right to require such opinions of counsel as it deems necessary concerning (i) the lack of material adverse effect of the amendment on Owners and (ii) the fact that the amendment will not affect the tax status of interest with respect to the Certificates or any Additional Certificates. Any such Supplemental Agreement or amendments thereto shall become effective as provided in Section 10.02 hereof.

(b) Without Consent. This Trust Agreement and the rights and obligations of the Owners, and the Lease and the rights and obligations of the parties thereto, may be modified or amended at any time by a Supplemental Agreement or amendments thereto, without the consent of any such Owners, but only to the extent permitted by law and only:

(i) to add to the covenants and agreements of the City hereunder,

(ii) to cure, correct or supplement any ambiguous or defective provision contained herein or therein,

(iii) in regard to matters arising hereunder or thereunder, as the parties hereto or thereto may deem necessary or desirable (which may be based upon opinions as provided in Section 9.03(b) hereof), shall not materially adversely affect the interest of the Owners,

(iv) to substitute the Leased Premises, or release or substitute a portion of the Leased Premises, in accordance with Section 7.11 of the Lease,

(v) to make such additions, deletions or modifications as may be necessary or appropriate to assure the exclusion from gross income for federal income tax purposes of the interest component of Lease Payments and the interest payable with respect to the Certificates,

(vi) to add to the rights of the Trustee,

(vii) to provide for the execution and delivery of Additional Certificates in accordance with the provisions of Section 2.11 hereof.

No such modification or amendment, however, shall modify any of the rights or obligations of the Trustee without its written assent thereto. Any such Supplemental Agreement shall become effective upon execution and delivery by the parties hereto or thereto as the case may be.

The Trustee shall have the right to require such opinions of counsel as it deems necessary concerning (i) the lack of material adverse effect of the amendment on Owners and (ii) the fact that the amendment will not affect the tax status of interest with respect to the Certificates or any Additional Certificates. Any such Supplemental Agreement or amendments thereto shall become effective as provided in Section 10.02 hereof.

Section 10.02 Procedure for Amendment with Written Consent of the Owners. This Trust Agreement or the Lease may be amended by Supplemental Agreement as provided in this Section in the event the consent of the Owners is required pursuant to Section 10.01(a) hereof. A copy of the form of such Supplemental Agreement, together with a request to the Owners for their consent thereto, shall be mailed by the Trustee to each Owner of a Certificate at its address as set forth in the Certificate registration books maintained pursuant to Section 2.08 hereof, but failure to receive copies of such Supplemental Agreement and request so mailed shall not affect the validity of the Supplemental Agreement when assented to as in this Section provided.

Such Supplemental Agreement shall not become effective unless there shall be filed with the Trustee the written consent of the Owners of at least a majority in aggregate principal amount of the Certificates then Outstanding (exclusive of Certificates disqualified as provided in Section 10.03 hereof) and notices shall have been mailed as hereinafter in this Section provided. Any such consent shall be binding upon the Owner of the Certificate giving such consent and on any subsequent Owner (whether or not such subsequent Owner has notice thereof) unless such consent is revoked in writing by the Owner giving such consent or a subsequent Owner by filing such revocation with the Trustee prior to the date when the notice hereinafter in this Section provided for has been mailed.

After the Owners of the required percentage of Certificates shall have filed their consent to such Supplemental Agreement, the Trustee shall mail a notice to the Owners of the Certificates in the manner hereinbefore provided in this Section for the mailing of such Supplemental Agreement, stating in substance that such Supplemental Agreement has been consented to by the Owners of the required percentage of Certificates and will be effective as provided in this Section (but failure to mail copies of said notice shall not affect the validity of such Supplemental Agreement or consents thereto). A record, consisting of the papers required by this Section to be filed with the Trustee, shall be proof of the matters therein stated until the contrary is proved. The Trustee may obtain and conclusively rely on an opinion of counsel with regard to such matters.

Section 10.03 Disqualified Certificates. Certificates owned or held by or for the account of the City or the Corporation or by any person directly or indirectly controlled or controlled by, or

under direct or indirect common control with the City or the Corporation (except any Certificates held in any pension or retirement fund) shall not be deemed Outstanding for the purpose of any vote, consent, waiver or other action or any calculation of Outstanding Certificates provided for in this Trust Agreement, and shall not be entitled to vote upon, consent to, or take any other action provided for in this Trust Agreement.

The City or the Trustee may adopt appropriate regulations to require each Owner, before its consent provided for in this Article X shall be deemed effective, to reveal if the Certificates as to which such consent is given are disqualified as provided in this Section. Upon request of the Trustee, the City and the Corporation shall specify to the Trustee those Certificates disqualified pursuant to this Section and the Trustee may conclusively rely on such certificate.

Section 10.04 Effect of Supplemental Agreement. From and after the time any Supplemental Agreement becomes effective pursuant to this Article X, this Trust Agreement or the Lease, as the case may be, shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations of the parties hereto or thereto and all Owners of Certificates Outstanding, as the case may be, shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any Supplemental Agreement shall be deemed to be part of the terms and conditions of this Trust Agreement or the Lease, as the case may be, for any and all purposes.

Section 10.05 Endorsement or Replacement of Certificates Delivered After Amendments. The Trustee may determine that Certificates delivered after the effective date of any action taken as provided in this Article X shall bear a notation, by endorsement, in form approved by the Trustee, as to such action. In that case, upon demand of the Owner of any Outstanding Certificate at such effective date and presentation of its Certificate for such purpose at the Principal Office, a suitable notation shall be made on such Certificate. The Trustee may determine that new Certificates, so modified as in the opinion of the Trustee is necessary to conform to such Owner's action, shall be prepared, executed and delivered. In that case, upon demand of the Owner of any Certificate then Outstanding, such new Certificate shall be exchanged in the Principal Office without cost to such Owner, for a Certificate of the same character then Outstanding, upon surrender of such Certificate.

Section 10.06 Amendatory Endorsement of Certificates. Subject to Section 10.01 hereof, the provisions of this Article X shall not prevent an Owner from accepting any amendment as to the particular Certificates held by him, provided that due notification thereof is made on such Certificates.

Section 10.07 Copies of Amendments Delivered to Rating Agencies. Copies of any modifications or amendments to this Trust Agreement, the Lease, the Site Lease or the Assignment Agreement shall be delivered by the City to any rating agency then rating the Certificates at least ten (10) days prior to the effective date thereof.

ARTICLE XI

COVENANTS; NOTICES

Section 11.01 Compliance With and Enforcement of the Lease. The City covenants and agrees with the Owners to perform all obligations and duties imposed on it under the Lease. The

Corporation covenants and agrees with the Owners to perform all obligations and duties imposed on it under the Lease.

The City will not do or permit anything to be done, or omit or refrain from doing anything, in any case where any such act done or permitted to be done, or any such omission of or refraining from action, would or might be a ground for cancellation or termination of the Lease by the Corporation thereunder. The Corporation and the City, immediately upon receiving or giving any notice, communication or other document in any way relating to or affecting their respective estates, or either of them, in the Leased Premises, which may or can in any manner affect such estate of the City, will deliver the same, or a copy thereof, to the Trustee.

Section 11.02 Payment of Taxes. The City shall pay all taxes as provided in Section 7.7(b) of the Lease.

Section 11.03 Observance of Laws and Regulations. The City will well and truly keep, observe and perform all valid and lawful obligations or regulations now or hereafter imposed on it by contract, or prescribed by any law of the United States, or of the State, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of any and every right, privilege or franchise now owned or hereafter acquired by the City, including its right to exist and carry on business as a municipal corporation, to the end that such rights, privileges and franchises shall be maintained and preserved, and shall not become abandoned, forfeited or in any manner impaired.

Section 11.04 Prosecution and Defense of Suits. The City shall promptly, and also upon request of the Trustee or any Owner, from time to time take such action as may be necessary or proper to remedy or cure any defect in or cloud upon the title to the Leased Premises, whether now existing or hereafter developing and shall prosecute all such suits, actions and other proceedings as may be appropriate for such purpose.

Section 11.05 City Budgets. In accordance with Section 4.7 of the Lease, the City Representative shall certify to the Trustee on or before August 1 of each year that the City has included in its annual budget all Lease Payments (other than Lease Payments of advance rental) and Additional Payments (to the extent the amounts of such Additional Payments are known to the City at the time its annual budget is proposed) due under the Lease in the Fiscal Year covered by its annual budget, and the amount so included. If the City fails to certify that it has included all such Lease Payments and Additional Payments in such annual budget, the Trustee shall promptly provide the City written notice specifying that the City has failed to observe and perform its covenant and agreement in such Section 4.7 and requesting that such failure be remedied within thirty (30) days, or such failure shall constitute an Event of Default under Section 9.1(b) of the Lease. The Trustee shall forward a copy of such notice to the Corporation. Upon receipt of such notice, the City shall notify the Trustee in writing of the proceedings proposed to be taken by the City, and shall keep the Trustee advised in writing of all proceedings thereafter taken by the City.

Section 11.06 Further Assurances. The Corporation and the City will make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Trust Agreement, and for the better assuring and confirming unto the Owners the rights and benefits provided herein.

Section 11.07 Continuing Disclosure. The City hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Trust Agreement, failure of the City to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default hereunder; however, any Owner or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Section and the Continuing Disclosure Certificate.

ARTICLE XII

LIMITATION OF LIABILITY

Section 12.01 Limited Liability of the City. Except for the payment of Lease Payments, Additional Payments and Prepayments when due in accordance with the Lease and the performance of the other covenants and agreements of the City contained herein and in the Lease, the City shall have no obligation or liability to any of the other parties hereto or to the Owners with respect to this Trust Agreement or the terms, execution, delivery or transfer of the Certificates, or the distribution of Lease Payments to the Owners by the Trustee.

Section 12.02 No Liability of the City or Corporation for Trustee Performance. Except as expressly provided herein, neither the City nor the Corporation shall have any obligation or liability to any other parties hereto or to the Owners with respect to the performance by the Trustee of any duty imposed upon it under this Trust Agreement.

(a) No Investment Advice. The Trustee shall have no obligation or responsibility for providing information to the Owners concerning the investment character of the Certificates.

(b) Sufficiency of this Trust Agreement or Lease Payments. The Trustee makes no representations as to the validity or sufficiency of the Certificates, shall incur no responsibility or liability in respect thereof, other than in connection with the duties or obligations herein or in the Certificates assigned to or imposed upon it. The Trustee shall not be responsible or liable for the sufficiency or enforceability of the Lease, the Site Lease or the Assignment Agreement. The Trustee shall not be liable for the sufficiency or collection of any Lease Payments or other moneys required to be paid to it under the Lease (except as provided in this Trust Agreement), its right to receive moneys pursuant to said Lease, or the value of or title to the Leased Premises.

(c) Actions of Corporation and City. The Trustee shall have no obligation or liability to any of the other parties or the Owners with respect to this Trust Agreement or failure or refusal of any other party to perform any covenant or agreement made by any of them under this Trust Agreement or the Lease, but shall be responsible solely for the performance of the duties and obligations expressly imposed upon it hereunder as provided in Section 9.05 hereof.

(d) Recitals and Agreements of Corporation and City. The recitals of facts, covenants and agreements herein and in the Certificates contained shall be taken as statements, covenants and agreements of the City or the Corporation (as the case may be), and the Trustee assumes no responsibility for the correctness of the same.

Section 12.03 Limitation of Rights to Parties and Certificate Owners. Nothing in this Trust Agreement or in the Certificates expressed or implied is intended or shall be construed to give

any person other than the City, the Corporation, the Trustee and the Owners, any legal or equitable right, remedy or claim under or in respect of this Trust Agreement or any covenant, condition or provision hereof; and all such covenants, conditions and provisions are and shall be for the sole and exclusive benefit of the City, the Corporation, the Trustee and the Owners.

Section 12.04 No Liability of Corporation to the Owners. Except as expressly provided herein, the Corporation shall not have any obligation or liability to the Owners with respect to the payment when due of the Lease Payments by the City or with respect to the observance or performance by the City of the other agreements, conditions, and covenant imposed upon the City by the Lease or by this Trust Agreement.

ARTICLE XIII

EVENTS OF DEFAULT AND REMEDIES OF CERTIFICATE OWNERS

Section 13.01 Assignment of Rights. The parties hereto acknowledge that pursuant to the Assignment Agreement the Corporation has transferred, assigned and set over to the Trustee for the benefit of the Owners, certain of the Corporation's rights under the Lease.

Section 13.02 Events of Default.

(a) Remedies. If an Event of Default shall happen, then, and in each and every such case during the continuance of such Event of Default, the Trustee may exercise any and all remedies available pursuant to law or granted pursuant to the Lease; provided, however, that notwithstanding anything herein or in the Lease to the contrary, THERE SHALL BE NO RIGHT UNDER ANY CIRCUMSTANCES TO ACCELERATE THE MATURITIES OF THE CERTIFICATES OR OTHERWISE TO DECLARE ANY LEASE PAYMENTS NOT THEN IN DEFAULT TO BE IMMEDIATELY DUE AND PAYABLE. Section 9.2 of the Lease is hereby incorporated by reference.

(b) Actual Knowledge. The Trustee shall not be deemed to have knowledge of any Event of Default unless and until the trust officer responsible for the administration of this Trust Agreement shall have actual knowledge thereof, or shall have received written notice thereof at the Principal Office.

Section 13.03 Application of Funds. All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article XIII or of Article IX of the Lease, shall be deposited into the Lease Payment Fund and be applied by the Trustee after payment of all amounts due and payable under Sections 9.06 and 9.07 hereof and Section 4.11 of the Lease in the following order upon presentation of the Certificates, and the stamping thereon of the payment if only partially paid, or upon the surrender thereof if fully paid -

First, Costs and Expenses: to the payment of the costs, fees and expenses of the Trustee in declaring such Event of Default and in performing its duties and obligations hereunder, including reasonable compensation to its agents, attorneys and counsel and then to any such amounts incurred by the Owners;

Second, Interest: to the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installment, and, if the amount available shall

not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

Third, *Principal*: to the payment to the persons entitled thereto of the unpaid principal with respect to any Certificates which shall have become due, whether at maturity or by call for prepayment, in the order of their due dates, with interest on the overdue principal and interest at a rate equal to the rate paid with respect to the Certificates and, if the amount available shall not be sufficient to pay in full all the amounts due with respect to the Certificates on any date, together with such interest, then to the payment thereof ratably, according to the amounts of principal due on such date to the persons entitled thereto, without any discrimination or preference.

Section 13.04 Institution of Legal Proceedings. If one or more Events of Default shall happen and be continuing, the Trustee may, and upon the written request of the Owners of a majority in principal amount of the Certificates then Outstanding, and upon being indemnified to its satisfaction therefor, shall, proceed to protect or enforce its rights or the rights of the Owners by a suit in equity or action at law, either for the specific performance of any covenant or agreement contained herein or in the Lease, or in aid of the execution of any power herein granted, or by mandamus or other appropriate proceeding for the enforcement of any other legal or equitable remedy as the Trustee shall deem most effectual in support of any of its rights or duties hereunder; provided that such written request shall not be otherwise than in accordance with provisions of law and this Trust Agreement and that the Trustee shall have the right to decline to follow any such written request if the Trustee shall be advised by counsel that the action or proceeding so requested may not be taken lawfully or if the Trustee in good faith shall determine that the action or proceeding so requested would be unjustly prejudicial to the Certificate Owners not a party to such written request or expose the Trustee to liability. In no event shall counsel to the Trustee be deemed counsel to the Owners, and any communications between the Trustee and its counsel shall be deemed confidential and privileged.

Section 13.05 Non-Waiver. Nothing in this Article XIII or in any other provision of this Trust Agreement or in the Certificates shall affect or impair the obligation of the City to pay or prepay the Lease Payments as provided in the Lease. No delay or omission of the Trustee or of any Owner of any of the Certificates to exercise any right or power arising upon the happening of any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein, and every power and remedy given by this Article XIII to the Trustee or to the Owners may be exercised from time to time and as often as shall be deemed expedient by the Trustee or the Owners.

Section 13.06 Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee or to the Owners is intended to be exclusive of any other remedy, and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing, at law or in equity or by statute or otherwise.

Section 13.07 Power of Trustee to Control Proceedings. In the event that the Trustee, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties hereunder, whether upon its own discretion or upon the request of the Owners of a majority in principal amount of the Certificates then Outstanding, it shall have full power, in the exercise of its discretion for the best interest of the Owners of the Certificates, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of

such action; provided, however, that the Trustee shall not, unless there no longer continues an Event of Default, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of at least a majority in principal amount of the Outstanding Certificates hereunder opposing such discontinuance, withdrawal, compromise, settlement or other disposal of such litigation.

Section 13.08 Limitation on Certificate Owners' Right to Sue. No Owner of any Certificate executed hereunder shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon this Trust Agreement, unless (a) such Owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default under the Lease; (b) the Owners of a majority in aggregate principal amount of all the Certificates then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name; (c) said Owners shall have tendered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; (d) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee; and (e) there shall have been a default in the payment of such Owner's proportionate interest in the Lease Payments as the same become due.

Such notification, request, tender of indemnity, refusal or omission, and default are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of any remedy hereunder; it being understood and intended that no one or more Owners shall have any right in any manner whatever by its or their action to enforce any right under this Trust Agreement, except in the manner herein provided and for the equal benefit of all Owners of the Outstanding Certificates.

The right of any Owner of any Certificate to receive payment of said Owner's proportionate interest in the Lease Payments as the same become due, or to institute suit for the enforcement of such payment, shall not be impaired or affected without the consent of such Owner, notwithstanding the foregoing provisions of this Section or any other provision of this Trust Agreement.

ARTICLE XIV

MISCELLANEOUS

Section 14.01 Defeasance.

(a) Methods. If and when any Outstanding Certificates shall be paid and discharged in any one or more of the following ways:

(i) Payment or Prepayment: by well and truly paying or causing to be paid the principal, interest and prepayment premiums (if any) with respect to such Certificates Outstanding, as and when the same become due and payable;

(ii) Cash: if prior to maturity by depositing with the Trustee, in trust, concurrent with the giving of such notice, an amount of cash which (together with cash then on deposit in the Lease Payment Fund together with the interest to accrue thereon, in the event of payment or provision for payment of all Outstanding Certificates) is sufficient to pay such Certificates Outstanding, including all principal and interest and premium, if any; or

(iii) Government Obligations: by irrevocably depositing with the Trustee, in trust, Government Obligations together with cash, if required, in such amount as will, in the opinion of an independent certified public accountant, together with interest to accrue thereon (and, in the event of payment or provision for payment of all Outstanding Certificates, moneys then on deposit in the Lease Payment Fund together with the interest to accrue thereon), be fully sufficient to pay and discharge such Certificates (including all principal and interest represented thereby and prepayment premiums if any) at or before their maturity or prepayment date;

and all other amounts due hereunder have been paid in full, then, notwithstanding that any Certificates shall not have been surrendered for payment, all obligations of the Corporation, the Trustee and the City with respect to such Certificates shall cease and terminate, except only the obligation of the City and the Corporation to comply with the provisions of Sections 8.07 and 8.08 hereof and the obligation of the Trustee to pay or cause to be paid, from Lease Payments paid by or on behalf of the City from funds deposited pursuant to paragraphs (ii) and (iii) of this subsection (a), to the Owners of the Certificates not so surrendered and paid all sums due with respect thereto, and in the event of deposits pursuant to paragraphs (ii) and (iii) of this subsection (a), the Certificates shall continue to represent direct and proportionate interests of the Owners thereof in applicable Lease Payments under the Lease.

(b) Surplus Moneys. Any funds held by the Trustee, at the time of payment or provision for payment of all Outstanding Certificates pursuant to one of the procedures described in paragraphs (a)(i) through (a)(iii) of this Section 14.01, which are not required for the payment to be made to the Owners, shall be paid over to the City, after the payment of any amounts due to the Trustee pursuant to Sections 9.06 and 9.07 hereof and any other Additional Payments due under the Lease.

(c) Surviving Provisions. Notwithstanding the satisfaction and discharge hereof, the Trustee shall retain such rights, powers and privileges hereunder as may be necessary or convenient for the payment of the principal, interest and prepayment premium, if any, on the Certificates and for the registration, transfer and exchange of the Certificates.

(d) Opinions and Reports. Prior to any defeasance becoming effective under this Section, the City shall cause to be delivered (i) unless the defeasance is to be accomplished solely through a cash deposit, an executed copy of a report, addressed to the Trustee, the City, in form and substance acceptable to the City of a nationally recognized firm of certified public accountants, verifying that the Government Obligations and cash, if any, satisfy the requirements of subsection (a) of this Section 14.01, (ii) a copy of the escrow deposit agreement entered into or refunding instructions executed by the City in connection with such defeasance, and (iii) a copy of an opinion of Special Counsel, dated the date of such defeasance and addressed to the Trustee and the City, in form and substance acceptable to the City, to the effect that such Certificates are no longer Outstanding under the Trust Agreement.

Section 14.02 Non-Presentment of Certificates. In the event any Certificate shall not be presented for payment when the principal with respect thereto becomes due, either at maturity, or at the date fixed for prepayment thereof, if moneys sufficient to pay such Certificate shall have been deposited in the Prepayment Fund or Lease Payment Fund, as applicable, all liability of the City and the Trustee to the Owner thereof for payment of such Certificate shall forthwith cease, terminate and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such moneys, without liability for interest thereon, for the benefit of the Owner of such Certificate who shall

thereafter be restricted exclusively to such moneys, for any claim of whatever nature on its part under this Trust Agreement or on, or with respect to, said Certificate.

Any moneys so deposited with and held by the Trustee not so applied to the payment of Certificates within two (2) years after the date on which the same shall have become due shall be paid by the Trustee to the City, free from the trusts created by this Trust Agreement. Prior to forwarding any such moneys to the City, the Trustee may publish notice of its intention to transfer such funds in The Bond Buyer or another financial newspaper of general circulation in New York, New York. In addition, Trustee shall be indemnified from and against any and all liabilities to third parties resulting from its actions under this Section. Thereafter, Owners shall be entitled to look only to the City for payment, and then only to the extent of the amount so repaid by the Trustee. The City shall not be liable for any interest on the sums paid to it pursuant to this Section and shall not be regarded as a trustee or trustees of such money.

Section 14.03 Acquisition of Certificates by City. All Certificates acquired by the City, whether by purchase, gift or otherwise, shall be surrendered by the City to the Trustee for cancellation.

Section 14.04 Records. The Trustee shall keep complete and accurate records of all moneys received and disbursed by it under this Trust Agreement until four years after no Certificate is Outstanding (or such longer period as required by the Trustee's policies and procedures, or by applicable law), which shall be available for inspection by the City, the Corporation and any Owner, or the agent of any of them, at any time during regular business hours upon reasonable prior notice.

Section 14.05 Notices. Except as specifically provided otherwise in this Trust Agreement, all written notices to be given under this Trust Agreement shall be given by mail or personal delivery to the party entitled thereto at its address set forth below, or at such address as the party may provide to the other party in writing from time to time. Notice shall be deemed to have been received upon the earlier of actual receipt or five (5) Business Days after deposit in the United States mail, in certified form, postage prepaid or, in the case of personal delivery, upon delivery to the address set forth below:

If to the City: City of Cupertino
 10300 Torre Avenue
 Cupertino, California 95014
 Attention: City Manager

If to the Corporation: Cupertino Public Facilities Corporation
 10300 Torre Avenue
 Cupertino, California 95014
 Attention: [Treasurer]

If to the Trustee: The Bank of New York Mellon Trust Company, N.A.
 400 South Hope Street, Suite 500
 Los Angeles, California 90071
 Attention: Corporate Trust Department
 Ref: City of Cupertino 2020A Certificates of Participation

If to S&P: S&P Global Ratings
55 Water Street
New York, New York 10004
Attention: Public Finance Department

Section 14.06 Governing Law. This Trust Agreement shall be construed and governed in accordance with the laws of the State.

Section 14.07 Binding Effect: Successors. This Trust Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns. Whenever in this Trust Agreement either the Corporation, the City or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof and all the covenants and agreements in this Trust Agreement contained by or on behalf of the Corporation, the City or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 14.08 Execution in Counterparts. This Trust Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same agreement.

Section 14.09 Headings. The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Trust Agreement. All references herein to “Articles”, “Sections” and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Trust Agreement; and the words “herein,” “hereof,” “hereunder” and other words of similar import refer to this Trust Agreement as a whole and not to any particular Article, Section or subdivision hereof.

Section 14.10 Waiver of Notice. Whenever in this Trust Agreement the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice and in any case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 14.11 Separability of Invalid Provisions. In case any one or more of the provisions contained in this Trust Agreement or in the Certificates shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such invalidity, illegality or unenforceability shall not affect any other provision of this Trust Agreement, and this Trust Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The parties hereto hereby declare that they would have entered into this Trust Agreement and each and every other section, paragraph, sentence, clause or phrase hereof and authorized the delivery of the Certificates pursuant thereto irrespective of the fact that any one or more sections, paragraphs, sentences, clauses or phrases of this Trust Agreement may be held illegal, invalid or unenforceable.

IN WITNESS WHEREOF, the parties have executed this Trust Agreement as of the date and year first above written.

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., as Trustee

By: _____
Authorized Officer

CUPERTINO PUBLIC FACILITIES
CORPORATION

By: _____
Steven Scharf,
President

ATTEST:

Secretary

CITY OF CUPERTINO

By: _____
Steven Scharf,
Mayor

ATTEST:

City Clerk

EXHIBIT A

FORM OF 2020A CERTIFICATE

R-____

\$_____

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AS DEFINED IN THE TRUST AGREEMENT) TO THE TRUSTEE FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

**UNITED STATES OF AMERICA
STATE OF CALIFORNIA
COUNTY OF SANTA CLARA**

**CITY OF CUPERTINO
2020A CERTIFICATE OF PARTICIPATION**

**Evidencing the Fractional Interest of the Owner Hereof
In Lease Payments to be Made by the
CITY OF CUPERTINO
As Rental for Certain Leased Premises
Pursuant to a Lease Agreement with the
CUPERTINO PUBLIC FACILITIES CORPORATION**

INTEREST RATE	MATURITY DATE	DELIVERY DATE	CUSIP
_____%	_____	October __, 2020	_____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ AND NO/100 DOLLARS

THIS IS TO CERTIFY THAT the registered owner named above, or registered assigns, as the Registered Owner of this Certificate of Participation (the "Certificate") is the owner of a fractional and undivided interest in the right to receive certain Lease Payments thereof under and as defined in that certain Lease Agreement dated as of October 1, 2020 (the "Lease"), by and between the Cupertino Public Facilities Corporation, a nonprofit public benefit corporation duly organized and existing under the laws of the State of California (the "Corporation") and the City of Cupertino, a municipal corporation and a general law city organized and existing under and by virtue of the laws and Constitution of the State of California (the "City"), which Lease Payments and certain other

rights and interests under the Lease have been assigned to The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee").

The Registered Owner of this Certificate is entitled to receive, subject to the terms of the Lease, on the maturity date specified above, the principal amount specified above, representing a portion of the Lease Payments designated as principal coming due during the preceding twelve months, and to receive on June 1 and December 1 of each year (the "Payment Dates") until payment in full of said portion of principal, the Registered Owner's portion of the Lease Payments designated as interest coming due during the six months immediately preceding each of the Payment Dates provided that interest with respect hereto shall be payable from the Payment Date next preceding the date of execution of this Certificate unless (i) this Certificate is executed during the period from the day after the fifteenth day of the month preceding a Payment Date (the "Record Date") to and including such Payment Date, in which event interest shall be payable from such Payment Date, or (ii) unless this Certificate is executed on or prior to November 15, 2020, in which event interest shall be payable from the Delivery Date hereof. The portion of the Lease Payments designated as interest is computed on the basis of a 360-day year of twelve 30-day months and is the result of the multiplication of the aforesaid portion of the Lease Payments designated as principal by the rate per annum identified above. Said amounts are payable in lawful money of the United States of America. The amount representing principal payable at maturity or upon prepayment in whole or in part is payable to the Registered Owner upon presentation and surrender of this Certificate at the Principal Office. The amounts representing interest are payable by check mailed by the Trustee by first class mail to the Registered Owner hereof as of the Record Date preceding the Payment Date at its address as it appears on the registration books of the Trustee. Interest with respect to any Certificates may, at the option of any Owner of Certificates in an aggregate principal amount of \$1,000,000 or more evidenced by the written request of such Owner to the Trustee, be paid to such Owner by wire transfer to the bank and account number on file with the Trustee as of the Record Date.

This Certificate is one of the \$_____ aggregate principal amount of 2020A Certificates of Participation (the "Certificates") which have been executed and delivered by the Trustee pursuant to the terms of a Trust Agreement dated as of October 1, 2020 (the "Trust Agreement"), by and among the Trustee, the Corporation and the City. The City is authorized to enter into the Lease and the Trust Agreement under the Constitution and laws of the State of California. Reference is hereby made to the Lease and the Trust Agreement (copies of which are on file at the Principal Office) for a description of the terms on which the Certificates are delivered, the rights thereunder of the Registered Owners of the Certificates, the rights, duties and immunities of the Trustee and the rights and obligations of the City under the Lease, to all of the provisions of which Lease and Trust Agreement the Registered Owner of this Certificate, by acceptance hereof, assents and agrees.

The City is obligated to pay Lease Payments from any source of legally available funds, and the City has covenanted in the Lease to make the necessary annual appropriations therefor. The obligation of the City to pay the Lease Payments does not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. The obligation of the City to pay Lease Payments does not constitute a debt of the City, the State of California or any of its political subdivisions within the meaning of any Constitutional or statutory debt limitation or restriction. The City's obligation to pay Lease Payments may be completely or partially abated during any period in which, by reason of material damage, destruction, title defect, or taking by eminent domain or condemnation there is substantial interference with the use and right of possession by the City of the Leased Premises. Failure of the

City to pay Lease Payments during any such period shall not constitute a default under the Lease, the Trust Agreement or this Certificate.

To the extent and in the manner permitted by the terms of the Trust Agreement, the provisions of the Trust Agreement may be amended by the parties thereto with the written consent of the Registered Owners of at least a majority in aggregate principal amount of the Certificates then Outstanding, and may be amended, without such consent of the Registered Owners under certain circumstances. No such modification or amendment shall (i) extend or have the effect of extending the maturity of any Certificate or reducing the interest rate with respect thereto or extending the time of payment of interest, or reducing the amount of principal thereof or reducing any premium payable upon the prepayment thereof, without the express consent of the Registered Owner of such Certificate being affected, or (ii) reduce or have the effect of reducing the percentage of Certificates required for the affirmative vote or written consent to an amendment or modification of the Lease, (iii) modify any of the rights or obligations of the Trustee without its written assent thereto, or (iv) amend the section of the Trust Agreement dealing with permitted amendments thereof without the prior written consent of the owners of all Certificates.

This Certificate is transferable by the Registered Owner hereof, in person or by its duly authorized attorney, at the Principal Office, but only in the manner, subject to the limitations and upon payment of the charges provided in the Trust Agreement and upon surrender and cancellation of this Certificate. Upon such transfer a new Certificate or Certificates, of an authorized denomination or denominations, for the same aggregate principal amount, maturity and interest rate, will be delivered to the transferee. This Certificate also may be exchanged for a like aggregate principal amount of Certificates of other authorized denominations as prescribed in the Trust Agreement. The City, the Corporation, and the Trustee may treat the Registered Owner hereof as the absolute owner hereof for all purposes whether or not this Certificate shall be overdue, and the City, the Corporation and the Trustee shall not be affected by any notice to the contrary.

The Trustee shall not be required to transfer any Certificate selected for prepayment or be required to transfer any Certificate during the period in which the Trustee is selecting Certificates for prepayment or after notice of prepayment has been given in accordance with the Trust Agreement.

The Certificates are subject to prepayment, on any date, in whole or in part, from Net Proceeds deposited by the Trustee in the Prepayment Fund established under the Trust Agreement at least forty-five (45) days prior to the date fixed for prepayment, at a prepayment price equal to the principal amount thereof together with accrued interest to the date fixed for prepayment, without premium.

In the event that Net Proceeds are to be applied to the prepayment of Certificates when Certificates and Additional Certificates, if any, are Outstanding, the Net Proceeds will be applied to prepay a proportionate amount of Certificates and Additional Certificates based on the Outstanding principal amount and by lot within any maturity.

The Certificates are not subject to optional or mandatory prepayment prior to maturity.

As provided in the Trust Agreement, notice of prepayment shall be mailed, not less than 20 nor more than 60 days before the prepayment date, to the Registered Owner of this Certificate, but neither failure to receive such notice nor any defect in the notice so mailed shall affect the sufficiency of the proceedings for prepayment. If this Certificate is called for prepayment and payment is duly

provided therefor as specified in the Trust Agreement, interest shall cease to accrue with respect hereto from and after the date fixed for prepayment.

The City has certified that all acts, conditions and things required by the statutes of the State of California and the Trust Agreement to exist, to have happened and to have been performed precedent to and in connection with the execution and delivery of this Certificate do exist, have happened and have been performed in regular and due time, form and manner as required by law, and that the Trustee is duly authorized to execute and deliver this Certificate, and that the amount of this Certificate, together with all other Certificates executed and delivered under the Trust Agreement, is not in excess of the amount of Certificates authorized to be executed and delivered thereunder.

Terms used herein which are not otherwise defined shall have the respective meanings assigned thereto in the Trust Agreement.

The Trustee has no obligation or liability to the Registered Owners to make payments of principal or interest with respect to this Certificate except from Lease Payments paid to the Trustee and from the various funds and accounts established under the Trust Agreement. The Trust Agreement provides that the recitals of facts, covenants and agreements in this Certificate shall be taken as statements, covenants and agreements of the City, and the Trustee assumes no responsibility for the correctness of the same. The Trustee has executed this Certificate solely in its capacity as Trustee under the Trust Agreement and not in its individual or personal capacity.

IN WITNESS WHEREOF, this Certificate has been executed and delivered by the Trustee, acting pursuant to the Trust Agreement.

Date of Execution: _____

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., as Trustee

By: _____
Authorized Officer

[FORM OF ASSIGNMENT]

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

(print or typewrite name, address, including postal zip code, and social security or other identifying number of Transferee)

the within Certificate and all rights thereunder, and hereby irrevocably constitutes and appoints _____ to transfer the within Certificate on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed

NOTICE: Signature(s) guarantee should be made by a guarantor institution participating in the Securities Transfer Agents Medallion Program or such other guarantee program acceptable to the Trustee.

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within Certificate in every particular, without alteration or enlargement or any change whatever.

EXHIBIT B

FORM OF DELIVERY COST REQUISITION

The Bank of New York Mellon Trust Company, N.A., as Trustee

RE: Disbursement from the Delivery Cost Fund pursuant to Section 3.02 of the Trust Agreement related to the City of Cupertino 2020A Certificates of Participation, dated as of October 1, 2020 (the "Agreement"), by and among you, as trustee, the Cupertino Public Facilities Corporation and the City of Cupertino (the "City")

REQUISITION NO. _____

You are hereby instructed to pay to the City, or to _____ at _____ \$_____ as a Delivery Cost from the Delivery Cost Fund as provided in Section 3.02 of the Agreement. This Delivery Cost has been properly incurred, is a proper charge against the Delivery Cost Fund and has not been the basis of any previous disbursements.

The amount remaining in the Delivery Cost Fund, together with interest earnings on the Delivery Cost Fund plus investment earnings on other funds that will be transferred into the Delivery Cost Fund, will, after payment of the amount set forth in this requisition, be sufficient to pay all remaining Delivery Costs as presently estimated.

Very truly yours,

City Representative

2012A CERTIFICATES ESCROW AGREEMENT

This 2012A CERTIFICATES ESCROW AGREEMENT, dated as of October 1, 2020 (the “2012A Escrow Agreement”), by and between the City of Cupertino, a municipal corporation and general law city duly organized and existing under and by virtue of the laws of the State of California (the “City”) and The Bank of New York Mellon Trust Company, N.A., Los Angeles, California, as escrow agent (the “Escrow Agent”), is entered into in accordance with the Trust Agreement, dated as of May 1, 2012, (the “2012 Trust Agreement”), by and among the City, the Cupertino Public Facilities Corporation (the “Corporation”) and The Bank of New York Mellon Trust Company, N.A., as trustee (the “2012 Trustee”) to prepay all of the City’s outstanding Certificates of Participation 2012A (2012 Refinancing Project) (the “2012A Certificates”).

WITNESSETH:

WHEREAS, the City previously authorized the execution and delivery of the 2012A Certificates pursuant to the 2012 Trust Agreement; and

WHEREAS, the City has determined that a portion of the proceeds of the \$_____ City of Cupertino 2020A Certificates of Participation (the “2020 Certificates”), executed and delivered pursuant to a Trust Agreement, dated as of October 1, 2020 (the “2020 Trust Agreement”), by and among the Corporation, the City, and the 2012 Trustee, as trustee (the “Trustee”), will be deposited with the Escrow Agent and used to provide the funds to pay all outstanding principal and accrued interest with respect to the 2012A Certificates, without premium (the “Prepayment Price”), on November __, 2020 (the “Prepayment Date”); and

WHEREAS, by irrevocably depositing with the Escrow Agent cash and securities satisfying the criteria set forth in Section 14.01 of the 2012 Trust Agreement (the “Government Obligations”) in such amount as _____ (the “Verification Agent”) has determined will, together with other moneys then on deposit in certain funds existing under the 2012 Trust Agreement available therefor, together with interest to accrue thereon, be fully sufficient to prepay and discharge the 2012A Certificates, including the Prepayment Price of all outstanding 2012A Certificates;

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained, the City and the Escrow Agent agree as follows:

Section 1. Deposit of Moneys. The City hereby instructs the Escrow Agent to deposit \$_____ received from the Trustee from the net proceeds of the sale of the 2020 Certificates and \$_____ received from the 2012 Trustee from the [Lease Payment Fund and the Reserve Fund] and other funds and accounts maintained under the 2012 Trust Agreement in the “Escrow Fund” hereby created and established hereunder. The Escrow Agent shall hold all such amounts in irrevocable escrow separate and apart from other funds of the City and to be applied solely as provided in this 2012A Escrow Agreement. The City hereby instructs the Escrow Agent to hold the amounts deposited to the Escrow Fund uninvested as cash.

Section 2. Payment of 2012A Certificates.

(a) Payment. From the moneys on deposit in the Escrow Fund, the Escrow Agent shall pay on the Prepayment Date the Prepayment Price of the 2012A Certificates. Upon the

complete prepayment of the 2012A Certificates, the Escrow Agent shall close the Escrow Fund and transfer any remaining proceeds therein to the City.

(b) Irrevocable Instructions to Provide Notice. Pursuant to instructions previously provided by the City, the Trustee mailed a conditional notice of full optional prepayment of the 2012A Certificates on _____, 2020 as required pursuant to Section 4.05 of the 2012 Trust Agreement, in the form attached hereto as Exhibit B. The notice of defeasance required to be mailed pursuant to Section 14.01 of the 2012 Trust Agreement is substantially in the form attached hereto as Exhibit A. The City hereby irrevocably instructs the Escrow Agent to mail a notice of defeasance of the 2012A Certificates in the form attached hereto as Exhibit A.

(c) Unclaimed Moneys. Any moneys which remain unclaimed for two years after the Prepayment Date shall be repaid by the Escrow Agent to the City.

(d) Priority of Payments. The owners of the 2012A Certificates shall have a first and exclusive lien on all moneys and securities in the Escrow Fund until such moneys and securities are used and applied as provided in this 2012A Escrow Agreement.

(e) Termination of Obligation. As provided in the 2012 Trust Agreement, upon deposit of moneys with the Escrow Agent in the Escrow Fund as set forth in Section 1 hereof, all obligations of the City under the 2012 Trust Agreement with respect to the 2012A Certificates shall cease, terminate and become void except as set forth in the 2012 Trust Agreement. As provided in Section 10.3 of the Lease Agreement, dated as of May 1, 2012 (the "2012 Lease Agreement"), by and between the City and the Corporation, the obligations of the City under the 2012 Lease Agreement with respect to the Lease Payments (as defined therein) relating to the 2012A Certificates shall cease, terminate, become void and be completely discharged and satisfied (except for the rights of the 2012 Trustee and the obligation of the City to have the moneys on deposit in the Escrow Fund applied to the Lease Payments).

Section 3. Application of Certain Terms of the 2012 Trust Agreement. All of the terms of the 2012 Trust Agreement relating to the making of payments of principal and interest with respect to the 2012A Certificates and relating to the exchange or transfer of the 2012A Certificates are incorporated in this 2012A Escrow Agreement as if set forth in full herein. The procedures set forth in Article IX of the 2012 Trust Agreement relating to the resignation and removal and merger of the 2012 Trustee under the 2012 Trust Agreement are also incorporated in this 2012A Escrow Agreement as if set forth in full herein and shall be the procedures to be followed with respect to any resignation or removal of the Escrow Agent hereunder.

Section 4. Performance of Duties. The Escrow Agent agrees to perform only the duties set forth herein and shall have no responsibility to take any action or omit to take any action not set forth herein.

Section 5. Escrow Agent's Authority to Make Investments. Except as provided in Section 2, the Escrow Agent shall have no power or duty to invest any funds held under this 2012A Escrow Agreement or to sell, transfer or otherwise dispose of the moneys or Government Obligations held hereunder.

Section 6. Indemnity. The City hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated) to indemnify, protect,

save and keep harmless the Escrow Agent and its successors, assigns, agents, employees and servants, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including reasonable legal fees and disbursements) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, the Escrow Agent at any time (whether or not also indemnified against the same by the City or any other person under any other agreement or instrument, but without double indemnity) in any way relating to or arising out of the execution, delivery and performance of this 2012A Escrow Agreement, the establishment hereunder of the Escrow Fund, the acceptance of the funds and securities deposited therein, the retention of the proceeds thereof and any payment, transfer or other application of moneys or securities by the Escrow Agent in accordance with the provisions of this 2012A Escrow Agreement; provided, however, that the City shall not be required to indemnify the Escrow Agent against the Escrow Agent's own negligence or willful misconduct or the negligence or willful misconduct of the Escrow Agent's respective employees or the willful breach by the Escrow Agent of the terms of this 2012A Escrow Agreement. In no event shall the City or the Escrow Agent be liable to any person by reason of the transactions contemplated hereby other than to each other as set forth in this Section. The indemnities contained in this Section shall survive the termination of this 2012A Escrow Agreement.

Section 7. Responsibilities of Escrow Agent. The Escrow Agent and its agents and servants shall not be held to any personal liability whatsoever, in tort, contract, or otherwise, in connection with the execution and delivery of this 2012A Escrow Agreement, the establishment of the Escrow Fund, the acceptance of the moneys or securities deposited therein, the retention of the Government Obligations or the proceeds thereof, the sufficiency of the Government Obligations on deposit in the Escrow Fund to pay or prepay the 2012A Certificates, as the case may be, or any payment, transfer or other application of moneys or obligations by the Escrow Agent in accordance with the provisions of this 2012A Escrow Agreement or by reason of any non-negligent act, non-negligent omission or non-negligent error of the Escrow Agent made in good faith in the conduct of its duties. The recitals of fact contained in the "Whereas" clauses herein shall be taken as the statements of the City, and the Escrow Agent assumes no responsibility for the correctness thereof. The Escrow Agent makes no representation as to the sufficiency of the proceeds to accomplish the refunding of the 2012A Certificates or to the validity of this 2012A Escrow Agreement as to the City and, except as otherwise provided herein, the Escrow Agent shall incur no liability in respect thereof. The Escrow Agent shall not be liable in connection with the performance of its duties under this 2012A Escrow Agreement except for its own negligence, willful misconduct or default, and the duties and obligations of the Escrow Agent shall be determined by the express provisions of this 2012A Escrow Agreement. The Escrow Agent may consult with counsel, who may or may not be counsel to the City, and in reliance upon the written opinion of such counsel shall have full and complete authorization and protection in respect of any action taken, suffered or omitted by it in good faith in accordance therewith. Whenever the Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering, or omitting any action under this 2012A Escrow Agreement, such matter may be deemed to be conclusively established by a certificate signed by an officer of the City.

The liability of the Escrow Agent to make the payments required by this 2012A Escrow Agreement shall be limited to the moneys in the Escrow Fund.

No provision of this 2012A Escrow Agreement shall require the Escrow Agent to expend or risk its own funds or otherwise incur any financial liability in the performance or exercise of any of its duties hereunder, or in the exercise of its rights or powers.

The Escrow Agent shall not be liable for the accuracy of any calculations provided herein.

Any company into which the Escrow Agent may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Escrow Agent may sell or transfer all or substantially all of its corporate trust business shall be the successor to the Escrow Agent without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

The City shall pay the Escrow Agent full compensation for its duties under this 2012A Escrow Agreement, including out-of-pocket costs such as publication costs, redemption expenses, legal fees and other costs and expenses relating hereto. Under no circumstances shall amounts deposited in the Escrow Fund be deemed to be available for said purposes.

The Escrow Agent may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys, custodians or nominees appointed with due care, and shall not be responsible for any willful misconduct or negligence on the part of any agent, attorney, custodian or nominee so appointed.

The Escrow Agent may conclusively rely and shall be fully protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, approval or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Escrow Agent may consult with counsel and the advice or any opinion of counsel shall be full and complete authorization and protection in respect of any action taken or omitted by it hereunder in good faith and in accordance with such advice or opinion of counsel.

The Escrow Agent shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to this 2012A Escrow Agreement and delivered using Electronic Means. ("Electronic Means" shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Escrow Agent, or another method or system specified by the Escrow Agent as available for use in connection with its services hereunder). The City shall provide to the Escrow Agent an incumbency certificate listing officers with the authority to provide such Instructions ("Authorized Officers") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the City whenever a person is to be added or deleted from the listing. If the City elects to give the Escrow Agent Instructions using Electronic Means and the Escrow Agent in its discretion elects to act upon such Instructions, the Escrow Agent's understanding of such Instructions shall be deemed controlling. The City understands and agrees that the Escrow Agent cannot determine the identity of the actual sender of such Instructions and that the Escrow Agent shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Escrow Agent have been sent by such Authorized Officer. The City shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Escrow Agent and that the City and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the City. The Escrow Agent shall not be liable for any losses, costs or expenses arising directly or indirectly from the Escrow Agent's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The City agrees: (i) to assume all risks arising out of the use of Electronic Means to submit

Instructions to the Escrow Agent, including without limitation the risk of the Escrow Agent acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Escrow Agent and that there may be more secure methods of transmitting Instructions than the method(s) selected by the City; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Escrow Agent immediately upon learning of any compromise or unauthorized use of the security procedures.

The Escrow Agent shall furnish the City with periodic cash transaction statements that include detail for all investment transactions effected by the Escrow Agent or brokers selected by the City. Upon the City's election, such statements will be delivered via the Escrow Agent's online service and upon electing such service, paper statements will be provided only upon request. The City waives the right to receive brokerage confirmations of security transactions effected by the Escrow Agent as they occur, to the extent permitted by law. The City further understands that trade confirmations for securities transactions effected by the Escrow Agent will be available upon request and at no additional cost and other trade confirmations may be obtained from the applicable broker.

Section 8. Amendments. This 2012A Escrow Agreement is made for the benefit of the City and the owners from time to time of the 2012A Certificates and it shall not be repealed, revoked, altered or amended without the written consent of all such owners, the Escrow Agent and the City; provided, however, that the City and the Escrow Agent may, without the consent of, or notice to, such owners, amend this 2012A Escrow Agreement or enter into such agreements supplemental to this 2012A Escrow Agreement as shall not adversely affect the rights of such owners and as shall not be inconsistent with the terms and provisions of this 2012A Escrow Agreement, the Law (as defined in the 2012 Lease Agreement), or the 2012 Trust Agreement, for any one or more of the following purposes: (i) to cure any ambiguity or formal defect or omission in this 2012A Escrow Agreement; (ii) to grant to, or confer upon, the Escrow Agent for the benefit of the owners of the 2012A Certificates, any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such owners or the Escrow Agent; and (iii) to include under this 2012A Escrow Agreement additional funds. The Escrow Agent shall be entitled to rely conclusively upon an unqualified opinion of Stradling Yocca Carlson & Rauth, A Professional Corporation, with respect to compliance with this Section, including the extent, if any, to which any change, modification, addition or elimination affects the rights of the owners of the various 2012A Certificates or that any instrument executed hereunder complies with the conditions and provisions of this Section.

Section 9. Notice to Rating Agencies. In the event that this 2012A Escrow Agreement or any provision thereof is severed, amended or revoked the Escrow Agent shall provide written notice of such severance, amendment or revocation to the rating agencies then rating the 2012A Certificates.

Section 10. Term. This 2012A Escrow Agreement shall commence upon its execution and delivery and shall terminate on the later to occur of either: (i) the date upon which the 2012A Certificates have been paid in accordance with this 2012A Escrow Agreement; or (ii) the date upon which no unclaimed moneys remain on deposit with the Escrow Agent pursuant to Section 2(c) of this 2012A Escrow Agreement.

Section 11. Compensation. The Escrow Agent shall receive its reasonable fees and expenses as previously agreed to by the Escrow Agent and the City and any other reasonable fees and

expenses of the Escrow Agent approved by the City; provided, however, that under no circumstances shall the Escrow Agent be entitled to any lien or assert any lien whatsoever on any moneys or obligations in the Escrow Fund for the payment of fees and expenses for services rendered or expenses incurred by the Escrow Agent under this 2012A Escrow Agreement.

Section 12. Severability. If any one or more of the covenants or agreements provided in this 2012A Escrow Agreement on the part of the City or the Escrow Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenants or agreements shall be null and void and shall be deemed separate from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this 2012A Escrow Agreement.

Section 13. Counterparts. This 2012A Escrow Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as an original but all of which shall constitute and be but one and the same instrument.

Section 14. Governing Law. THIS 2012A ESCROW AGREEMENT SHALL BE CONSTRUED UNDER THE LAWS OF THE STATE OF CALIFORNIA.

Section 15. Insufficient Funds. If at any time the Escrow Agent has actual knowledge that the moneys and securities in the Escrow Fund, including the anticipated proceeds of and earnings thereon, will not be sufficient to make all payments required by this 2012A Escrow Agreement, the Escrow Agent shall notify the City in writing, of the amount thereof and the reason therefor to the extent known to it. The Escrow Agent shall have no responsibility regarding any such deficiency.

Section 16. Notice to City and Escrow Agent. Any notice to or demand upon the Escrow Agent may be served or presented, and such demand may be made, at the principal corporate trust office of the Escrow Agent at 400 South Hope Street, Suite 500, Los Angeles, California 90071, Attention: Corporate Trust. Any notice to or demand upon the City shall be deemed to have been sufficiently given or served for all purposes by being mailed by registered or certified mail, and deposited, postage prepaid, in a post office letter box, addressed to the City at 10300 Torre Avenue, Cupertino, California 95014, Attention: City Manager (or such other address as may have been filed in writing by the City with the Escrow Agent).

IN WITNESS WHEREOF, the parties hereto have caused this 2012A Escrow Agreement to be executed by their duly authorized officers and attested as of the date first above written.

CITY OF CUPERTINO

By: _____
Steven Scharf
Mayor

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., as Escrow Agent and 2012
Trustee

By: _____
Authorized Officer

EXHIBIT A

NOTICE OF DEFEASANCE

CERTIFICATES OF PARTICIPATION 2012A
(2012 Refinancing Project)
Evidencing Direct, Undivided Fractional Interests of
the Owners Thereof in Lease Payments to be Made by the
CITY OF CUPERTINO
(Santa Clara County, California)
As the Rental for Certain Property Pursuant to
a 2012 Lease Agreement with the
Cupertino Public Facilities Corporation

BASE CUSIP NO.[†] 231210

NOTICE IS HEREBY GIVEN to the owners of the above-captioned certificates of participation (as further defined below, the “2012A Certificates”), of the City of Cupertino (the “City”) that the City has deposited with The Bank of New York Mellon Trust Company, N.A., as escrow agent (the “Escrow Agent”) under the terms of the Trust Agreement, dated as of May 1, 2012 (the “2012 Trust Agreement”), by and among the City, the Cupertino Public Facilities Corporation, and The Bank of New York Mellon Trust Company, N.A., as trustee (the “2012 Trustee”), cash sufficient to pay on November __, 2020 the prepayment price of the 2012A Certificates maturing on and after July 1, 2021, being the principal amount thereof, without premium.

The 2012A Certificates to be defeased are as follows:

<i>CUSIP^{†*}</i>	<i>Maturity (July 1)</i>	<i>Amount</i>	<i>Rate</i>
231210 FU4	2021	\$2,355,000	3.000%
231210 FV2	2022	2,425,000	3.000
231210 FW0	2023	2,500,000	3.000
231210 FX8	2024	2,575,000	3.000
231210 FY6	2025	2,655,000	3.000
231210 FZ3	2026	2,730,000	3.000
231210 GA7	2027	2,815,000	3.000
231210 GB5	2028	2,900,000	3.000
231210 GC3	2029	2,985,000	3.000
231210 GD1	2030	3,070,000	3.125

[†] Copyright 2016, American Bankers Association. CUSIP data herein is provided by Standard & Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. None of the City, the Corporation nor the 2012 Escrow Agent guarantees the accuracy of the CUSIP data.

* The Undersigned shall not be held responsible for the selection or use of the CUSIP number, nor is any representation made as to its correctness indicated in the notice of defeasance. It is included solely for convenience of the Holders.

In accordance with the 2012 Trust Agreement, the 2012A Certificates are deemed to have been paid in accordance with Section 14.01 thereof and the obligations of the City and the

Corporation under the 2012 Trust Agreement shall thereupon cease, terminate and become void and be discharged and satisfied.

Notice is further given pursuant to Section 7 of the Continuing Disclosure Certificate, dated as of May 23, 2012, executed by the City and acknowledged by The Bank of New York Mellon Trust Company, N.A., as dissemination agent (the “Disclosure Certificate”) and executed in connection with the 2012A Certificates, that the City’s obligations under the Disclosure Certificate have terminated upon the legal defeasance of the 2012A Certificates on the date hereof. No further reports or filings will be made pursuant to the Disclosure Agreement.

Dated this _____ day of October, 2020

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A.,
as Escrow Agent

EXHIBIT B

CONDITIONAL NOTICE OF FULL OPTIONAL PREPAYMENT

CERTIFICATES OF PARTICIPATION 2012A
(2012 Refinancing Project)
Evidencing Direct, Undivided Fractional Interests of
the Owners Thereof in Lease Payments to be Made by the
CITY OF CUPERTINO
(Santa Clara County, California)
As the Rental for Certain Property Pursuant to
a 2012 Lease Agreement with the
Cupertino Public Facilities Corporation

NOTICE IS HEREBY GIVEN TO THE OWNERS OF THE ABOVE-CAPTIONED CERTIFICATES pursuant to Section 4.01(a) of the Trust Agreement, dated as of May 1, 2012 (the “2012 Trust Agreement”), by and among the City of Cupertino (the “City”), the Cupertino Public Facilities Corporation (the “Corporation”) and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”), that the Certificates listed below have been selected for prepayment on November __, 2020 (the “Prepayment Date”) at the price listed below as a percentage of the principal amount thereof (the “Prepayment Price”) together with interest accrued to the Prepayment Date.

<i>CUSIP^{†*}</i>	<i>Maturity (July 1)</i>	<i>Amount</i>	<i>Rate</i>	<i>Price</i>
231210 FU4	2021	\$2,355,000	3.000%	100%
231210 FV2	2022	2,425,000	3.000	100
231210 FW0	2023	2,500,000	3.000	100
231210 FX8	2024	2,575,000	3.000	100
231210 FY6	2025	2,655,000	3.000	100
231210 FZ3	2026	2,730,000	3.000	100
231210 GA7	2027	2,815,000	3.000	100
231210 GB5	2028	2,900,000	3.000	100
231210 GC3	2029	2,985,000	3.000	100
231210 GD1	2030	3,070,000	3.125	100

[†] Copyright 2016, American Bankers Association. CUSIP data herein is provided by Standard & Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. None of the City, the Corporation nor the Trustee guarantees the accuracy of the CUSIP data.

* The Undersigned shall not be held responsible for the selection or use of the CUSIP number, nor is any representation made as to its correctness indicated in the Optional Prepayment Notice. It is included solely for convenience of the Holders.

Pursuant to the 2012 Trust Agreement, payment of the Prepayment Price on the Certificates called for prepayment will be paid without presentation of the Certificates if presentment is not required and upon presentation of the Certificates if presentment is required. If presentment is required, surrender thereof can be made in the following manner:

First Class/Registered/Certified
The Bank of New York Mellon
Global Corporate Trust
P.O. Box 396
East Syracuse, New York 13057

Express Delivery Only
The Bank of New York Mellon
Global Corporate Trust
111 Sanders Creek Parkway
East Syracuse, New York 13057

By Hand Only
The Bank of New York Mellon
Global Corporate Trust
Corporate Trust Window
101 Barclay Street 1st Floor East
New York, New York 10286

Additional information regarding the foregoing actions may be obtained from The Bank of New York Mellon Trust Company, N.A., Corporate Trust Department, Bondholder Relations, telephone number (800) 254-2826.

Prepayment of the Certificates is conditional upon the receipt by the Trustee on or prior to the Prepayment Date of moneys that are sufficient to pay the principal and interest evidenced and represented by the Certificates that are subject to optional prepayment and, if such moneys have not been so received, this notice shall be of no force and effect and the Trustee shall not be required to prepay such Certificates.

A form W-9 must be submitted with the Certificates. Failure to provide a completed form W-9 will result in 31% backup withholding pursuant to the Interest and Dividend Tax Compliance Act of 1983. Under the Jobs and Growth Tax Relief Reconciliation Act of 2003, 28% will be withheld if the tax identification number is not properly certified.

If the Owner of any Certificate that is subject to optional prepayment fails to deliver such Certificate to the Trustee on the Prepayment Date, such Certificate shall nevertheless be deemed prepaid on the Prepayment Date and the Owner of such Certificate shall have no rights in respect thereof except to receive payment of the Prepayment Price from funds that are held by the Trustee for such payment.

By The Bank of New York Mellon Trust Company,
N.A.
As Trustee or Agent

Dated: October __, 2020

RECORDING REQUESTED BY:

City of Cupertino

AND WHEN RECORDED MAIL TO:

Stradling Yocca Carlson & Rauth
660 Newport Center Drive, Suite 1600
Newport Beach, California 92660
Attn: Vanessa S. Legbandt, Esq.

[Space above for Recorder's use.]

This document is recorded for the benefit of the City of Cupertino and recording is fee-exempt under § 27383 of the Government Code.

TERMINATION AGREEMENT

by and among

CITY OF CUPERTINO,

CUPERTINO PUBLIC FACILITIES CORPORATION,

And

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.

Dated as of October 1, 2020

TERMINATION AGREEMENT

THIS TERMINATION AGREEMENT (this “Agreement”) is dated as of October 1, 2020 and effective as of the date of recordation hereof, by and among the CITY OF CUPERTINO, a municipal corporation and general law city duly organized and existing under and by virtue of the Constitution and laws of the State of California (the “City”), the CUPERTINO PUBLIC FACILITIES CORPORATION, a nonprofit public benefit corporation duly organized and existing under and by virtue of the laws of the State of California (the “Corporation”), and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association organized under the laws of the United States of America, as trustee under the Trust Agreement (defined below) (the “2012 Trustee”).

RECITALS:

WHEREAS, the City, as lessor, and the Corporation, as lessee, entered into that certain Site and Facility Lease, dated as of May 1, 2012 (the “2012 Site Lease”), which was recorded on May 22, 2012 as Instrument No. 21677688 in the Official Records of the County of Santa Clara, State of California (the “Official Records”), pursuant to which the City leased certain property and facilities described therein (as described in Exhibits A and B hereto) (the “Property”) to the Corporation; and

WHEREAS, the Corporation, as lessor, and the City, as lessee, entered into that certain Lease Agreement, dated as of May 1, 2012 (the “2012 Lease Agreement”), as referenced in that certain Memorandum of Lease Agreement, dated as of May 1, 2012, by and between the City and the Corporation, which was recorded on May 22, 2012 as Instrument No. 21677689 in the Official Records, pursuant to which the Corporation leased the Property back to the City for the purpose of refunding the City’s then-outstanding Certificates of Participation (2002 Refinancing and Capital Improvement Project) (the “2002 Certificates”); and

WHEREAS, pursuant to the 2012 Lease Agreement, the Corporation made available to the City a portion of the proceeds of the City of Cupertino Certificates of Participation (2012 Refinancing Project) in the original aggregate principal amount of \$43,940,000 in order to refinance the 2002 Certificates; and

WHEREAS, the Corporation has assigned its interest in the 2012 Site Lease and the 2012 Lease Agreement to the 2012 Trustee pursuant to that certain Assignment Agreement, dated as of May 1, 2012 (the “2012 Assignment Agreement”), by and between the Corporation, as assignor, and the 2012 Trustee, as assignee, which was recorded on May 22, 2012 as Instrument No. 21677690 in the Official Records; and

WHEREAS, the City has notified the Corporation of its intention to prepay and defease, on October __, 2020 (the “Defeasance Date”), all principal components of the Lease Payments (as such term is defined in the Trust Agreement, dated as of May 1, 2012 (the “2012 Trust Agreement”), by and among the City, the Corporation and the 2012 Trustee); and

WHEREAS, the City hereby certifies that it has caused to be delivered moneys, which, together with the investment proceeds thereof as described in the 2012 Certificates Escrow Agreement, dated as of October 1, 2020, by and between the City and The Bank of New York Mellon Trust Company, N.A., as escrow agent (the “Escrow Agent”), will be sufficient to pay the

principal components of the Lease Payments maturing after the Defeasance Date and accrued interest with respect thereto (collectively, the “Defeasance Amount”), to the Escrow Agent, in order to defease all Lease Payments on the Defeasance Date; and

WHEREAS, in order to facilitate the defeasance of the Lease Payments the City and the Corporation now desire to terminate and discharge the 2012 Site Lease and the 2012 Lease Agreement and the Corporation and the 2012 Trustee now desire to terminate and discharge the 2012 Assignment Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto hereby agree as follows:

1. Termination of 2012 Site Lease, 2012 Lease Agreement, and 2012 Assignment Agreement. Effective as of the date of recordation of this Agreement, (a) the Corporation and the City hereby acknowledge and agree that the 2012 Site Lease and 2012 Lease Agreement shall be terminated and discharged, and shall be of no further force or effect and (b) the Corporation and the 2012 Trustee hereby acknowledge that the 2012 Assignment Agreement shall be terminated and discharged, and shall be of no further force and effect.

2. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which, when taken together, shall constitute one agreement. The signature and acknowledgment pages from each counterpart may be removed and attached to a single document in order to create one original instrument.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, this Agreement has been executed by each party's respective duly authorized officers, as of the date first above written.

CITY OF CUPERTINO

By: _____
Steven Scharf
Mayor

ATTEST:

Kirsten Squarcia
City Clerk

CUPERTINO PUBLIC FACILITIES
CORPORATION

By: _____
Steven Scharf
President

ATTEST:

Kirsten Squarcia
Secretary

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A.,
as 2012 Trustee

By: _____
Eladia Burgos
Authorized Officer

STATE OF CALIFORNIA)
) ss.
COUNTY OF SANTA CLARA)

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

SIGNATURE OF NOTARY PUBLIC

STATE OF CALIFORNIA)
)
) SS.
COUNTY OF SANTA CLARA)

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

SIGNATURE OF NOTARY PUBLIC

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
) ss.
COUNTY OF SANTA CLARA)

On _____ before me, _____, Notary Public,
personally appeared _____, who proved to me on the basis
of satisfactory evidence to be the person(s) whose names(s) is/are subscribed to the within instrument
and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies),
and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of
which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal

SIGNATURE OF NOTARY PUBLIC

EXHIBIT A

DESCRIPTION OF THE PROPERTY

Real property in the City of Cupertino, County of Santa Clara, State of California, described as follows:

PARCEL ONE:

LOT 7, AS SHOWN ON THAT CERTAIN MAP ENTITLED TRACT NO. 3743 CUPERTINO TOWN CENTER, WHICH MAP WAS FILED FOR RECORD IN THE OFFICE OF THE RECORDER OF THE COUNTY OF SANTA CLARA, STATE OF CALIFORNIA ON OCTOBER 16, 1964, IN BOOK 186 OF MAPS PAGE(S) 36 AND 37

PARCEL TWO:

PARCELS A, B, C & D, AS SHOWN ON THAT CERTAIN PARCEL MAP ENTITLED, "PARCEL MAP, BEING ALL OF LOT 4, TRACT NO. 3743, CITY OF CUPERTINO", WHICH PARCEL MAP WAS FILED FOR RECORD IN THE OFFICE OF THE RECORDER OF THE COUNTY OF SANTA CLARA, STATE OF CALIFORNIA ON MARCH 7, 1974 IN BOOK 337 OF MAPS, AT PAGE 11.

APN: 369-31-033

ARB: 371-02-044, 43, 43.1, 432, 433

EXHIBIT B

DESCRIPTION OF THE PROPERTY

The Property consists of the following facilities located on the Site:

City Hall and Administrative Offices: two story office building; 23,040 sq. ft., built 1965; reinforced concrete, fully sprinklered. Insured value: \$6.2 million (structure only)

Cupertino Community Hall /City Council Chambers: one story multi- purpose building; 6,516 sq. ft., built 2004; wood frame structure, fully sprinklered.

Cupertino Library: two story, special purpose building (Class A); 53,864 sq. ft., built 2004; steel frame structure, fully sprinklered.

\$ _____
CITY OF CUPERTINO
CERTIFICATES OF PARTICIPATION 2020A

CERTIFICATE PURCHASE AGREEMENT

October 6, 2020

City of Cupertino
10300 Torre Ave.
Cupertino, CA 95014

Ladies and Gentlemen:

The undersigned, Stifel, Nicolaus & Company, Incorporated, as underwriter (the "Underwriter"), hereby offers to enter into this Certificate Purchase Agreement (this Certificate Purchase Agreement, together with the exhibits hereto, being herein called the "Purchase Agreement") with the City of Cupertino (the "City"), which, upon acceptance, will be binding upon the City and the Underwriter. This offer is made subject to the acceptance by the City, by execution of this Purchase Agreement and its delivery to the Underwriter prior to 5:00 P.M., California time, on the date hereof, and, if not so accepted, will be subject to withdrawal by the Underwriter upon notice delivered to the City at any time prior to such acceptance.

Capitalized terms used in this Purchase Agreement and not otherwise defined herein shall have the meanings given to such terms as set forth in Trust Agreement, dated as of October 1, 2020 (the "Trust Agreement") by and among the Cupertino Public Facilities Corporation (the "Corporation"), the City, and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee").

The City hereby acknowledges and agrees that (a) the Underwriter has financial and other interests that differ from those of the City, (b) the primary role of the Underwriter is to purchase securities for sale to investors in an arm's-length commercial transaction between the City and the Underwriter, (c) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriter is and has been acting solely as a principal and is not acting as the agent or fiduciary of the City, (d) the Underwriter is not acting as a municipal advisor, financial advisor or fiduciary to the City and has not assumed any advisory or fiduciary responsibility to the City with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has provided or is currently providing other services to the City on other matters), (e) the only obligations the Underwriter has to the City with respect to the transaction contemplated hereby are expressly set forth in this Purchase Agreement, and (f) the City has consulted its own financial, municipal, legal, accounting, tax and/or other advisors, as applicable, to the extent it has deemed appropriate in connection with the issuance of the Certificates and the other matters contemplated by this Purchase Agreement. The City has a municipal advisor in this transaction that has legal fiduciary duties to the City.

The City hereby acknowledges receipt from the Underwriter of disclosures required by the Municipal Securities Rulemaking Board ("MSRB") Rule G-17 (as set forth in MSRB Notice 2012-25 (May 7, 2012) relating to disclosures concerning the Underwriter's role in the transaction, disclosures concerning the Underwriter's compensation, conflict disclosures, if any, and disclosures concerning complex municipal securities financing, if any.

Section 1. **Purchase and Sale.** Upon the terms and conditions and upon the basis of the representations, warranties and agreements herein set forth, the City hereby agrees to sell and deliver to the Underwriter all of the \$_____ aggregate principal amount of City of Cupertino Certificates of Participation 2020A (the "Certificates"), evidencing the direct, undivided fractional interests of the owners thereof in lease payments (the "Lease Payments") to be made by the City pursuant to a Lease Agreement, dated as of October 1, 2020 (the "Lease Agreement"), with the Corporation. The purchase price of the Certificates shall be \$_____ (representing an aggregate principal amount of the Certificates of \$_____, plus a net original issue premium of \$_____, and less an Underwriter's discount of \$_____).

Section 2. **The Certificates.** The Certificates will be dated their date of delivery and will be substantially in the form described in, shall be authorized, executed and delivered under the provisions of, and shall be payable as provided in, the Trust Agreement. The Certificates are being executed and delivered to provide funds to (a) refund and defease the City's Certificates of Participation (2012 Refinancing Project) (the "2012 Certificates"), and (b) pay costs incurred in connection with executing and delivering the Certificates.

The City will lease certain land and the improvements thereon (the "Property") to the Corporation pursuant to a Site Lease, dated as of October 1, 2020 (the "Site Lease"). The Corporation will sublease the Property back to the City pursuant to the Lease Agreement. The Corporation will assign its right to receive Lease Payments from the City under the Lease to the Trustee pursuant to an Assignment Agreement, dated as of October 1, 2020 (the "Assignment Agreement").

The City will also enter into an escrow agreement, dated the Closing Date (the "Escrow Agreement"), by and between the City and The Bank of New York Mellon Trust Company, N.A., as escrow bank (the "Escrow Bank"), to provide for the refunding and defeasance of the 2012 Certificates.

The City will also enter into a Continuing Disclosure Certificate, dated the Closing Date (the "Continuing Disclosure Certificate"). The Trust Agreement, the Site Lease, the Lease Agreement, the Assignment Agreement, the Continuing Disclosure Certificate, the Escrow Agreement and this Purchase Agreement are hereinafter referred to as the "Legal Documents."

Section 3. **Bona Fide Public Offering and Establishment of Issue Price.**

(a) The Underwriter agrees to make a bona fide public offering of all of the Certificates, at prices not in excess of the initial public offering yields or prices set forth on the inside cover page of the Official Statement. The Certificates may be offered and sold to certain dealers at prices lower than such initial public offering prices; provided, however, that the Underwriter may offer a portion of the Certificates for sale to selected dealers who are members of the Financial Industry Regulatory Authority and who agree to resell the Certificates to the public on terms consistent with this Purchase Agreement, and the Underwriter reserves the right to change such offering prices or yields as the Underwriter shall deem necessary in connection with the marketing of the Certificates and to offer and sell the Certificates to certain dealers (including dealers depositing the Certificates into investment trusts) and others at prices lower

than the initial offering prices or at yields higher than the initial yields set forth on Exhibit A attached hereto. The Underwriter also reserves the right to over-allot or effect transactions that stabilize or maintain the market price of the Certificates at a level above that which might otherwise prevail in the open market and to discontinue such stabilizing, if commenced, at any time. None of such activities shall affect the principal amounts, maturity dates, interest rates, redemption or other provision of the Certificates or the amount to be paid by the Underwriter to the City for the Certificates.

Section 4. Establishment of Issue Price.

(a) The Underwriter agrees to assist the City in establishing the issue price of the Certificates and shall execute and deliver to the City on the Closing Date (hereinafter defined) an "issue price" or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit B, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the City and Special Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Certificates. All actions to be taken by the City under this Section 4 to establish the issue price of the Certificates may be taken on behalf of the City by the City's municipal advisor identified herein and any notice or report to be provided to the City may be provided to the City's municipal advisor.

(b) The City will treat the first price at which 10% of each maturity of the Certificates (the "10% test") is sold to the public as the issue price of that maturity (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% test). At or promptly after the execution of this Purchase Agreement, the Underwriter shall report to the City the price or prices at which it has sold to the public each maturity of Certificates. If at that time the 10% test has not been satisfied as to any maturity of the Certificates, the Underwriter agrees to promptly report to the City the prices at which it sells the unsold Certificates of that maturity to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until either (i) the Underwriter has sold all Certificates of that maturity or (ii) the 10% test has been satisfied as to the Certificates of that maturity, provided that the Underwriter's reporting obligation after the Closing date may be at reasonable periodic intervals or otherwise upon request of the City or Special Counsel.

(c) The Underwriter confirms that it has offered the Certificates to the public on or before the date of this Purchase Agreement at the offering price or prices (the "initial offering price"), or at the corresponding yield or yields, set forth in Exhibit A attached hereto, except as otherwise set forth therein. Exhibit A also sets forth, as of the date of this Purchase Agreement, the maturities, if any, of the Certificates for which the Underwriter represents that (i) the 10% test has been satisfied (assuming orders are confirmed by the close of the business day immediately following the date of this Purchase Agreement) and (ii) the 10% test has not been satisfied and for which the City and the Underwriter agrees that the restrictions set forth in the next sentence shall apply, which will allow the City to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the "hold-the-offering-price rule"). So long as the hold-the-offering-price rule remains applicable to any maturity of the Certificates, the Underwriter will neither offer nor sell unsold Certificates of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the sale date; or

(2) the date on which the Underwriter has sold at least 10% of that maturity of the Certificates to the public at a price that is no higher than the initial offering price to the public.

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

(d) The Underwriter confirms that:

(i) any selling group agreement and any third-party distribution agreement relating to the initial sale of the Certificates to the public, together with the related pricing wires, contains or will contain language obligating each dealer who is a member of the selling group and each broker-dealer that is a party to such third-party distribution agreement, as applicable;

(A) (1) to report the prices at which it sells to the public the unsold Certificates of each maturity allotted to it, whether or not the Closing Date has occurred, until either all Certificates of that maturity allocated to it have been sold or it is notified by the Underwriter that the 10% test has been satisfied as to the Certificates of that maturity, provided that the reporting obligation after the Closing date may be at reasonable periodic intervals or otherwise upon request of the Underwriter and (2) comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter.

(B) to promptly notify the Underwriter of any sales of Certificates that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Certificates to the public (each such term being used as defined below), and

(C) to acknowledge that, unless otherwise advised by the dealer or broker-dealer, the Underwriter shall assume that each order submitted by the dealer or broker-dealer is a sale to the public.

(ii) any selling group agreement relating to the initial sale of the Certificates to the public, together with the related pricing wires, contains or will contain language obligating each dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Certificates to the public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the public the unsold Certificates of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Certificates of that maturity allocated to it have been sold or it is notified by the Underwriter or the dealer that the 10% test has been satisfied as to the Certificates of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Underwriter or the dealer, and (B) comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter or the dealer and as set forth in the related pricing wires.

(e) The City acknowledges that, in making the representation set forth in this section, the Underwriter will rely on (i) in the event a selling group has been created in connection with the initial sale of the Certificates to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Certificates, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if

applicable to the Certificates, as set forth in a selling group agreement and the related pricing wires, and (ii) in the event that a third-party distribution agreement was employed in connection with the initial sale of the Certificates to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the Certificates, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Certificates, as set forth in the third-party distribution agreement and the related pricing wires. The City further acknowledges that the Underwriter shall not be liable for the failure of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement, to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Certificates, including, but not limited to, its agreement to comply with the hold-the-offering-price rule if applicable to the Certificates.

(f) The Underwriter acknowledges that sales of any Certificates to any person that is a related party to an underwriter participating in the initial sale of the Certificates to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

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

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

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

(iv) “sale date” means the date of execution of this Purchase Agreement by all parties.

Section 5. The Official Statement. The City shall deliver or cause to be delivered to the Underwriter promptly after acceptance of this Purchase Agreement copies of the Official Statement relating to the Certificates, dated the date hereof (the “Official Statement”). The City authorizes the Official Statement, including the inside cover page and Appendices thereto and the information contained therein, to be used in connection with the sale of the Certificates and ratifies, confirms and approves the use and distribution by the Underwriter for such purpose, prior to the date hereof, of the Preliminary Official Statement dated September 29, 2020 (the “Preliminary Official Statement”). The City deems such Preliminary Official Statement final as of its date for purposes of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (“Rule 15c2-12”), except for information allowed to be omitted by Rule 15c2-12. The City also agrees to deliver to the Underwriter, at the City’s sole cost and at such address as the

Underwriter shall specify, as many copies of the Official Statement as the Underwriter shall reasonably request as necessary to comply with paragraph (b)(4) of Rule 15c2-12, with Rule G-32 and all other applicable rules of the Municipal Securities Rulemaking Board. The City agrees to deliver such copies of the Official Statement within seven (7) business days after the date hereof.

The Underwriter agrees to promptly file a copy of the final Official Statement, including any supplements prepared by the City, with a nationally recognized municipal securities information repository, and to take any and all other actions necessary to comply with applicable Securities and Exchange Commission rules and Municipal Securities Rulemaking Board rules governing the offering, sale and delivery of the Certificates to the ultimate purchasers thereof.

Section 6. **Closing.** At 8:00 A.M., Pacific Daylight time, on October __, 2020, or at such other time and date as may be agreed upon by the City and the Underwriter (the "Closing Date"), (i) the City will cause to be delivered to the Underwriter the Certificates in definitive form, bearing CUSIP numbers and fully registered, through the book-entry system of The Depository Trust Company, New York, New York ("DTC"); and (ii) the City will cause to be delivered to the Underwriter the other documents herein mentioned at the offices of Stradling Yocca Carlson & Rauth, A Professional Corporation, in Newport Beach, California ("Special Counsel"), or another place to be agreed upon by the City and the Underwriter. The Underwriter will accept such delivery and pay the purchase price of the Certificates as set forth in Section 1 hereof in immediately available funds to the order of the Trustee on behalf of the City. This payment and delivery, together with the delivery of the aforementioned documents, is herein called the "Closing." Notwithstanding the foregoing, neither the failure to print CUSIP numbers on any Certificate nor any error with respect thereto shall constitute cause for a failure or refusal by the Underwriter to accept delivery of and pay for the Certificates on the Closing Date in accordance with the terms of this Purchase Agreement.

Section 7. **Representation, Warranties and Covenants of the City.** The City represents, warrants and covenants to the Underwriter that:

(a) The City is a municipal corporation and general law city, duly organized and validly existing under the Constitution and laws of the State of California. The City has all necessary power and authority and has taken all official action necessary to enter into and perform its duties under the Trust Agreement, the Site Lease, the Lease Agreement, the Continuing Disclosure Certificate, the Escrow Agreement and this Purchase Agreement (collectively, the "City Documents"). The City Documents and the Official Statement have been duly executed and delivered by the City and, assuming the due authorization, execution and delivery by the other respective parties thereto, the City Documents will constitute legally valid and binding obligations of the City enforceable against the City in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium or other similar laws or equitable principles relating to or limiting creditors' rights generally.

(b) Except as may be required under Blue Sky or other securities laws of any state (as to which no representation is made), there is no consent, approval, authorization or other order of, or filing with, or certification by, any regulatory authority having jurisdiction over the City required for the execution, delivery and sale of the Certificates or the consummation by the City of the transactions contemplated by the City Documents and by the Official Statement, which has not been duly obtained or made on or prior to the date hereof.

(c) There is no action, suit, proceeding, inquiry or investigation at law or in equity, before or by any court or governmental or public entity pending or threatened against the City which affects or seeks to prohibit, restrain or enjoin the execution or delivery of the Certificates, or contesting the powers of the City to enter into or perform its obligations under any of the City Documents or the existence or powers of the City.

(d) the distribution of the Preliminary Official Statement and the Official Statement have been duly authorized by the City and as of the date hereof and at all times subsequent thereto up to and including the time of the Closing, the statements and information contained in the Official Statement (excluding statements under the captions "THE CORPORATION," "UNDERWRITING," information relating to DTC and the book-entry only system and information as to bond prices on the inside cover page of the Official Statement, as to which no opinion or view is expressed) are and will be true, correct and complete in all material respects and the Official Statement does not and will not omit to state a material fact required to be stated therein or necessary to make such statements and information therein, in the light of the circumstances under which they were made, not misleading in any material respect;

(e) The City agrees that, if at any time before the Closing Date any event of which it has knowledge occurs, as a result of which the Official Statement as then in effect would include any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein not misleading, the City shall promptly prepare or cooperate in the preparation of an amendment or supplement to the Official Statement if in the opinion of the City and the Underwriter or their respective counsel, such event requires the preparation and publication of a supplement or amendment to the Official Statement. The City shall advise the Underwriter promptly of any proposal to so amend or supplement the Official Statement and shall effect such amendment or supplement in a form and manner approved by the Underwriter. The City shall promptly advise the Underwriter of the institution of any action, suit, proceeding, inquiry or investigation seeking to prohibit, restrain or otherwise affect the use of the Official Statement in connection with the offering, sale or distribution of the Certificates.

If the Official Statement is amended or supplemented pursuant to the immediately preceding subparagraph, at the time of each supplement or amendment thereto and (unless subsequently supplemented or amended pursuant to such subparagraph) at all times subsequent thereto up to and including the date of the Closing, the portions of the Official Statement so supplemented or amended (including any financial and statistical data contained therein) will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make such information therein concerning the City or the City's affairs, in the light of the circumstances under which it was presented, not misleading.

(f) The City shall furnish or cause to be furnished to the Underwriter, in such quantities as shall be reasonably required by the Underwriter, copies of the Official Statement and all amendments and supplements thereto, in each case as soon as available.

(g) The proceeds from the sale to the Underwriter of the Certificates will be applied in the manner and for the purposes specified in the Trust Agreement.

(h) The resolution of the City approving the execution and delivery of the City Documents and the Official Statement has been duly adopted by the City, has not been amended, modified or repealed and is in full force and effect on the date hereof.

(i) Neither the execution and delivery by the City of the City Documents nor the City's adoption of the resolution, nor the City's compliance with such documents or such resolution, nor the consummation of the transactions contemplated by such documents, such resolution or the Official Statement, conflicts with or constitutes a breach of or default under, or will conflict with or constitute a breach of or default under, any term or provision of any applicable law or any administrative rule or regulation of the State of California or the United States or any applicable judgment, decree, order, license, permit, agreement or instrument to which the City is subject or is otherwise bound has or will have a material adverse effect on the ability of the City to perform its obligations under the City Documents, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default under any such instruments.

(j) The City agrees to cooperate with the Underwriter in endeavoring to qualify the Certificates for offer and sale under the securities or Blue Sky laws of as many jurisdictions of the states of the United States as the Underwriter may request; provided, however, that the City will not be required to expend any of its own funds in connection with such qualifications and will not be required to consent to service of process in any such jurisdiction in which it is not now subject to service of process or to qualify as a broker or a foreign corporation in connection with any such qualification in any jurisdiction.

(k) The City covenants that it will not take any action which would cause interest payable with respect to the Certificates to be subject to federal income taxation or State of California personal income taxation.

(l) Other than as described in the Preliminary Official Statement and the Official Statement, the City has not failed to comply with any previous continuing disclosure undertaking within the prior 5 years.

Section 8. Conditions to the Obligations of the Underwriter. The Underwriter has entered into this Purchase Agreement in reliance upon the representations and warranties of the City contained herein. The obligations of the Underwriter to accept delivery of and pay for the Certificates on the Closing Date shall be subject, at the option of the Underwriter, to the performance by the City of its obligations, to be performed hereunder and to the performance by the City and the Corporation of their obligations, to be performed under the Legal Documents, at or prior to the Closing Date and the following additional conditions:

(a) The representations, warranties and covenants of the City contained herein shall be true and correct at the date hereof and at the time of the Closing, as if made on the Closing Date;

(b) At the time of Closing, the Legal Documents shall be in full force and effect as valid and binding agreements between or among the various parties thereto and the Legal Documents and the Official Statement shall not have been amended, modified or supplemented except as may have been agreed to in writing by the Underwriter, and all such reasonable actions as, in the opinion of Special Counsel or counsel to the Underwriter, shall reasonably deem necessary in connection with the transactions contemplated hereby;

(c) At or prior to the Closing, the Underwriter shall receive the following documents, in each case to the reasonable satisfaction in form and substance of the Underwriter:

(i) the Legal Documents duly executed and delivered by the respective parties thereto, with only such amendments, modifications or supplements as may have been agreed to in writing by the Underwriter;

(ii) the approving opinion of Special Counsel, dated the Closing Date and addressed to the City, in substantially the form attached as Appendix B to the Official Statement, together with a reliance letter addressed to the Underwriter;

(iii) a supplemental opinion of Special Counsel dated the Closing Date and addressed to the Underwriter and the City, in form and substance acceptable to each of them to the effect that:

(A) the statements in the Official Statement under the captions, "INTRODUCTION," "THE CERTIFICATES," "CONTINUING DISCLOSURE," "TAX MATTERS," "APPENDIX A—SUMMARY OF PRINCIPAL LEGAL DOCUMENTS," "APPENDIX B—FORM OF SPECIAL COUNSEL OPINION" and "APPENDIX D—FORM OF CONTINUING DISCLOSURE CERTIFICATE," insofar as such statements purport to summarize certain provisions of the Certificates, security for the Certificates, the Trust Agreement, the Site Lease, the Lease, the Assignment Agreement, the Continuing Disclosure Certificate and the legal opinion of Special Counsel with respect thereto concerning the validity and tax status of interest with respect to the Certificates, are accurate in all material respects; but excluding therefrom information about DTC and the book-entry only system;

(B) the Purchase Agreement has been duly authorized, executed and delivered by the City and, assuming due authorization, execution and delivery by the other respective parties thereto, constitutes the valid and binding agreement of the City and is enforceable in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium or other similar laws affecting enforcement of creditors' rights and by the application of equitable principles if equitable remedies are sought; and

(C) the Certificates are exempt from registration pursuant to the Securities Act of 1933, as amended, and the Trust Agreement is exempt from qualification as an indenture pursuant to the Trust Indenture Act of 1939, as amended;

(iv) the letter of Stradling Yocca Carlson & Rauth, A Professional Corporation, in its capacity as Disclosure Counsel, dated the Closing Date and addressed to the City and the Underwriter, to the effect that, based upon its participation in the preparation of the Official Statement as Disclosure Counsel and upon the information made available to it in the course of the foregoing, but without having undertaken to determine or verify independently or assuming any responsibility for the accuracy, completeness or fairness of the statements contained in the Official Statement (except to the extent expressly set forth in the opinion referred to in Section 8(d)(iii) above), nothing has come to the attention of the personnel directly involved in rendering legal advice and assistance in connection with the preparation of the Official Statement that causes them to believe that the Official Statement as of its date or as of the Closing Date contained or contains any untrue statement of a material fact or omitted or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, are not misleading (except for the description of any litigation, any information relating to information relating to DTC, Cede & Co., the book-entry system, any financial statements, forecasts, projections, estimates, assumptions and expressions of opinions and the other financial and statistical data included therein, as to all of which they express no view);

(v) the opinion of the City Attorney, dated the Closing Date, and addressed to the Underwriter, to the effect:

(A) the City is a municipal corporation and general law city duly formed and validly existing under the laws of the State of California.

(B) the resolution of the City Council of the City approving the City Documents (the "City Resolution") was duly adopted at a meeting of the City Council of the City on September 15, 2020, which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout and the City Resolution is in full force and effect and has not been modified, amended or rescinded.

(C) to the best of such counsel's knowledge, the authorization, execution and delivery of the City Documents by the City and compliance with the provisions thereof by the City of its obligations thereunder, will not conflict with, or constitute a breach or default under, in any material respect, any law, administrative regulation, court decree, resolution, ordinance or other agreement to which the City is subject or by which it is bound.

(D) except as disclosed in the Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity before or by any court, government agency, public board or body, pending and notice of which has been served on the City, or to the best of such counsel's knowledge, threatened against the City, affecting the existence of the City or the titles of its officers to their respective offices, or contesting or affecting as to the City the validity or enforceability of the City Documents, or contesting the powers of the City for the execution and delivery by the City of the City Documents, or in any way contesting or challenging the consummation of the transactions contemplated thereby.

(vi) the opinion of the City Attorney, as counsel to the Corporation, dated the Closing Date and addressed to the Underwriter and the Corporation, in form and substance acceptable to each of them, to the effect that:

(A) the Corporation is a nonprofit corporation duly form and validly existing under the laws of the State of California.

(B) the resolution of the Board of Directors of Corporation (the "Corporation Resolution") approving the Corporation Documents (as hereinafter defined") was duly adopted at a meeting of the Board of Directors of Corporation on September 15, 2020, which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout and the Corporation Resolution is in full force and effect and has not been modified, amended or rescinded.

(C) to the best of such counsel's knowledge, the authorization, execution and delivery of the Trust Agreement, the Site Lease, the Lease Agreement and this Assignment Agreement (collectively, the "Corporation Documents") by the Corporation and compliance with the provisions thereof by the Corporation of its obligations thereunder, will not conflict with, or constitute a breach or default under, in any material respect, any law, administrative regulation, court decree,

resolution, ordinance or other agreement to which the Corporation is subject or by which it is bound.

(D) there is no action, suit, proceeding, inquiry or investigation, at law or in equity before or by any court, government agency, public board or body, pending and notice of which has been served on the Corporation, or to the best of such counsel's knowledge, threatened against the Corporation, affecting the existence of the City or the titles of its officers to their respective offices, or contesting or affecting as to the Corporation the validity or enforceability of the Corporation Documents, or contesting the powers of the Corporation for the execution and delivery by the Corporation of the Corporation Documents, or in any way contesting or challenging the consummation of the transactions contemplated thereby.

(vii) a certificate, dated the Closing Date, signed by a duly authorized official of the City satisfactory in form and substance in the reasonable judgment of the Underwriter to the effect that:

(A) the City is a municipal corporation and general law city, duly organized and existing under the laws of the State of California and has all necessary power and authority to enter into and perform its duties under the City Documents;

(B) by official action of the City, the City has approved the execution and delivery of and the performance by the City of the obligations on its part contained in the City Documents;

(C) to the best of the City's knowledge, the execution and delivery of the City Documents to which it is a party, compliance with the provisions thereof and performance of its duties thereunder, will not conflict, in any material respect, with or constitute a breach of or default under the City's duties under any law, administrative regulation, judgment, decree, note, resolution, charter, by-law or other agreement to which the City is a party or is otherwise subject or by which its properties may be affected;

(D) to the best of the City's knowledge, the Official Statement does not contain any untrue or misleading statement of a material fact or omit to state any material fact which is necessary to make such statements therein, in the light of the circumstances under which they were made, not misleading;

(E) to the best of the City's knowledge, there is no consent, approval, authorization or other order of, or filing with, or certification by, any regulatory authority having jurisdiction over the City required for the execution, delivery and sale of the Certificates or the consummation by the City of the transactions on its part contemplated by the City Documents;

(F) the City is not in breach of or default under any applicable law or administrative regulation of the State of California or the United States or any applicable judgment or decree, agreement or other instrument to which the City is a party or is otherwise subject, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default under any such instrument, which breach or default has or may have a material adverse effect on the ability of the City to perform its obligations under the City Documents;

(G) there is no action, suit, proceeding, inquiry or investigation, at law or in equity before or by any court or governmental agency or body, pending and notice of which has been served on the City, or, to the best knowledge of the City, threatened against the City, except as disclosed in the Official Statement, to restrain or enjoin the execution or delivery of the Certificates, or in any way contesting or affecting the validity or enforceability of the Certificates or the City Documents or contesting the powers of the City to enter into or perform its obligations under any of the foregoing; and

(H) the City covenants that it will not take any action which would cause interest with respect to the Certificates to be subject to federal income taxation or California personal income taxes;

(viii) a certificate, dated the Closing Date, signed by a duly authorized official of the Corporation satisfactory in form and substance in the reasonable judgment of the Underwriter to the effect that:

(A) the Corporation is a nonprofit, public benefit corporation, duly organized and existing under the laws of the State of California and has all necessary power and authority to enter into and perform its duties under the Corporation Documents;

(B) by official action of the Corporation, the Corporation has approved the execution and delivery of and the performance by the Corporation of the obligations on its part contained in the Corporation Documents;

(C) to the best of the Corporation's knowledge, the execution and delivery of the Corporation Documents to which it is a party, compliance with the provisions thereof and performance of its duties thereunder, will not conflict, in any material respect, with or constitute a breach of or default under the Corporation's duties under any law, administrative regulation, judgment, decree, note, resolution, charter, by-law or other agreement to which the Corporation is a party or is otherwise subject or by which its properties may be affected;

(D) to the best of the Corporation's knowledge, there is no consent, approval, authorization or other order of, or filing with, or certification by, any regulatory authority having jurisdiction over the Corporation required for the execution, delivery and sale of the Certificates or the consummation by the Corporation of the transactions on its part contemplated by the Corporation Documents;

(E) the Corporation is not in breach of or default under any applicable law or administrative regulation of the State of California or the United States or any applicable judgment or decree, agreement or other instrument to which the Corporation is a party or is otherwise subject, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default under any such instrument, which breach or default has or may have a material adverse effect on the ability of the Corporation to perform its obligations under the Corporation Documents;

(F) there is no action, suit, proceeding, inquiry or investigation, at law or in equity before or by any court or governmental agency or body, pending and

notice of which has been served on the Corporation, or, to the best knowledge of the Corporation, threatened against the Corporation, except as disclosed in the Official Statement, to restrain or enjoin the execution or delivery of the Certificates, or in any way contesting or affecting the validity or enforceability of the Certificates or the Corporation Documents or contesting the powers of the Corporation to enter into or perform its obligations under any of the foregoing; and

(G) the Corporation covenants that it will not take any action which would cause interest with respect to the Certificates to be subject to federal income taxation or California personal income taxes;

(ix) a certificate of the Trustee, dated the Closing Date, signed by a duly authorized officer of the Trustee, and in form and substance satisfactory to the Underwriter, to the effect that:

(A) the Trustee is a national banking association duly organized and existing under and by virtue of the laws of the United States of America authorized to carry out corporate trust powers and has all necessary power and authority to enter into and perform its duties under the Trust Agreement and the Assignment Agreement and to execute the Certificates;

(B) the representations of the Trustee in the Trust Agreement and the Assignment Agreement are true and correct in all material respects as of the Closing Date;

(C) to the best of its knowledge, no litigation is pending or threatened (either in state or federal courts) (1) to restrain or enjoin the execution or delivery of any of the Certificates or the collection of revenues pledged under the Lease Agreement, or (2) in any way contesting or affecting any authority for the execution or delivery of the Certificates or the validity or enforceability of the Trust Agreement or the Assignment Agreement;

(D) the Trustee is duly authorized to execute and deliver the Certificates to the Underwriter upon instruction by the City pursuant to the terms of the Trust Agreement, and the Trust Agreement and the Assignment Agreement constitute legal, valid and binding obligations of the Trustee enforceable in accordance with its respective terms;

(E) to the best of its knowledge, the execution and delivery of the Trust Agreement and the Assignment Agreement, and compliance with the provisions thereof, will not conflict with, or constitute a breach of or default under, the Trustee's duties under said documents or any law, administrative regulation, court decree, resolution, charter, bylaws or other agreement to which the Trustee is subject or by which it is bound; and

(F) the Certificates have been validly executed and delivered by the Trustee;

(x) a certificate of the Escrow Bank, dated the Closing Date, signed by a duly authorized officer of the Escrow Bank, and in form and substance satisfactory to the Underwriter, to the effect that:

(A) the Escrow Bank is a national banking association duly organized and existing under and by virtue of the laws of the United States of America authorized to carry out corporate trust powers and has all necessary power and authority to enter into and perform its duties under the Escrow Agreement;

(B) the representations of the Escrow Bank in the Escrow Agreement are true and correct in all material respects as of the Closing Date;

(C) to the best of its knowledge, no litigation is pending or threatened (either in state or federal courts) in any way contesting or affecting any authority for the execution or delivery of the Certificates or the validity or enforceability of the Escrow Agreement;

(D) the Escrow Agreement constitutes the legal, valid and binding obligation of the Escrow Bank enforceable in accordance with its terms; and

(E) to the best of its knowledge, the execution and delivery of the Escrow Agreement, and compliance with the provisions thereof, will not conflict with, or constitute a breach of or default under, the Escrow Bank's duties under said document or any law, administrative regulation, court decree, resolution, charter, bylaws or other agreement to which the Escrow Bank is subject or by which it is bound;

(xi) the opinion of counsel to the Trustee, addressed to the Underwriter and the City, dated the Closing Date, to the effect that:

(A) the Trustee has been duly organized and is validly existing in good standing as a national banking association under the laws of the United States of America, with full corporate power to enter into the Trust Agreement and the Assignment Agreement and to accept the trust as provided therein, and to perform its obligations under the Trust Agreement and the Assignment Agreement;

(B) the Trustee has duly authorized, executed and delivered the Trust Agreement and the Assignment Agreement and by all proper corporate action has authorized the acceptance of the trust of the Trust Agreement;

(C) assuming the due authorization, execution and delivery by the other party to the Trust Agreement and the Assignment Agreement, the Trust Agreement and the Assignment Agreement, constitute legally valid and binding agreements of the Trustee, enforceable against the Trustee in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, moratorium or other similar laws or equitable principles relating to or limiting creditors' rights generally;

(D) the Certificates have been validly executed by the Trustee; and

(E) to the best of such counsel's knowledge, no authorization, approval, consent or order of any governmental agency or any other person or corporation is required for the valid authorization, execution and delivery of the Trust Agreement and the Assignment Agreement by the Trustee or the authentication by the Trustee of the Certificates;

(xii) the opinion of counsel to the Escrow Bank, addressed to the Underwriter and the City, dated the Closing Date, to the effect that:

(A) the Escrow Bank has been duly organized and is validly existing in good standing as a national banking association under the laws of the United States of America, with full corporate power to enter into the Escrow Agreement and to accept the trust as provided therein, and to perform its obligations under the Escrow Agreement;

(B) the Escrow Bank has duly authorized, executed and delivered the Escrow Agreement and by all proper corporate action has authorized the acceptance of the trust of the Escrow Agreement;

(C) assuming the due authorization, execution and delivery by the other party to the Escrow Agreement, the Escrow Agreement, constitutes the legally valid and binding agreements of the Escrow Bank, enforceable against the Escrow Bank in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, moratorium or other similar laws or equitable principles relating to or limiting creditors' rights generally;

(D) to the best of such counsel's knowledge, no authorization, approval, consent or order of any governmental agency or any other person or corporation is required for the valid authorization, execution and delivery of the Escrow Agreement by the Escrow bank;

(xiii) the opinion of Quint & Thimmig LLP, as counsel to the Underwriter, dated the Closing Date and addressed to the Underwriter, in form and substance acceptable to the Underwriter.

(xiv) a copy of the Official Statement, executed on behalf of the City;

(xv) a copy of the general resolution of the Trustee authorizing the execution and delivery of the Trust Agreement and the Assignment Agreement;

(xvi) a copy of all resolutions relating to the Certificates, the Official Statement and the Legal Documents adopted by the Corporation and the City, as applicable, and certified by an authorized official of the Corporation and the City;

(xvii) a tax certificate by the City in form and substance acceptable to Special Counsel;

(xviii) letters from S&P Global Ratings, a Standard & Poor's Financial Services LLC business, indicating that the Certificates have been assigned a rating of "___";

(xix) evidence of good standing of the Corporation with the State; and

(xx) the opinion of Special Counsel as to the legal defeasance of the 2012 Certificates

(xxi) such additional legal opinions, certificates, proceedings, instruments or other documents as Special Counsel and counsel to the Underwriter, if any, may reasonably request to evidence compliance by the Corporation and the City with legal requirements, the truth and accuracy, as of the Closing Date, of the representations and warranties of the Corporation and the City contained herein, and the due performance

or satisfaction by the Corporation and the City at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the Corporation and the City.

Section 9. **Termination.** The Underwriter shall have the right to cancel its obligations to purchase the Certificates if between the date hereof and the Closing Date:

(a) a decision with respect to legislation shall be reached by a committee of the House of Representatives or the Senate of the Congress of the United States, or legislation shall be favorably reported by such a committee or be introduced, by amendment or otherwise, in or be passed by the House of Representatives or the Senate, or recommended to the Congress of the United States for passage by the President of the United States, or be enacted or a decision by a federal court of the United States or the United States Tax Court shall have been rendered, or a ruling, release, order, regulation or offering circular by or on behalf of the United States Treasury Department, the Internal Revenue Service or other governmental agency shall have been made or proposed to be made having the purpose or effect, or any other action or event shall have occurred which has the purpose or effect, directly or indirectly, of adversely affecting the federal income tax consequences of owning the Certificates, including causing interest on the Certificates to be included in gross income for purposes of federal income taxation, or imposing federal income taxation upon revenues other income of the general character to be derived by the City or by any similar body under the Trust Agreement or similar documents or upon interest received on obligations of the general character of the Certificates, which, in the reasonable opinion of the Underwriter, materially adversely affects the market price of or market for the Certificates or the ability of the Underwriter to enforce contracts for the sale of the Certificates; or

(b) legislation shall have been enacted, or considered for enactment with an effective date prior to the Closing Date, or a decision by a court of the United States shall have been rendered, the effect of which is that of the Certificates, including any underlying obligations, or the Trust Agreement, as the case may be, is not exempt from the registration, qualification or other requirements of the Securities Act of 1933, as amended and as then in effect, the Securities Exchange Act of 1934, as amended and as then in effect, or the Trust Indenture Act of 1939, as amended and as then in effect; or

(c) a stop order, ruling, regulation or offering circular by the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter shall have been issued or made or any other event occurs, the effect of which is that the issuance, offering or sale of the Certificates, including any underlying obligations, or the execution of the Trust Agreement, as contemplated hereby or by the Official Statement, is or would be in violation of any provisions of the federal securities laws, including the Securities Act of 1933, as amended and as then in effect, the Securities Exchange Act of 1934, as amended and as then in effect, or the Trust Indenture Act of 1939, as amended and as then in effect; or

(d) any event shall have occurred or any information shall have become known to the Underwriter which causes the Underwriter to reasonably believe that the Official Statement as then amended or supplemented includes an untrue statement of a material fact, or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; or

(e) there shall have occurred (i) an outbreak or escalation of hostilities or the declaration by the United States of a national emergency or war or (ii) any other calamity or crisis in the financial markets of the United States or elsewhere or the escalation of such calamity or crisis that materially adversely affects the market price of or market for the Certificates; or

(f) a general suspension of trading on the New York Stock Exchange or other major exchange shall be in force, or minimum or maximum prices for trading shall have been fixed and be in force, or maximum ranges for prices for securities shall have been required and be in force on any such exchange, whether by virtue of determination by that exchange or by order of the SEC or any other governmental authority having jurisdiction; or

(g) a general banking moratorium shall have been declared by federal, New York or California authorities; or

(h) any proceeding shall be pending or threatened by the Securities and Exchange Commission against the City; or

(i) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange; or

(j) the New York Stock Exchange or other national securities exchange, or any governmental or regulatory authority, shall impose, as to the Certificates or obligations of the general character of the Certificates, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of the Underwriter; or

(k) a material disruption in securities settlement, payment or clearance services affecting the Certificates shall have occurred; or

(l) any rating of the Certificates shall have been downgraded, suspended or withdrawn or placed on negative outlook or negative watch by a national rating service, which, in the Underwriter's reasonable opinion, materially adversely affects the marketability or market price of the Certificates or the ability of the Underwriter to enforce contracts for the sale of the Certificates; or

(m) any change, which in the reasonable opinion of the Underwriter, materially adversely affects the marketability of the Certificates or the financial condition of the City.

Section 10. Changes in Official Statement. After the Closing, the City will not adopt any amendment of or supplement to the Official Statement to which the Underwriter shall object in writing. Within 90 days after the Closing or within 25 days following the end of the underwriting period, whichever occurs first, if any event relating to or affecting the Certificates, the Trustee, the Corporation or the City shall occur as a result of which it is necessary, in the opinion of the Underwriter, to amend or supplement the Official Statement in order to make the Official Statement not misleading in any material respect in the light of the circumstances existing at the time it is delivered to a purchaser, the City will forthwith prepare and furnish to the Underwriter an amendment or supplement that will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to purchaser, not misleading. The City shall cooperate with the Underwriter in the filing by the Underwriter of such amendment or supplement to the Official Statement with a nationally recognized municipal securities repository. For the purposes of this section the Trustee, the Corporation and the City will each furnish such information with respect to itself as the Underwriter may reasonably request from time to time during such period.

Section 11. **Expenses.** The City will pay or cause to be paid all reasonable expenses incident to the performance of its obligations under this Purchase Agreement, including, but not limited to, mailing or delivery of the Certificates, costs of printing the Certificates, printing, distribution and delivery of the Preliminary Official Statement, the Official Statement and any amendment or supplement thereto, the fees and disbursements of Special Counsel, Disclosure Counsel, and counsel to the City, the fees and expenses of the City's accountants and fiscal consultants, fees of the Municipal Advisor, any fees charged by investment rating agencies for the rating of the Certificates and fees of the Trustee. The Underwriter shall pay the fees and expenses of any counsel retained by it, all advertising expenses incurred in connection with the public offering of the Certificates, CDIA fees, CUSIP fees and all other expenses incurred by it in connection with the public offering and distribution of the Certificates, fees (including out-of-pocket expenses and related regulatory expenses).

Section 12. **Notices.** Any notice or other communication to be given to the Underwriter under this Purchase Agreement may be given by delivering the same in writing to Stifel, Nicolaus & Company, Incorporated, One Montgomery Street, 35th Floor, San Francisco, CA 94104, Attention: Ms. Eileen Gallagher, Managing Director. Any notice or communication to be given to the City under this Purchase Agreement may be given by delivering the same in writing to the City's address set forth above, Attention: Ms. Kristina Alfaro, Administrative Services Director.

The approval of the Underwriter when required hereunder or the determination of the Underwriter's satisfaction as to any document referred to herein shall be in writing signed by the Underwriter and delivered to you.

Section 13. **Parties in Interest.** This Purchase Agreement is made solely for the benefit of the City and the Underwriter (including the successors or assigns thereof) and no other person shall acquire or have any right hereunder or by virtue hereof. All representations, warranties and agreements of the City in this Purchase Agreement shall remain operative and in full force and effect regardless of any investigation made by or on behalf of the Underwriter and shall survive the delivery of and payment of the Certificates.

Section 14. **Counterparts.** This Purchase Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

Section 15. **Governing Law.** This Purchase Agreement shall be governed by the laws of the State of California.

STIFEL, NICOLAUS & COMPANY,
INCORPORATED, as Underwriter

By _____
Managing Director

Accepted and Agreed to:

CITY OF CUPERTINO

By _____
Mayor

Time of execution: _____

[Signature page to the Certificate Purchase Agreement relating to
City of Cupertino
Certificates of Participation 2020A]

EXHIBIT A

MATURITY SCHEDULE AND REDEMPTION PROVISIONS

\$ _____
CITY OF CUPERTINO
CERTIFICATES OF PARTICIPATION 2020A

MATURITY SCHEDULE

Maturity Date (June 1)	Principal Amount	Interest Rate	Yield	Price
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PREPAYMENT PROVISIONS

Extraordinary Prepayment. The Certificates are subject to prepayment prior to their respective maturity dates on any date, in whole or in part, from Net Proceeds which the Trustee shall deposit in the Prepayment Fund as provided in the Lease Agreement at least 45 days prior to the date fixed for prepayment and credited towards the prepayment made by the City pursuant to the Lease Agreement, at a prepayment price equal to the principal amount thereof together with accrued interest to the date fixed for prepayment, without premium.

Optional Prepayment. The Certificates maturing on or after June 1, 20__ are subject to prepayment prior to maturity in whole or in part on any date on or after June 1, 20__, at the option of the City, in the event the City exercises its option under the Lease Agreement to prepay all or a portion of the principal component of the Lease Payments (in integral multiples of \$5,000), at the prepayment price equal to the principal component to be prepaid, plus accrued interest to the date fixed for prepayment, without premium.

Mandatory Prepayment. The Certificates maturing June 1, 20__ (the "20__ Term Certificates") are subject to prepayment in part by lot, on June 1 in each of the following years from sinking account payments as set forth below at a prepayment price equal to the principal amount thereof to be prepaid, without premium; provided, however, that if some but not all of the 20__ Term Certificates have been prepaid pursuant to an optional or extraordinary prepayment, the total amount of all future sinking account payments will be reduced by the aggregate principal amount of the 20__ Term Certificates so prepaid in such manner as selected by the City. In addition, in lieu of prepayment thereof, the 20__ Term Certificates may be purchased by the City and tendered to the Trustee pursuant to the provisions of the Trust Agreement:

Mandatory
Prepayment
Date
(June 1)

Sinking
Account
Payment

†Maturity.

The Certificates maturing June 1, 20__ (the “20__ Term Certificates”) are subject to prepayment in part by lot, on June 1 in each of the following years from sinking account payments as set forth below at a prepayment price equal to the principal amount thereof to be prepaid, without premium; provided, however, that if some but not all of the 20__ Term Certificates have been prepaid pursuant to an optional or extraordinary prepayment, the total amount of all future sinking account payments will be reduced by the aggregate principal amount of the 20__ Term Certificates so prepaid in such manner as selected by the City. In addition, in lieu of prepayment thereof, the 20__ Term Certificates may be purchased by the City and tendered to the Trustee pursuant to the provisions of the Trust Agreement:

Mandatory
Prepayment
Date
(June 1)

Sinking
Account
Payment

†Maturity.

EXHIBIT B

FORM OF ISSUE PRICE CERTIFICATE

\$ _____
CITY OF CUPERTINO 2020A
CERTIFICATES OF PARTICIPATION

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of Stifel, Nicolaus & Company, Incorporated, as underwriter ("Stifel"), based on the information available to it, hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the "Certificates").

I. General

1. Stifel and the City of Cupertino (the "City") have executed a certificate purchase agreement in connection with the Certificates on the Sale Date. Stifel has not modified the certificate purchase agreement since its execution on the Sale Date.

II. Price

1. As of the date of this certificate, for each Maturity of the Certificates, the first price at which at least 10% of such Maturity of the Certificates was sold to the Public is the respective price listed in Schedule A.

III. Defined Terms

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

2. Public means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriters or a Related Party to an Underwriters.

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

4. Sale Date means the first day on which there is a binding contract in writing for the sale of a Maturity of the Certificates. The Sale Date of the Certificates is October 6, 2020.

5. Underwriter means (i) any person that agrees pursuant to a written contract with the City (or with Stifel to form an underwriting syndicate) to participate in the initial sale of the Certificates to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Certificates to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Certificates to the Public).

All terms not defined herein shall have the same meanings as in the Tax Certificate with respect to the Certificates, to which this Certificate is attached.

The City may rely on the statements made herein in connection with its efforts to comply with the conditions imposed by the Internal Revenue Code of 1986, as amended (the "Code"). Special Counsel may also rely on this Certificate for purposes of its opinion regarding the treatment of interest on the Certificates as excludable from gross income for federal income tax purposes. However, notwithstanding the foregoing, we remind you that Stifel is not an accountant or actuary, nor is Stifel engaged in the practice of law. Accordingly, while Stifel believes the calculations described above to be correct, it does not warrant their validity for purposes of sections 103 and 141 through 150 of the Code or make any representation as to the legal sufficiency of the factual matters set forth herein. Except as expressly set forth above, the certifications set forth herein may not be relied upon or used by any third party or for any other purpose.

Dated: October 20, 2020

STIFEL, NICOLAUS & COMPANY,
INCORPORATED, as Underwriter

By _____
Authorized Officer

SCHEDULE I TO ISSUE PRICE CERTIFICATE

**\$ _____
CITY OF CUPERTINO 2020A
CERTIFICATES OF PARTICIPATION**

<u>Maturity Date (June 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price</u>
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SCHEDULE II TO ISSUE PRICE CERTIFICATE

**\$ _____
CITY OF CUPERTINO
CERTIFICATES OF PARTICIPATION 2020A**

PRICING WIRE OR EQUIVALENT COMMUNICATION

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

PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER __, 2020

NEW ISSUE - BOOK-ENTRY-ONLY

RATING:
S&P: “___”
(See “RATING” herein)

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California (“Special Counsel”), under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) with respect to the Certificates is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Special Counsel, interest (and original issue discount) with respect to the Certificates is exempt from State of California personal income tax. See the caption “TAX MATTERS” with respect to tax consequences concerning the Certificates.

\$22,000,000*

**CITY OF CUPERTINO
2020A CERTIFICATES OF PARTICIPATION**

Dated: Date of Delivery

Due: June 1, as shown on the inside cover

The City of Cupertino 2020A Certificates of Participation (the “Certificates”) are being executed and delivered to (i) provide funds to prepay the outstanding Certificates of Participation (2012 Refinancing Project) (the “2012 Certificates”); and (ii) pay the costs of issuance incurred in connection with the execution and delivery of the Certificates. The Certificates represent fractional undivided interests of the registered owners thereof in certain lease payments (the “Lease Payments”) to be made by the City of Cupertino (the “City”) to the Cupertino Public Facilities Corporation (the “Corporation”), under a Lease Agreement, dated as of October 1, 2020 (the “Lease”), by and between the City and the Corporation. Pursuant to the Lease, the City will lease from the Corporation certain real property and the existing improvements thereof consisting of the City’s City Hall, Administrative Offices, Cupertino Community Hall/Council Chambers, Senior Center, and Quinlan Community Center (collectively, the “Leased Premises”). See “DESCRIPTION OF THE LEASED PREMISES” and “SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES” herein.

The Certificates will be executed and delivered in the principal amount of \$5,000 and any integral multiple thereof pursuant to a Trust Agreement, dated as of October 1, 2020 (the “Trust Agreement”), by and among the City, the Corporation and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”). Interest represented by the Certificates is payable semiannually on June 1 and December 1 of each year, commencing on December 1, 2020. See “THE CERTIFICATES” herein.

The Certificates will be executed and delivered in book-entry form only and, when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for the Certificates. Individual purchases of the Certificates will be made in book-entry form only. Principal, premium, if any, and interest payments due with respect to the Certificates are payable directly to DTC by the Trustee. Upon receipt of payments of principal, premium, if any, and interest, DTC will in turn distribute such payments to the beneficial owners of the Certificates. See Appendix F—“DTC BOOK-ENTRY SYSTEM” herein.

No reserve fund has been established in connection with the issuance of the Certificates.

The Certificates are subject to extraordinary prepayment prior to maturity, as described herein. See “THE CERTIFICATES—Prepayment” herein.

THE CERTIFICATES DO NOT CONSTITUTE AN OBLIGATION OF THE CORPORATION OR THE CITY FOR WHICH THE CORPORATION OR THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CORPORATION OR THE CITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. THE OBLIGATION OF THE CITY TO MAKE LEASE PAYMENTS UNDER THE LEASE DOES NOT CONSTITUTE AN OBLIGATION OF THE CITY FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. NEITHER THE CERTIFICATES NOR THE OBLIGATION OF THE CITY TO MAKE LEASE PAYMENTS CONSTITUTES AN INDEBTEDNESS OF THE CORPORATION, THE CITY, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

The purchase of the Certificates involves certain risks which should be considered by investors. See “RISK FACTORS” for a discussion of certain risk factors that should be considered in addition to the other matters set forth herein.

This cover page contains information for quick reference only. It is not a summary of this issue. Potential purchasers must read the entire Official Statement to obtain information essential to making an informed investment decision.

The Certificates will be offered when, as and if executed and delivered, and received by the Underwriter, subject to the approval as to their legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Special Counsel, and certain other conditions. Certain legal matters will be passed upon for the City and the Corporation by the City Attorney and by Stradling Yocca Carlson & Rauth, a Professional Corporation, as Disclosure Counsel, for the Underwriter by Quint & Thimmig LLP, Larkspur, California, as Underwriter’s Counsel, and for the Trustee by its counsel. It is anticipated that the Certificates will be available in book-entry form for delivery to DTC in New York, New York, on or about October __, 2020.

STIFEL

Dated: ____, 2020

* Preliminary, subject to change.

\$ _____
CITY OF CUPERTINO
2020A CERTIFICATES OF PARTICIPATION

Maturity Schedule
(Base CUSIP[†]: _____)

<i>Maturity (June 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>	<i>Yield</i>	<i>CUSIP[†]</i>
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\$ _____ % Term Certificates due June 1, 20__ Yield _____%^C CUSIP[†] _____

\$ _____ % Term Certificates due June 1, 20__ Yield _____%^C CUSIP[†] _____

[†] 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. Copyright(c) 2020 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. Neither the City nor the Underwriters or their agents or counsel assume responsibility for the accuracy of such numbers.

**CITY OF CUPERTINO
COUNTY OF SANTA CLARA, CALIFORNIA**

CITY COUNCIL

Steven Scharf, *Mayor*
Darcy Paul, *Vice Mayor*
Liang Chao, *Council Member*
Rod Sinks, *Council Member*
Jon Willey, *Council Member*

**CUPERTINO PUBLIC FACILITIES CORPORATION
BOARD OF DIRECTORS**

Steven Scharf, *President*
Darcy Paul, *Vice President*
Liang Chao, *Board Member*
Rod Sinks, *Board Member*
Jon Willey, *Board Member*

CITY OFFICIALS

Deborah Feng, *City Manager*
Kristina Alfaro, *Administrative Services Director/City Treasurer*
Heather Minner, *City Attorney*
Kirsten Squarcia, *City Clerk*

SPECIAL COUNSEL AND DISCLOSURE COUNSEL

Stradling Yocca Carlson & Rauth,
a Professional Corporation
Newport Beach, California

MUNICIPAL ADVISOR

Urban Futures, Inc.
Tustin, California

TRUSTEE

The Bank of New York Mellon Trust Company, N.A.
Los Angeles, California

VERIFICATION AGENT

Robert Thomas CPA, LLC
Minneapolis, Minnesota

No dealer, broker, salesperson or other person has been authorized by the City or the Corporation to give any information or to make any representations in connection with the offer or sale of the Certificates other than those contained herein and, if given or made, such other information or representations must not be relied upon as having been authorized by the City or the Corporation. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Certificates by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers or owners of the Certificates. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact.

The Underwriter has provided the following sentence for inclusion in this Official Statement:

The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

This Official Statement and the information contained herein are subject to completion or amendment without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or any other parties described herein since the date hereof. These securities may not be sold nor may an offer to buy be accepted prior to the time the Official Statement is delivered in final form. This Official Statement is being submitted in connection with the sale of the Certificates referred to herein and may not be reproduced or used, in whole or in part, for any other purpose, unless authorized in writing by the City. All summaries of documents and laws are made subject to the provisions thereof and do not purport to be complete statements of any or all such provisions.

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as a "plan," "expect," "estimate," "project," "budget," "intend" or similar words. Such forward-looking statements include, but are not limited to certain statements contained in the information under the captions "THE CITY OF CUPERTINO" and "CITY FINANCIAL INFORMATION."

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE CITY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THE FORWARD-LOOKING STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT. IN EVALUATING SUCH STATEMENTS, POTENTIAL INVESTORS SHOULD SPECIFICALLY CONSIDER THE VARIOUS FACTORS WHICH COULD CAUSE ACTUAL EVENTS OR RESULTS TO DIFFER MATERIALLY FROM THOSE INDICATED BY SUCH FORWARD-LOOKING STATEMENTS.

IN CONNECTION WITH THE OFFERING OF THE CERTIFICATES, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE CERTIFICATES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE CERTIFICATES TO CERTAIN DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENT AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICE STATED ON THE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICE MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

THE CERTIFICATES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT AND HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

The City maintains a website; however, information presented there is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Certificates.

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\$22,000,000*
CITY OF CUPERTINO
2020A CERTIFICATES OF PARTICIPATION

INTRODUCTION

This introduction contains only a brief summary of certain of the terms of the Certificates being offered, and a brief description of the Official Statement. All statements contained in this introduction are qualified in their entirety by reference to the entire Official Statement. References to, and summaries of, provisions of the Constitution and laws of the State of California and any documents referred to herein do not purport to be complete and such references are qualified in their entirety by reference to the complete provisions. Capitalized terms used in this Official Statement and not defined elsewhere herein have the meanings given such terms in Appendix C—“SUMMARY OF PRINCIPAL LEGAL DOCUMENTS” herein. This Official Statement speaks only as of its date, and the information contained herein is subject to change.

General

This Official Statement, including the cover page and the Appendices attached hereto (the “Official Statement”), provides certain information concerning the execution and delivery of the City of Cupertino 2020A Certificates of Participation (the “Certificates”) in an aggregate principal amount of \$22,000,000*. The Certificates will be executed and delivered pursuant to a Trust Agreement, dated as of October 1, 2020 (the “Trust Agreement”), by and among the City of Cupertino (the “City”), the Cupertino Public Facilities Corporation (the “Corporation”) and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”). The Certificates represent fractional undivided interests of the registered owners thereof (the “Owners”) in certain lease payments (the “Lease Payments”) to be made by the City to the Corporation under that certain Lease Agreement, dated as of October 1, 2020 (the “Lease”), by and between the Corporation, as lessor, and the City, as lessee. See “DESCRIPTION OF THE LEASED PREMISES” and “SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES—Lease Payments.”

The Certificates are being delivered to provide funds to (i) prepay the City’s outstanding Certificates of Participation (2012 Refinancing Project) (the “2012 Certificates”); and (ii) pay the costs of issuance incurred in connection with the execution and delivery of the Certificates. See “PREPAYMENT PLAN” herein.

The City is located in the County of Santa Clara (the “County”). For more information regarding the City, see the captions “THE CITY OF CUPERTINO,” “CITY FINANCIAL INFORMATION” and Appendix A—“ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING THE CITY OF CUPERTINO.”

Security and Sources of Payment for the Certificates

The Certificates are being executed and delivered pursuant to the Trust Agreement. The City has leased certain real property and the existing improvements thereon (collectively referred to herein as the “Leased Premises”) consisting of the City’s City Hall, Administrative Offices, Cupertino Community Hall/Council Chambers, Senior Center, and Quinlan Community Center pursuant to a Site Lease between the City, as lessor, and the Corporation, as lessee, dated as of October 1, 2020 (the “Site Lease”). Under the Lease, the Corporation has leased the Leased Premises back to the City. The City is required under the Lease to pay Lease Payments for the use and possession of the Leased Premises, as further described under the caption “DESCRIPTION OF THE LEASED PREMISES” herein. The City is also required to pay any taxes and assessments and the cost of maintenance and repair of the Leased Premises.

Pursuant to an Assignment Agreement, dated as of October 1, 2020 (the “Assignment Agreement”) by and between the Corporation and the Trustee, the Corporation has assigned to the Trustee, for the benefit of the

* Preliminary, subject to change.

Owners, substantially all of its rights under the Lease, including its rights to receive and collect Lease Payments and prepayments from the City under the Lease and rights as may be necessary to enforce payment of Lease Payments and prepayments. All rights assigned by the Corporation pursuant to the Assignment Agreement will be administered by the Trustee in accordance with the provisions of the Trust Agreement for the equal and proportionate benefit of all Owners.

The Certificates evidence fractional undivided interests of the Owners thereof in the right to receive Lease Payments and prepayments thereof to be made by the City to the Corporation under the Lease. The Lease Payments are calculated to be sufficient to pay, when due, the principal and interest with respect to the Certificates. The City has covenanted in the Lease that it will take such action as may be necessary to include the Lease Payments and other payments coming due under the Lease in its annual budgets and to make the necessary annual appropriations therefor as required by the Lease. The City's obligation to make Lease Payments is subject to complete or partial abatement in the event of the taking of, damage to or loss of use and possession of the Leased Premises. See "RISK FACTORS—Abatement" herein.

THE CERTIFICATES DO NOT CONSTITUTE AN OBLIGATION OF THE CORPORATION OR THE CITY FOR WHICH THE CORPORATION OR THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CORPORATION OR THE CITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. THE OBLIGATION OF THE CITY TO MAKE LEASE PAYMENTS UNDER THE LEASE DOES NOT CONSTITUTE AN OBLIGATION OF THE CITY FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. NEITHER THE CERTIFICATES NOR THE OBLIGATION OF THE CITY TO MAKE LEASE PAYMENTS CONSTITUTES AN INDEBTEDNESS OF THE CORPORATION, THE CITY, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

No Reserve Fund

The City has not established a reserve fund in connection with the execution and delivery of the Certificates. In the event of abatement of Lease Payments, only proceeds of insurance (including rental interruption insurance) may be available to pay Lease Payments. See "RISK FACTORS—Abatement" herein.

The Certificates

Interest represented by the Certificates is payable semiannually on June 1 and December 1 of each year, commencing on December 1, 2020 (each an "Interest Payment Date"). See "THE CERTIFICATES — General" herein. The Certificates will be executed and delivered in book-entry form only and, when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Certificates. Individual purchases of the Certificates will be made in book-entry form only. Purchasers of the Certificates will not receive certificates representing their ownership interests in the Certificates purchased. The Certificates will be executed and delivered in the principal amount of \$5,000 and any integral multiple thereof. Principal, premium, if any, and interest payments due with respect to the Certificates are payable directly to DTC by the Trustee. Upon receipt of payments of principal, premium, if any, and interest, DTC will in turn distribute such payments to the beneficial owners of the Certificates. See "THE CERTIFICATES—General" and Appendix F—"DTC BOOK-ENTRY SYSTEM" herein.

Additional Certificates

Pursuant to the Trust Agreement, the City may cause Additional Certificates to be executed and delivered without the consent of the Owners of the Certificates if certain conditions precedent are satisfied. In connection with the execution and delivery of Additional Certificates, the Lease Payments due under the Lease

will be increased to an amount sufficient to pay the principal, premium (if any) and interest payable on all outstanding Certificates and Additional Certificates. The Certificates and any Additional Certificates will be secured on a parity under the Trust Agreement by Lease Payments and other amounts held in the funds established thereunder other than the Rebate Fund. See Appendix C—“SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—DEFINITIONS AND SUMMARY OF THE TRUST AGREEMENT—THE CERTIFICATES—Additional Certificates.”

Continuing Disclosure

The City has covenanted for the benefit of the holders and beneficial owners of the Certificates to provide, or cause to be provided, to the Municipal Securities Rulemaking Board for purposes of Rule 15c2-12(b)(5) (the “Rule”) adopted by the Securities and Exchange Commission certain annual financial information and operating data and, in a timely manner, notice of certain enumerated events. These covenants have been made in order to assist the Underwriter in complying with the Rule. See “CONTINUING DISCLOSURE” herein for a description of the specific nature of the annual report and notices of enumerated events and a summary description of the terms of the Disclosure Certificate pursuant to which such reports are to be made.

Professionals Involved in the Offering

The Bank of New York Mellon Trust Company, N.A., Los Angeles, California, will act as Trustee with respect to the Certificates. The Certificates will be delivered subject to the approval as to their legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Special Counsel. Certain legal matters will be passed upon for the City and the Corporation by the City Attorney and by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, as Disclosure Counsel, for the Trustee by its counsel, and for the Underwriter by Quint & Thimmig LLP, Larkspur, California.

Financial Statements of the City

Included herein as Appendix B are the audited financial statements of the City as of and for the year ended June 30, 2019 (the “Financial Statements”), together with the report thereon dated March 6, 2020 of Crowe LLP, Costa Mesa, California (the “Auditor”). The Auditor has not undertaken to update the audited financial statements of the City or its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by the Auditor with respect to any event subsequent to its report dated March 6, 2020.

The Auditor’s consent to inclusion of the Financial Statements in the Official Statement was not requested and the Auditor has not consented to the inclusion of the Financial Statements as an appendix to this Official Statement. The Auditor has not performed any procedures relating to this Official Statement.

Certificate Owners’ Risks

Certain events could affect the ability of the City to make the Lease Payments when due. See the caption “RISK FACTORS” herein for a discussion of certain factors that should be considered, in addition to other matters set forth herein, in evaluating an investment in the Certificates.

Miscellaneous

It is anticipated that the Certificates in book-entry form will be available for delivery to DTC in New York, New York on or about October __, 2020 (the “Delivery Date”).

The description herein of the Trust Agreement, the Lease, the Site Lease, the Assignment Agreement and any other agreements relating to the Certificates are qualified in their entirety by reference to such documents, and the descriptions herein of the Certificates are qualified in their entirety by the form thereof and

the information with respect thereto included in the aforementioned documents. See Appendix C—“SUMMARY OF PRINCIPAL LEGAL DOCUMENTS” herein. Copies of the documents are on file and available for inspection at the offices of the Trustee at 400 South Hope Street, Suite 500, Los Angeles, California 90071, Attention: Corporate Trust Department.

All capitalized terms used in this Official Statement and not otherwise defined herein have the meanings given such terms in Appendix C—“SUMMARY OF PRINCIPAL LEGAL DOCUMENTS” herein.

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

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

PREPAYMENT PLAN

The Certificates are being sold to provide for the prepayment of the 2012 Certificates. Proceeds from the sale of the Certificates will be deposited in an escrow fund (the “Escrow Fund”) to be established by The Bank of New York Mellon Trust Company, N.A., as escrow agent and trustee for the 2012 Certificates (the “Escrow Agent”), pursuant to the 2012A Certificates Escrow Agreement (the “Escrow Agreement”) by and between the City and the Escrow Agent. Amounts in the Escrow Fund will be applied by the Escrow Agent pursuant to the Escrow Agreement and the trust agreement for the 2012 Certificates, for the sole benefit of the holders of the 2012 Certificates. The amounts in the Escrow Fund will not serve as security or be available for payment of principal of or interest or premium, if any, with respect to the Certificates.

The City plans to prepay all of the \$_____ remaining outstanding principal amount of the 2012 Certificates at a prepayment price equal to the principal amount of the 2012 Certificates, plus accrued and unpaid interest to the prepayment date, without premium.

Robert Thomas CPA, LLC, acting as verification agent, will certify, in writing, that the amounts so transferred to the Escrow Agent, along with the interest earnings thereon will be sufficient to prepay the 2012 Certificates on the prepayment date at the required prepayment price.

DESCRIPTION OF THE LEASED PREMISES

The Leased Premises consist of (i) approximately 5.6 acres of land owned by the City at the corner of Torre Avenue and Rodrigues Street, which contains the City’s City Hall and Administrative Offices and the Cupertino Community Hall/City Council Chambers, (ii) approximately 7.2 acres of land owned by the City, located at 10185 North Stelling Road, at which the Quinlan Community Center is located, and (iii) approximately 14.5 acres of land owned by the City, located at 21251 Stevens Creek Boulevard, at which the City’s Senior Center is located.

City Hall and Administrative Offices. The City’s City Hall and Administrative Offices building was built in 1965 and renovated in 1986. The structure consists of a two-story office building of approximately 23,040 total square feet. The insured value of the City’s City Hall and Administrative Offices building is currently approximately \$8,080,180. The City estimates that the parcel on which the City Hall and Administrative Office building and the Community Hall/City Council Chambers building are located has a market value of at least \$17.79 million.

In 2019 the City commissioned a facility condition and use assessment with respect to the City Hall building. The report found that the City Hall building is seismically and structurally deficient. Further, although City Hall houses the City's Emergency Operations Center ("EOC"), the report found that City Hall does not meet the structural standards for this use. The report recommended various renovations to City Hall to correct various structural and non-structural deficiencies. If City Hall is renovated to address these deficiencies, the occupants may be required to be relocated during certain structural repairs, which the report estimated would take two months. A more extensive renovation or rebuilding of City Hall would necessitate the relocation of the City's EOC and administrative functions for a longer period of time. The City may instead determine to relocate its EOC and administrative functions from City Hall permanently and use the City Hall structure for other purposes. The Lease allows any of these options, subject to satisfaction of various conditions. See Appendix C—"SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE LEASE—COVENANTS WITH RESPECT TO THE LEASED PREMISES—Modification of the Leased Premises" and "—ASSIGNMENT, SUBLEASING AND AMENDMENT—Assignment and Subleasing by the City."

The City could elect to finance the renovation or rebuilding of the City Hall and Administrative Office building through the execution and delivery of Additional Certificates, payable from Lease Payments on a parity with the Certificates. See Appendix C—"SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—DEFINITIONS AND SUMMARY OF THE TRUST AGREEMENT—THE CERTIFICATES—Additional Certificates." Alternatively, the City could elect to release the portion of the Leased Premises containing the City Hall and Administrative Office building from the Lease, subject to satisfaction of the requirements set forth in the Lease. See the captions "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES—Substitution or Release of the Leased Premises" and "RISK FACTORS—Release or Substitution of Property" herein and Appendix C—"SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE LEASE—COVENANTS WITH RESPECT TO THE LEASED PREMISES—Substitution or Release of the Leased Premises."

Community Hall and City Council Chambers. The Cupertino Community Hall/City Council Chambers building was built in 2004 and is a one-story multi-purpose building of approximately 6,516 square feet. The insured value of the Cupertino Community Hall/City Council Chamber is currently \$2,598,628.

Quinlan Community Center. The Quinlan Community Center building was built in 1990. The structure consists of a single-story building of approximately 28,695 total square feet, which serves as a recreation center, with a community kitchen, two meeting halls, a music room, conference room, craft room, pre-school room, activity room, dance studio, lobby area and offices. The insured value of the Quinlan Community Center building is approximately \$8,925,464.

Senior Center. The Senior Center building was built in 2000. The structure consists of a single-story building of approximately 15,675 square feet. The Senior Center serves as the City's Senior Recreation Center, and has a commercial kitchen, reception hall, offices, reading area, dance studio, conference room, computer lab, classrooms, and art rooms. The insured value of the Quinlan Community Center building is approximately \$6,200,839.

Pursuant to the terms of the Site Lease, the City has leased the Leased Premises to the Corporation. Pursuant to the terms of the Lease, the Corporation has leased the Leased Premises back to the City.

Pursuant to the Lease, the City and the Corporation have agreed and determined that the Lease Payments required to be made under the Lease represent the fair rental value of the Leased Premises. Under the terms of the Lease, the City may substitute other property for the Leased Premises, or any portion thereof, and may release portions of the Leased Premises provided that certain conditions set forth in the Lease are met. See the captions "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES—Substitution or Release of the Leased Premises" and "RISK FACTORS—Release or Substitution of Property" herein and Appendix C—"SUMMARY OF PRINCIPAL LEGAL

DOCUMENTS—DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE LEASE—COVENANTS WITH RESPECT TO THE LEASED PREMISES—Substitution or Release of the Leased Premises.”

ESTIMATED SOURCES AND USES OF FUNDS

The following table summarizes the estimated sources and uses of Certificate proceeds:

<i>Sources of Funds</i>	
Principal Amount of Certificates	\$
[Net] Original Issue Premium	
2012 Certificates Reserve Fund	
Total Sources	<u>\$</u>
<i>Uses of Funds</i>	
Escrow Fund	\$
Costs of Issuance ⁽¹⁾	
Total Uses	<u>\$</u>

⁽¹⁾ Includes underwriter’s discount, Special Counsel fees, title insurance, rating agency and verification agent fees, and other issuance costs.

THE CERTIFICATES

General

The Certificates will be executed and delivered in the form of fully registered Certificates in principal amounts of \$5,000 and any integral multiple thereof. The Certificates will be dated their date of delivery and mature on June 1 in the years set forth on the inside cover page hereof. Each Certificate will be payable with respect to interest on June 1 and December 1 of each year, commencing on December 1, 2020, at the respective rates of interest set forth on the inside cover page hereof.

The Certificates will be executed and delivered in book-entry form only and, when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for the Certificates. Individual purchases of the Certificates will be made in book-entry form only. Purchasers of the Certificates will not receive certificates representing their ownership interests in the Certificates purchased. Principal, premium, if any, and interest payments due with respect to the Certificates are payable directly to DTC by the Trustee. Upon receipt of payments of principal, premium, if any, and interest, DTC will in turn distribute such payments to the beneficial owners of the Certificates. See Appendix F—“DTC BOOK-ENTRY SYSTEM” herein.

Prepayment

Extraordinary Prepayment from Net Proceeds. The Certificates are subject to prepayment prior to their respective maturity dates on any date, in whole or in part, from Net Proceeds which the Trustee deposits in the Prepayment Fund as provided in the Lease at least 45 days prior to the date fixed for prepayment and credited toward the prepayment made by the City pursuant to the Lease, at a prepayment price equal to the principal amount thereof together with the accrued interest to the date fixed for prepayment, without premium.

“Net Proceeds” means any proceeds of any insurance, performance bonds or taking by eminent domain or condemnation paid with respect to the Leased Premises remaining after payment therefrom of any expenses (including attorneys’ fees) incurred in the collection thereof.

For extraordinary prepayment of Certificates pursuant to the Trust Agreement, the Trustee will select Certificates for prepayment so that the Net Proceeds will be applied to prepay a proportionate amount of Certificates and Additional Certificates based on the Outstanding principal amount and by lot within any maturity. The Trustee will promptly notify the City and the Corporation in writing of the Certificates so selected for prepayment by mailing to the City and the Corporation copies of the notice of prepayment provided for in the Trust Agreement.

No Optional Prepayment. The Certificates are not subject to optional prepayment prior to their respective maturity dates.

Prepayment Procedures

When prepayment is authorized or required pursuant to the Trust Agreement, the Trustee will give notice of the prepayment of the Certificates. Such notice will specify: (a) the prepayment date, (b) the prepayment price, (c) if less than all of the Outstanding Certificates are to be prepaid, the Certificate numbers (and in the case of partial prepayment, the respective principal amounts), (d) the CUSIP numbers of the Certificates to be prepaid, (e) the place or places where the prepayment will be made, and (f) the original date of execution and delivery of the Certificates. Such notice will further state that on the specified date there will become due and payable upon each Certificate to be prepaid, the portion of the principal amount of such Certificate to be prepaid, together with interest accrued to said date, and that from and after such date, provided that moneys therefor have been deposited with the Trustee, interest with respect thereto will cease to accrue and be payable.

Notice of prepayment will be sent by first class mail or delivery service postage prepaid, or by telecopy, to the Depository on the date of mailing of notice to the Owners by first class mail and by first class mail, postage prepaid, to the Corporation and the respective Owners of any Certificates designated for prepayment at their addresses appearing on the Certificate registration books, at least 20 days, but not more than 60 days, prior to the prepayment date; provided that neither failure to receive such notice nor any defect in any notice so mailed will affect the sufficiency of the proceedings for the prepayment of such Certificates. Under no circumstances will the Trustee have any liability to any party for any inaccurate CUSIP number.

So long as DTC is the registered Owner of the Certificates, all such notices will be provided to DTC as the Owner, without respect to the beneficial ownership of the Certificates. See Appendix F—"DTC BOOK-ENTRY SYSTEM" herein.

Notice having been given to the Owners of any Certificates being prepaid as set forth in the Trust Agreement, and the moneys for the prepayment (including the interest to the applicable date of prepayment), having been set aside in the Prepayment Fund, the Certificates will become due and payable on the date of prepayment, and upon presentation and surrender thereof at the Principal Office of the Trustee such Certificates will be paid at the prepayment price with respect thereto, plus interest accrued and unpaid to the date of prepayment.

If, on the date of prepayment moneys for the prepayment of all the Certificates to be prepaid, together with interest to the date of prepayment, are held by the Trustee so as to be available therefor on such date of prepayment, and, if notice of prepayment thereof has been given as described in the Trust Agreement, then, from and after the date of prepayment, interest with respect to the Certificates to be prepaid will cease to accrue and become payable. All moneys held by or on behalf of the Trustee for the prepayment of Certificates will be held in trust for the account of the Owners of the Certificates so to be prepaid, without liability for interest thereon.

All Certificates paid at maturity or prepaid prior to maturity pursuant to the provisions of the Trust Agreement will be cancelled upon surrender thereof and destroyed.

Partial Prepayment

Upon surrender by the Owner of a Certificate for partial prepayment at the Principal Office of the Trustee, payment of such partial prepayment of the principal amount of a Certificate will be paid to such Owner. Upon surrender of any Certificate prepaid in part only, the Trustee will execute and deliver to the registered Owner thereof, at the expense of the City, a new Certificate or Certificates which shall be of authorized denominations equal to the unprepaid portion of the Certificate surrendered and of the same tenor and maturity. Such partial prepayment will be valid upon payment of the amount thereby required to be paid to such Owner, and the City, the Corporation and the Trustee will be released and discharged from all liability to the extent of such payment.

SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES

The Certificates do not constitute an obligation of the Corporation or the City for which the Corporation or the City is obligated to levy or pledge any form of taxation or for which the Corporation or the City has levied or pledged any form of taxation. The obligation of the City to make Lease Payments under the Lease does not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. Neither the Certificates nor the obligation of the City to make Lease Payments constitutes an indebtedness of the Corporation, the City, the State of California or any of political subdivision thereof within the meaning of any constitutional or statutory debt limitation or restriction.

General

Each Certificate represents a fractional undivided interest of the Owner thereof in the Lease Payments and prepayments to be made by the City to the Trustee under the Lease. The Certificates are secured under the Trust Agreement by the respective Lease Payments and other amounts held in the respective funds established thereunder for such series of Certificates other than the Rebate Fund. The City is obligated to pay Lease Payments from any source of legally available funds, and has covenanted in the Lease to include all Lease Payments coming due in its annual budgets and to make the necessary annual appropriations therefor as required under the Lease. The Corporation, pursuant to the Assignment Agreement, has assigned all of its rights under the Lease (excepting certain rights as specified therein), including the right to receive Lease Payments and prepayments, to the Trustee for the benefit of the respective Owners. By the second Business Day prior to each Interest Payment Date (if such day is not a Business Day, the next succeeding Business Day), the City must pay to the Trustee a Lease Payment (to the extent required under the Lease) which is expected to equal the amount necessary to pay the principal and interest with respect to the Certificates (including the Certificates) on the next succeeding Interest Payment Date.

The City's obligation to make Lease Payments will be abated in whole or in part, and to the extent of, substantial interference with use and possession of all or part of the Leased Premises arising from material damage, destruction, title defect or taking by eminent domain or condemnation of the Leased Premises. Abatement would not constitute a default under the Lease and the Trustee would not be entitled in such event to pursue remedies against the City. See "RISK FACTORS—Abatement" herein.

Under the Lease, the City agrees to pay certain taxes, assessments, utility charges, and insurance premiums charged with respect to the Leased Premises, the Certificates and any Additional Certificates and fees and expenses of the Trustee. The City is responsible for repair and maintenance of the Leased Premises during the term of the Lease. The City may, at its own expense, in good faith contest such taxes, assessments and utility and other charges if certain requirements set forth in the Lease are satisfied, including obtaining an opinion of counsel that the Leased Premises will not be subjected to loss or forfeiture.

Should the City default under the Lease, the Trustee, as assignee of the Corporation, may terminate the Lease and re-lease the Leased Premises or may retain the Lease and hold the City liable for all Lease Payments thereunder on an annual basis. **Under no circumstances will the Trustee have the right to accelerate Lease**

Payments. The exercise of the remedies provided to the Trustee is subject to various limitations on the enforcement of remedies against public agencies. See “RISK FACTORS—Default” herein.

Lease Payments

Subject to the provisions of the Lease regarding complete or partial abatement in the event of loss of use and possession of any portion of the Leased Premises (see the caption “RISK FACTORS — Abatement” herein) and prepayment of Lease Payments (see the provisions relating to prepayment under the caption “THE CERTIFICATES” herein), the City agrees to pay to the Corporation, its successors and assigns, the Lease Payments as annual rental for the use and possession of the Leased Premises. The Lease Payments are due and payable on the second Business Day prior to each Interest Payment Date (each, a “Lease Payment Date”).

Any monies held in an account of the Lease Payment Fund on any Lease Payment Date (other than amounts resulting from the prepayment of the Lease Payments in part but not in whole pursuant to the Lease and other amounts required for payment of past due principal or interest with respect to any Certificates not presented for payment) shall be credited to the payment of the respective Lease Payments due and payable on such Lease Payment Date to which such account of the Lease Payment Fund applies.

The Trust Agreement requires that Lease Payments be deposited in the Lease Payment Fund maintained by the Trustee. Pursuant to the Trust Agreement, on June 1 and December 1 of each year, commencing December 1, 2020, the Trustee will apply such amounts in the respective accounts of the Lease Payment Fund as are necessary to make interest and principal payments, as applicable, with respect to the Certificates as the same shall become due and payable, in the amounts specified in the Lease.

Substitution or Release of the Leased Premises

The Lease provides that the City shall have the right to substitute alternate real property for any portion of the Leased Premises or to release a portion of the Leased Premises from the lien of the Lease so long as the conditions precedent described below have been satisfied:

(A) The City has delivered a written certificate to the Trustee setting forth its findings that the Leased Premises, as constituted after such substitution or release: (i) has an annual fair rental value at least equal to the maximum Lease Payments payable by the City in any rental period; and (ii) has a useful life in excess of the final maturity of any Outstanding Certificates;

(B) the City has obtained or caused to be obtained an ALTA title insurance policy or policies with respect to any substituted property in the amount at least equal to the aggregate principal amount of any Outstanding Certificates of the type and with the endorsements described in the Lease;

(C) the City has provided the Trustee with an opinion of Special Counsel to the effect that such substitution or release will not, in and of itself, cause the interest evidenced and represented by the Certificates and any Additional Certificates (to the extent such Additional Certificates are executed and delivered as tax-exempt Certificates) to be included in gross income for federal income tax purposes;

(D) the City, the Corporation and the Trustee have executed, and the City has caused to be recorded with the Santa Clara County Recorder, any document necessary to reconvey to the City the portion of the Leased Premises being released and to include any substituted real property in the description of the Leased Premises contained herein and in the Site Lease; and

(E) the City has provided notice of such substitution or release to each rating agency then rating the Certificates.

See “RISK FACTORS—Release or Substitution of Property” and Appendix C—“SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE LEASE—COVENANTS WITH RESPECT TO THE LEASED PREMISES—Substitution or Release of the Leased Premises.”

No Reserve Fund

The City has not established a reserve fund in connection with the execution and delivery of the Certificates. In the event of abatement of Lease Payments, only proceeds of rental interruption insurance or net proceeds of insurance may be available to pay Lease Payments. See the caption “RISK FACTORS—Abatement” herein.

Additional Payments

Under the Lease, the City is to pay such amounts (“Additional Payments”) as are required for the payment of all administrative costs of the Corporation relating to the Leased Premises or the Certificates, including, without limitation, all expenses, compensation and indemnification of the Trustee payable by the City under the Trust Agreement, taxes of any sort whatsoever payable by the Corporation as a result of its leasehold interest in the Leased Premises or undertaking of the transactions contemplated in the Lease or in the Trust Agreement, fees of auditors, accountants, attorneys or engineers and any and all other necessary administrative costs of the Corporation or charges required to be paid by it in order to comply with the terms of the Certificates or of the Trust Agreement, including premiums on insurance required to be maintained by the Lease or to indemnify the Corporation and its employees, officers and directors and the Trustee.

Insurance

Pursuant to the Lease, the City is required to obtain an ALTA leasehold title insurance policy (with western regional exceptions) on the Leased Premises in an amount equal to the aggregate principal component of unpaid Lease Payments. The Lease also requires that the City maintain casualty insurance on the Leased Premises in amount equal to replacement value and rental interruption insurance to insure against loss of Lease Payments caused by loss or damage to the Leased Premises covered under the City’s casualty insurance. The rental interruption insurance is to be in an amount not less than the maximum remaining scheduled Lease Payments in any future two-year period. The City also is obligated under the Lease to obtain a standard comprehensive general public liability and property damage insurance policy or policies and workers’ compensation insurance. See “THE CITY OF CUPERTINO—Risk Management” and Appendix C—“SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE LEASE—Risk Management” herein.

The proceeds of any rental interruption insurance will be deposited in the Lease Payment Fund, to be credited towards the payment of the Lease Payments in the order in which such Lease Payments become due and payable. The Lease requires the City to apply the Net Proceeds of any insurance award either to replace or repair the Leased Premises or to prepay Certificates and Additional Certificates, if any, if certain certifications with respect to the adequacy of the Net Proceeds to make repairs, and the timing thereof, cannot be made. See Appendix C—“SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE LEASE—DAMAGE, DESTRUCTION AND EMINENT DOMAIN; USE OF NET PROCEEDS.” The amount of Lease Payments will be abated and Lease Payments due under the Lease may be reduced during any period in which by reason of material damage, destruction, title defect or taking by eminent domain or condemnation of the Leased Premises there is substantial interference with the City’s use and possession of all or part of the Leased Premises. The City is not required by the Lease to maintain earthquake or flood insurance for the Leased Premises and does not make any assurances about its ability or willingness to maintain such insurance in the future. See “THE CITY OF CUPERTINO—Risk Management” and “RISK FACTORS—Abatement” herein.

CERTIFICATE PAYMENT SCHEDULE

Lease Payments are required to be made by the City under the Lease on each Lease Payment Date for the use and possession of the Leased Premises for the period commencing as of the date of delivery of the Certificates and terminating on June 1, 2030, or a later date if such date is extended as provided in the Lease. The Interest Payment Dates with respect to the Certificates are June 1 and December 1, commencing December 1, 2020. The aggregate annual amounts of Certificate payments, comprising interest and principal payable to the Owners, are set forth below for each annual period ending on June 1 of the years indicated.

<i>Annual Period (Ending June 30)</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
Totals			

Source: The Underwriter

THE CITY OF CUPERTINO

General

The City is located in Santa Clara County, at the southern end of the San Francisco Bay Peninsula, approximately 11 miles northwest of San Jose and approximately 42 miles south of San Francisco. The City is bordered by the cities of San Jose, Saratoga, Sunnyvale, Santa Clara and Los Altos. The City was incorporated on October 10, 1955 as a general law city.

The City, located in the heart of the Silicon Valley, was born from a community of farmers. In 1955, when Cupertino officially became the 13th city in Santa Clara County, its population was about 2,000 and its geographical area encompassed 3.79 square miles. As of January 1, 2020, the City had an estimated population of approximately 59,549 and the City limits now stretch across 13 square miles.

The City occupies the geographic center of Silicon Valley. The City is the world headquarters for major corporations such as Apple, Seagate Technology, Verigy and Durect Corporation, and houses sixty high-tech firms. The City has thirteen shopping centers. Apple recently completed construction of its new corporate campus, Apple Park, which includes approximately 2.8 million square feet of office and research and development space within the City.

City departments include Administration (City Council, commissions, city manager, city attorney); Administrative Services (finance, human resources, information technology, city clerk, neighborhood watch, emergency preparedness, code enforcement); Community Development (planning, building, and economic development); Parks and Recreation; Public Works (engineering, maintenance, transportation, solid waste, and storm drain management); and Public and Environmental Affairs. Police service is provided by a City contract with the Santa Clara County Sheriff's Department, and fire service is provided by a separate taxing entity, the Santa Clara County Central Fire Protection District.

See Appendix A—"ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING THE CITY OF CUPERTINO" for a general description of the City as well as certain demographic and statistical information.

See Appendix A—GENERAL, ECONOMIC AND DEMOGRAPHIC INFORMATION RELATING TO THE CITY AND THE COUNTY for a general description of the City as well as certain demographic and statistical information.

City Council

The City operates under a Council-City Manager form of government. There are five council members who are elected at-large to overlapping four-year terms. The Mayor and the Vice Mayor are filled annually by election of the council members. The City Council is responsible for, among other things, establishing local law and policies through the enactment of ordinances and resolutions, adopting the City budget, appointing members to advisory municipal activities, and serving on regional committees and boards whose policies may affect the City. The members of the City Council and the expiration dates of their respective terms are as follows:

CITY OF CUPERTINO City Council

<i>Name</i>	<i>Term Expires</i>
Steven Scharf, Mayor	December 2020
Darcy Paul, Vice Mayor	December 2022
Liang Chao, Council Member	December 2022
Rod Sinks, Council Member	December 2020
Jon Willey, Council Member	December 2022

The City Council appoints the City Manager who is responsible for the daily administration of City affairs. The City Council also appoints the City Attorney and the City Treasurer. All other employees are appointed by the City Manager

City Management

A summary of certain City executive staff are described below.

City Manager. The City Manager is responsible for the day-to-day administration of the City. The City Manager's office implements policy decisions of the City Council, provides leadership and strategic direction to the City's leadership team and organization, as well as ensuring that initiatives and programs align with the City's mission and reflect the values of the community. The City Manager's office provides overall guidance to all City operating departments and is responsible for the administration of City programs to ensure the delivery of high quality services in an efficient and cost-effective manner.

The City's current City Manager is Ms. Deborah Feng. Ms. Feng began serving as City Manager of the City in June 2019. Prior to being appointed as City Manager of the City, Ms. Feng had more than 30 years of management and administration experience with the National Aeronautics and Space Administration at Ames Research Center in Moffett Field, California, where her responsibilities included working with city governments, financial management and budgeting, master planning and facilities construction, information technology, human resources, partnerships and communications and outreach.. Ms. Feng holds a bachelor's degree in Mass Communications, Radio and Television from the University of California, Berkeley and a master's degree in Business Administration from San Jose State University.

City Treasurer. The City Treasurer is charged with investing City funds, producing monthly reports to identify amounts and types of investment instruments, arranging payments on City bonds and coordinating

financial transactions. The City Treasurer is appointed by the City Council. In 2014, the City Council appointed Ms. Kristina Alfaro to the position of City Treasurer; Ms. Alfaro also serves as the Administrative Services Director.

Kristina Alfaro was hired by the City of Cupertino in December 2012 and assumed the responsibilities of City Treasurer and Director of Administrative Services in November 2014. Ms. Alfaro had previously served as the Assistant to the City Manager for the City. Her municipal experience also includes seven years as Associate Management Analyst with the Stanislaus County's Chief Executive Office. While in Cupertino Ms. Alfaro has led the effort to modernize the City's financial and human resource systems by replacing the City's legacy system that had been in place for over 15 years. In addition, she led financial transparency efforts by redesigning the City's budget document and budget process and adding a financial transparency portal. She helped to maintain the City's strong fiscal position by implementing 115 trusts for both retiree health and pension costs and developing a strong reserve policy. Ms. Alfaro received her bachelor's degree from San Jose State University, San Jose, California. Ms. Alfaro has over fifteen years of combined financial experience in the public sectors. Professional affiliations include GFOA and CSMFO.

City Attorney. The City Attorney functions include advising the City Council and City officers in all matters pertaining to their respective offices, giving advice or opinions on the legality of all matters under consideration by the Council or by any of the boards, commissions, committees or officers, and preparing and/or approving all ordinances, resolutions, agreements, contracts, and other legal instruments as shall be required for the proper conduct of the business of the City and approving the form of all contracts, agreements, and bonds given to the City. The City Attorney is appointed by the City Council. In 2019, the City Council appointed Ms. Heather Minner as a contract City Attorney. Ms. Minner is a partner with the law firm of Shute, Mihaly & Weinberger LLP. Ms. Minner has extensive experience representing public agency clients and frequently assists cities and local agencies in land use and administrative matters. Ms. Minner received a bachelor's degree in history from the University of California, Berkeley, a master's degree in urban planning from the University of California, Los Angeles, and a Juris Doctorate from the University of California Berkeley School of Law.

Employee and Employee Relations

As of June 30, 2020, the City had approximately 198 full-time equivalent employees. In accordance with the provisions of California Government Code Section 3500, the City participates in labor negotiations with its employee associations. The result of the negotiations processes are memorialized in memoranda of understanding reached between the City and the City employee associations. The table below lists the City's two employee associations and the approximate membership as of June 30, 2020, as well as the unrepresented employees:

<i>Unit/Affiliation</i>	<i>Contract Expiration Date</i>	<i>Number of Members</i>
Cupertino Employee's Association	June 30, 2022	65
Operating Engineers Local No. 3 Union, AFL-CIO	June 30, 2022	55
Unrepresented Employees Compensation Program		<u>70</u>
	Total	190

Source: City of Cupertino.

The City has not experienced a strike or work stoppage in the last ten years.

Prior Employee Embezzlement

On September 5, 2018 the Santa Clara County Sheriff's Office arrested a former City employee for her alleged role in the embezzlement of public funds. The employees is alleged to have issued and cashed numerous

fraudulent checks between 2000 and 2014 for a total of \$791,494. The State Attorney General's Office has brought criminal charges against the former employee. The City is working with the Attorney General's Office to seek maximum restitution from the former employee through the criminal proceedings.

City staff discovered the fraudulent checks in 2018, during a multi-year, detailed review of the City's accounts following the implementation of an upgraded financial system in 2014, which was intended to strengthen the City's internal controls.

The new financial system implemented by the City in December 2014 increased the magnitude and volume of internal controls by establishing multi-layer approvals within the system. In conjunction with the system upgrade in 2014, the City incorporated a decentralized accounting structure and hired additional accounting staff to enhance segregation of duties and implemented an internal audit function in fiscal year 2019-20. In addition, the City holds quarterly Audit Committee meetings for purposes of (1) reviewing annual audit reports and management letters, (2) recommending appointment of auditors, (3) reviewing quarterly treasurer's reports, (4) recommending budget formats, and (5) reviewing City investment policies and internal controls of such policies.

Risk Management

General and Property Liability. The City is self-insured for the first \$250,000 of general and property liability for each occurrence, and the excess (up to \$10,000,000 for each occurrence and annual aggregate) is covered through the City's participation in Pooled Liability Assurance Network Joint Powers Authority ("PLAN JPA") (previously the Association of Bay Area Governments Pooled Liability Assurance Network ("ABAG PLAN")). The risk pool consists of 28 agencies within the San Francisco Bay Area. The stated purpose of the PLAN JPA is to provide certain levels of liability insurance coverage, claims management, risk management services, and legal defense to its participating members. PLAN JPA is governed by a Board of Directors, which comprises officials appointed by each participating member. Premiums paid to PLAN JPA are subject to possible refund based on the results of actuarial studies and approval by the Board of Directors. Complete financial statements for PLAN JPA may be obtained from their offices at the following address: PLAN JPA, 1750 Creekside Oaks Drive, Suite 200, Sacramento, CA 95833. Premiums are revised each year based on the City's claims experience and risk exposure. For the years ended June 30, 2019 and June 30, 2020, the City paid PLAN JPA premiums of \$482,346 and \$639,636, respectively.

Workers' Compensation Liability. The City belongs to the CSAC Excess Insurance Authority ("EIA"), a joint powers authority which provides excess workers' compensation liability claims coverage above the City's self-insured retention of \$500,000 per occurrence. Losses above the self-insured retention are pooled with excess reinsurance purchased to a \$50,000,000 statutory limit. EIA was established in 1979 for the purpose of creating a risk management pool for all California public entities. EIA is governed by a Board of Directors consisting of representatives of its member public entities. Complete financial statements for EIA may be obtained from their offices at the following address: CSAC Excess Insurance Authority, Finance Department, EIA 75 Iron Point Circle, Suite 200, Folsom, CA 95630. For the years ended June 30, 2019 and June 30, 2020, the City paid EIA premiums of \$126,079 and \$123,313, respectively.

It is the City's practice to obtain biennial actuarial studies for the self-insured workers' compensation liability. The claims liabilities included in the workers' compensation internal service fund is based on the results of actuarial studies and include amounts for claims incurred but not reported and loss adjustment expenses. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic and social factors. Inflation of 2.5%, annual rate of return of 2.0%, claim severity increase at 2.5% were assumed. In the year ended June 30, 2019, management used actuarial estimates based on a 90% confidence level.

Settled claims have not exceeded any of the coverage described above in any of the past five fiscal years. For additional information with respect to the City's risk management program and EIA, see Note 9 to the City's audited financial statements for fiscal year 2018-19 attached hereto as Appendix B.

CITY FINANCIAL INFORMATION

COVID-19 Pandemic Impact

The spread of the novel strain of coronavirus called SARS-CoV-2 that causes the disease known as COVID-19 ("COVID-19"), and local, state and federal actions in response to COVID-19, are having a significant impact on the economy and on the City's operations and finances. In response to the increasing number of cases of COVID-19 and fatalities, health officials and experts are recommending, and some governments are mandating, a variety of responses ranging from travel bans and social distancing practices, to complete shut-downs of certain services and facilities. On March 4, 2020, as part of the State's response to address the outbreak, the Governor declared a state of emergency. On March 13, President Donald Trump declared a national emergency, freeing up funding for federal assistance to state and local governments. On March 19, 2020, the Governor issued Executive Order N-33-20, a mandatory statewide shelter-in-place order applicable to all non-essential services.

In May 2020, the Governor outlined a phased approach to re-opening businesses in California. As a result of State and local actions taken to slow the spread of COVID-19, a number of businesses have had to close and other businesses, such as restaurants, have been permitted to stay open subject to certain conditions. These circumstances, among other market factors, have led to increased unemployment since the beginning of the COVID-19 outbreak in the United States. In addition to increased unemployment, financial markets in the United States and globally have been volatile, with significant declines attributed to coronavirus concerns.

On July 13, 2020, the Governor issued another order requiring all counties within the State to close indoor operations in certain sectors, including dine-in restaurants, wineries and tasting rooms, movie theatres, family entertainment centers, zoos and museums and cardrooms. The Governor's July 13, 2020 order also required certain counties on the Governor's Monitoring List, which as of August 17, 2020 included Santa Clara County, to shut down additional industries and activities, including gyms and fitness centers, places of worship and cultural ceremonies (such as wedding and funerals), offices for non-critical infrastructure sectors, personal care services (such as nail salons, body waxing and tattoo parlors) and shopping malls.

On August 28, 2020, the State released further guidance regarding re-opening certain types of businesses based on a county-by-county approach where each county is assigned a tier based on COVID-19 case rates within each County. Based on the initial assessment from the State, Santa Clara County is in the "Widespread" tier as of September 4, 2020. For counties in the "Widespread" tier, certain non-essential indoor businesses are required to remain closed. Consistent with the state-wide loosening of certain restrictions, however, certain indoor business operations in the County, including hair salons and barbershops, shopping malls, retail businesses, and grocery stores, may reopen subject to certain operating capacity and other restrictions.

While the effects of COVID-19 may be temporary, the outbreak and governmental actions responsive to it are altering the behavior of businesses and people in a manner that is having significant negative impacts on global and local economies. In addition, stock markets in the U.S. and globally have seen significant declines attributed to coronavirus concerns. CalPERS has reportedly lost significant value in its investments as a result of declines in the stock market and elsewhere, which could result in a significant increase in the City's unfunded pension liability and future pension costs, commencing in Fiscal Year 2022-23. See the caption "—Retirement System." The outbreak has resulted in increased pressure on State finances, as budgetary resources are directed towards containing the pandemic and tax revenues sharply decline. Identified cases of COVID-19 and deaths attributable to the COVID-19 outbreak are continuing to increase throughout the United States, including the City. The COVID-19 outbreak is expected to result in material declines in major General Fund revenues. In addition, Governor Newsom extended the deadline to file and pay first quarter sales and use tax returns by 90

days for all but the very largest taxpayers, and up to 361,000 California businesses with less than \$5 million in taxable annual sales will be allowed to defer up to \$50,000 in sales tax and enter into 12-month payment plans at zero interest. This will result in delays in the receipt by the City of its portion of the delayed payments.

In response to the pandemic, the City has taken actions to activate its emergency operations center, temporarily close all non-essential City services, introduce teleworking as and where appropriate, and abide by all federal, state, and regional orders. The City actively monitors the COVID-19 situation in the community and acts swiftly to issue additional emergency orders to mitigate both the spread of the virus and economic impacts to the community.

Since the onset of the COVID-19 pandemic, the County Health Officer has issued a series of orders regulating activities throughout the County, including within the City. The County's orders are more strict in certain respects than federal guidelines and state orders related to COVID-19. The most recent order, issued July 2, 2020, continues to urge all County residents to stay home as much as possible, requires workers to do their jobs from home whenever possible, and prohibits indoor dining and bars, but permits certain indoor gatherings (up to 20 people) and outdoor gatherings (up to 60 people).

In an effort to assist residential tenants and small business commercial tenants, the County temporarily banned evictions for non-payment of rent or no-fault evictions when the tenant has suffered a substantial loss of income and/or substantial out-of-pocket medical expense due to the COVID-19 pandemic. The County's eviction moratorium expired August 31, 2020. Based on the County's evaluation of the State's August 31, 2020 state-wide eviction and foreclosure protections, the County may extend or revise its legislation.

The City has also taken certain measures to protect and mitigate impacts to the public and businesses in the community, including adoption of emergency orders requiring individuals to wear a face covering when they need to leave their home to work or obtain essential goods and services; allowing outdoor dining and retail services with a special permit; adoption of an urgency ordinance to extend certain permit deadlines and requirements; offering loans and grants to income-qualified Cupertino residents to assist with residential rental payments; and establishing a small business emergency relief grant program. The City is considering orders to waive sign fees and permit requirements for retail and restaurant "open for business" signs.

As a result of COVID-19, the City forecasts a budget deficit of \$2.8 million in Fiscal Year 2020-21. The City has also identified significant unfunded needs in its Capital Improvement Program (CIP), including substantial investments in the City's capital infrastructure. In response, the City has already implemented several budget balancing strategies, including: reduced recreation programming; hiring freeze, with limited exceptions; furloughing approximately 65% of temporary staffing, approximately 80 positions; limiting travel and training; and reducing various other expenditure categories including materials, contracts, contingencies, and special projects. Additional measures that the City is considering include: continue to reduce recreation programming; reduce library hours and/or programming; longer planning, code enforcement, and public safety response times; fewer community events and grants; reduced or deferred capital infrastructure maintenance; reduced administrative staff and continued evaluation of staffing needs.

On March 27, Congress passed and the President signed the \$2.2 trillion Coronavirus Aid, Relief, and Economic Stabilization Act ("CARES Act") that provides, among other measures, \$150 billion in financial assistance to states, tribal governments and local governments to provide emergency assistance to those most significantly impacted by COVID-19. The City expects to receive approximately \$735,259 in CARES Act funds through the State by the end of calendar year 2020.

See the caption "—Budget Procedure, Current Budget and Historical Budget Information" herein for a discussion of the City's fiscal year 2020-21 Adopted Budget and the potential impacts of COVID-19 on City finances.

Accounting and Financial Reporting

The City's basic financial statements are prepared in conformity with accounting principles generally accepted in the United States ("GAAP"). The Government Accounting Standards Board ("GASB") is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States.

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

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt which are recognized as expenditures to the extent the City has provided financial resources to a debt service fund for payment of these liabilities that mature early in the following year. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from long-term debt and acquisitions under capital leases are reported as other financing sources.

Unearned revenues are considered on a full accrual basis, while unavailable revenues are based on the modified accrual measure.

Property taxes, transient occupancy taxes, utility taxes, franchise taxes, interest and special assessments are susceptible to accrual. Other receipts and taxes are recognized as revenue when the cash is received. Sales taxes collected and held by the state at year end on behalf of the City are also recognized as revenue. Sales tax consultant payments which are contingent on revenues collected are netted against the related revenues.

Under the terms of grant agreements, the City may fund certain programs with a combination of cost reimbursement grants, categorical block grants, and general revenue. The City's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary. Grant revenues are recognized after eligibility and billing occurs, but may be a deferred inflow if not received within sixty days of year-end. Because of the cost-reimbursement and recognition nature of some grants, certain capital project funds may carry deficit fund balances until billing and receipt of grants. The City may also front the capital outlays with cash advances from other funds.

Non-exchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied or assessed. Revenue from grants is recognized as described above. Entitlement and donation revenues are recognized when cash is received.

The General Fund is the general operating fund of the City and is used to account for all financial resources except those that are required to be accounted for in another fund. The City expects to pay Lease Payments from amounts in the General Fund. Tables 1 through 3 below set forth certain historical and current fiscal year budget information for the General Fund. Information on the other governmental funds of the City as of June 30, 2019 is set forth in Appendix B.

City Blended Component Units and Fiduciary Component Units

General. Under GASB guidelines, component units of a primary government (i.e. the City) generally include those that are legally separate entities but raise and hold economic resources for the direct benefit of the primary government. Blended component units, although separate legal entities are, in substance, part of the

government's operations and their funds are treated similarly to funds of the primary government (other than the General Fund). Fiduciary component units are those with assets administered through a trust in which the primary government is not the beneficiary, the assets are dedicated to provide benefits to recipients and the assets are legally protected.

The City's blended component units which have or will have outstanding obligations and City's fiduciary component units, are described below.

Blended Component Unit. The Corporation was incorporated in May 1986, under the Nonprofit Public Benefit Corporation Law of the State. The Corporation was organized as a nonprofit corporation solely for the purpose of assisting the City in the acquisition, construction, and financing of public improvements which are of public benefit to the City. The Corporation, after acquiring certain properties from the City, leases these back to the City. The lease money provides the funds for the debt service for the Certificates of Participation issued by the Corporation to acquire the properties. The Corporation does not issue separate financial statements, since it is reported separately in the City's basic financial statements.

Fiduciary Component Unit. The City participates in the Public Agency Retirement System ("PARS") Public Agencies Post-Retirement Health Care Plan Trust Program ("PARS Trust"), an agent-multiple employer irrevocable trust established to fund other postemployment benefits. The PARS Trust functions for the benefit of the employees. The City funds all PARS Trust costs based on actuarial valuations for its specific portion of the PARS Trust as opposed to the PARS Trust as a whole.

Effective July 1, 2016, the City reported in its fiduciary fund financial statements the PARS Trust that pertains to the City as well as other post-employment benefit payments of the City's other post-employment benefits plan initiated by the City but reimbursed to the PARS Trust and required to be recognized under applicable standards due to a change in the reporting entity. With the implementation of GASB Statement 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, the City reviewed the PARS Trust separately issued financial statements and determined that inclusion of the City OPEB Plan component unit financial statements and related disclosures as a City trust fund were necessary as omission would have been misleading. For discussion of the City's OPEB Plan, see the caption "—Other Post-Employment Benefits" and Note 11 to the audited financial statements for fiscal year 2018-19 attached hereto as Appendix B.

Financial Policies

General. The City has adopted a comprehensive set of financial policies to serve as a guideline for financial matters as further described below.

Reserves Policy. The City has adopted a committed, unassigned fund balance and use of one time funds policy (the "Reserve Policy") for the purpose of meeting the City's goal of maintaining sufficient committed and unassigned fund balances in each fund for the ability to meet certain economic uncertainties. The City has adopted the following reserves: (i) an Economic Uncertainty reserve, to be used in case of economic downturns and major revenue changes; (ii) a CalPERS Pension Rate Stabilization Program, to assist in stabilizing the potential impact of pension cost volatility on the City's operating budget; (iii) a Sustainability Reserve with respect to the City's Climate Action Plan, with funds to be used to provide residents, business and schools with programs and services focused on energy efficiency, renewable energy, water conservation, alternative transportation and other sustainable actions; (iv) Unassigned reserves to absorb unanticipated operating needs or unexpected claims or litigation settlements; and (v) a Capital Improvements reserve (the "Capital Reserve") to meet future capital project needs so as to minimize future debt obligations.

The following table shows the City's Reserve Policy amounts for fiscal year 2020-21 for each of the reserves described above.

<i>Funding Priority</i>	<i>Reserve</i>	<i>Reserve Level</i>	<i>Escalator</i>
General Fund			
1	Economic Uncertainty	\$ 19,000,000	General Fund budgeted operating expenditures (exclusive of interfund transfers) and General Fund budgeted revenues
2	CalPERS	\$ 12,000,000	Budgeted City-wide retirement costs
3	Sustainability Reserve	\$ 123,397	General Fund budgeted revenue (excluding the use of reserves)
4	Unassigned	\$ 500,000	Budgeted General Fund operating expenditures
Capital Projects Funds			
5	Capital Improvement	\$ 5,000,000	None

Debt Management Policy. The City has adopted a debt management policy (the “Debt Management Policy”) in compliance with California Government Code Section 8855. The Debt Management Policy sets forth the purposes for which long-term debt financings may be undertaken (i.e. for projects that will provide benefit to constituents over multiple years). The Debt Management Policy provides that short-term financings may be undertaken for operational cash flow purposes and for short-lived capital projects (i.e. equipment leases). The City’s Debt Management Policy is implemented in conjunction with annual budgeting and the City’s capital improvement program.

Investment Policy. The City invests its funds in accordance with the City’s investment policy (the “Investment Policy”). In accordance with Section 53600 *et seq.* of the California Government Code, idle cash management and investment transactions are the responsibility of the City Treasurer. The City’s Investment Policy sets forth the policies and procedures applicable to the investment of City funds and designates eligible investments. The Investment Policy sets forth a stated objective, among others, of ensuring the safety of invested funds by limiting credit and market risks. Funds are invested in the following order of priority:

- Safety of Principal;
- Liquidity; and
- Return on Investment.

Eligible investments are generally limited to managed investment pools, including the Local Agency Investment Fund which is operated by the California State Treasurer, U.S. Treasury bills, notes and bonds, federal agency or United States government sponsored enterprise obligations, medium term corporate notes, commercial paper rated A1/P1, as applicable, or better, repurchase agreements with counter-party ratings of “AA” or its equivalent or better, and mutual funds as authorized by State law.

The City Treasurer is required to provide a quarterly report to the City Manager and the City Council showing the type of investment, date of maturity, amount invested, current market value, rate of interest, and other such information as may be required by the City Council. At June 30, 2020, the City had an investment portfolio with a market value of approximately \$110 million. As of such date, the City had invested approximately, 33% of its investment portfolio in federal agencies, 25% in U.S. Treasuries, and 26% of its investment portfolio in corporate securities. For additional information with respect to the City’s cash and investments, see Note 2 to the audited financial statements for fiscal year 2018-19 attached to the Official Statement as Appendix B.

Major Revenues and Expenses

Revenues. The City derives its General Fund revenues from a variety of sources including *ad valorem* property taxes, sales taxes, licenses, permits, transient occupancy taxes, charges for services provided by the City and other miscellaneous revenues. The City's total General Fund revenues for selected major revenue sources for the past five fiscal years are set forth below.

TABLE 1
CITY OF CUPERTINO
SELECTED MAJOR REVENUE SOURCES

<i>Revenue Category</i>	<i>2015-16</i>	<i>2016-17</i>	<i>2017-18</i>	<i>2018-19</i>	<i>2019-20⁽¹⁾</i>
Property Taxes ⁽²⁾	\$ 18,194,463	\$ 20,219,077	\$ 22,433,805	\$ 25,301,095	\$ 26,606,844
Sales Taxes	21,350,056	26,932,012	26,164,531	24,901,779	26,651,250
Transient Occupancy Taxes	5,852,244	6,023,681	6,810,718	8,901,337	7,286,083
Charges for Services	16,848,153	23,708,304	14,972,627	12,644,413	11,955,401
Licenses and Permits	<u>3,073,110</u>	<u>2,356,925</u>	<u>2,757,928</u>	<u>4,102,665</u>	<u>4,692,845</u>
Total	<u>\$ 65,318,026</u>	<u>\$ 79,239,999</u>	<u>\$ 73,139,609</u>	<u>\$ 75,851,289</u>	<u>\$ 77,192,424</u>

⁽¹⁾ Fiscal year 2019-20 amounts represent unaudited actual results.

⁽²⁾ Inclusive of Department of Motor Vehicles license fees. See “—Property Taxes” below.

Source: City of Cupertino.

Expenses. The City's major General Fund two largest expenditure categories for Fiscal Year 2019-20 were expenditures for Public Works and Law Enforcement (which is comprised mostly of the City's contract with Santa Clara County to provide police services for the City), which accounted for approximately 29.6% and 21.9%, respectively, of General Fund expenditures. In Fiscal Year 2020-21, approximately 32.6% and 20.9% of budgeted General Fund expenditures are for Public Works and Police expenditures, respectively. See the caption “—Budget Procedure, Current Budget and Historical Budget Information” herein.

Other major General Fund expenditures include administration (which includes the City's costs associated with the City's retirement system and other post-employment benefit plan described under the captions “—Retirement System” and “Other Post-Employment Benefits”) and expenditures for community development activities. Administration and community development expenditures comprised approximately 10.8% and 13.1% of total fiscal year 2019-20 General Fund expenditures, respectively, and are budgeted to comprise approximately 13.1% and 13.9% of fiscal year 2020-21 General Fund expenditures, respectively.

Budget Procedure, Current Budget and Historical Budget Information

The City's annual operating budget is prepared on a July 1 to June 30 fiscal year basis. However, the budget process is an ongoing process that occurs throughout the year and includes phases of development, proposal, adoption, monitoring and amendment.

The budget development phase begins in December with the preparation of budget instructions and work program development by the City Council and City Manager. During March, departments prepare the budgets for which they are responsible. These proposed department budgets are reviewed by the City's Finance Division using current and prior year trends data. The City Manager then reviews the proposals with the Director of Administrative Services and departmental staff and makes final decisions which form the basis of the City Manager's proposed budget. The City Manager's proposed budget is then submitted to the City Council in May.

During the months of May and June, the City Council considers the budget proposals at a study session and public hearing. At these times, the Council hears from the City's boards and commissions, community

groups and the public regarding budget requests and recommendations. The adopted budget is adopted by resolution in June and takes effect on July 1.

After the annual budget is adopted, the City enters the budget monitoring phase. Throughout the year, expenditures are monitored by the Finance Division staff and department managers to ensure that funds are used in an approved manner. Adjustments to expenditures within or between departmental budgets are accomplished on an as-needed basis administratively throughout the year. The City Manager and department heads can transfer funds between their line items and/or divisions as needed.

City Council approval is required for additional appropriations from fund balances or from new revenue sources.

The annual budget for fiscal year 2020-21 was approved on June 16, 2020 (the “Adopted Budget”). The Adopted Budget projects General Fund revenues in fiscal year 2020-21 to be approximately \$79.1 million, a decrease of approximately \$8 million or 9.2% from the fiscal year 2019-20 adopted budget.

The Adopted Budget projects: (i) an increase in property tax revenues of approximately \$0.6 million, (ii) a decrease in sales tax revenues of approximately \$4.7 million; and (iii) a decrease in transient occupancy tax of approximately \$2.1 million, in each case as compared to the fiscal year 2019-20 adopted budgeted amounts.

The Adopted Budget projects General Fund expenditures of \$80.5 million in fiscal year 2020-21, which is an approximately \$0.4 million increase from the fiscal year 2019-20 adopted budget.

Set forth in Table 2 below are the adopted General Fund budgets for fiscal years 2018-19, 2019-20 and 2020-21, the actual audited results for fiscal year 2018-19 and the unaudited actual results for fiscal year 2019-20. The General Fund budgets and actuals shown in Table 2 below do not reflect the application of GAAP and therefore differ in certain respects to the audited General Fund Statement of Revenues, Expenditures and Change in Fund Balance shown in Table 3 below.

TABLE 2
CITY OF CUPERTINO
GENERAL FUND BUDGETS TO ACTUAL COMPARISONS (ON A BUDGETARY BASIS)⁽¹⁾

	<i>Adopted Fiscal Year 2018-19 Budget</i>	<i>Fiscal Year 2018-19 Audited Results</i>	<i>Adopted Fiscal Year 2019-20 Budget</i>	<i>Unaudited Actual Fiscal Year 2019-20 Results⁽²⁾</i>	<i>Adopted Fiscal Year 2020-21 Budget</i>
REVENUES					
Taxes	\$ 62,047,000	\$ 67,299,302	\$64,386,061	\$65,128,267	\$58,248,207
Use of money and property	692,000	2,654,331	1,330,579	2,865,334	1,246,510
Intergovernmental	326,000	473,942	354,547	747,942	335,567
Licenses and permits	2,685,000	4,102,665	2,524,000	4,692,845	3,139,473
Charges for services	10,269,276	12,644,413	13,233,225	11,955,401	11,091,064
Fines and forfeitures	615,000	511,471	615,000	327,833	425,000
Other revenue	<u>244,200</u>	<u>1,102,320</u>	<u>4,644,740</u>	<u>5,088,017</u>	<u>4,559,304</u>
Amounts available for appropriation	<u>76,878,476</u>	<u>88,788,444</u>	<u>87,088,152</u>	<u>90,805,639</u>	<u>79,045,125</u>
CHARGES FOR APPROPRIATION (OUTFLOWS)					
Current					
Administration	6,883,713	6,292,611	7,554,703	6,957,217	9,218,655
Law enforcement	12,988,353	13,108,632	14,077,937	14,151,412	14,792,448
Innovation and technology	3,397,490	2,843,540	3,378,697	3,556,368	1,981,299
Administrative services	4,606,561	4,197,582	4,790,420	4,652,598	4,955,568
Parks and recreation	10,614,583	8,996,118	8,579,403	7,688,940	6,804,768
Community development	8,332,883	8,554,055	9,604,789	8,443,767	9,801,449
Public Works	17,831,725	17,667,775	21,578,962	19,156,660	23,025,616
Capital outlay	<u>1,625,500</u>	<u>1,353,691</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total charges for appropriations	<u>66,280,808</u>	<u>63,014,104</u>	<u>69,564,911</u>	<u>64,606,962</u>	<u>70,579,803</u>
EXCESS OF REVENUES OVER EXPENDITURES					
	10,597,668	25,774,340	17,523,241	26,198,677	8,465,322
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets	--	3,875	-	-	
Transfers in	10,000	10,000	12,000	10,012,000	15,000
Transfers (out)	<u>(11,358,912)</u>	<u>(19,376,212)</u>	<u>(10,539,557)</u>	<u>(30,892,319)</u>	<u>(9,948,689)</u>
Total other financing sources (uses)	<u>(11,348,912)</u>	<u>(19,362,212)</u>	<u>(10,527,557)</u>	<u>(20,880,319)</u>	<u>(9,933,689)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (751,244)</u>	<u>\$ 6,412,128</u>	<u>\$6,995,684</u>	<u>\$5,318,358</u>	<u>(\$1,468,367)</u>

⁽¹⁾ This Table 2 is presented using the budgetary basis of accounting and does not reflect the application of GAAP. Certain actual results for fiscal years 2018-19 and 2019-20 differ from Table 3 below.

⁽²⁾ Fiscal year 2019-20 amounts represent unaudited actual results.

Source: Audited Financial Statements for fiscal year 2018-19; the City for Fiscal Year 2020-21; Adopted Budget of the City for fiscal year 2020-21.

Comparative Change in Fund Balance of the City General Fund

The table below presents the City's audited General Fund Statement of Revenues, Expenditures and Change in Fund Balance for fiscal years 2015-16 through 2018-19 and unaudited actual results for fiscal year 2019-20.

TABLE 3
CITY OF CUPERTINO GENERAL FUND STATEMENT OF
REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE

	2015-16	2016-17	2017-18	2018-19	2019-20 ⁽¹⁾
REVENUES					
Taxes	\$ 54,786,297	\$ 62,648,633	\$ 63,459,132	\$ 67,299,302	\$65,128,267
Use of money and property	1,362,393	1,173,095	1,325,814	2,654,331	2,865,334
Intergovernmental	428,992	330,108	1,000,776	473,942	747,942
Licenses and permits	3,073,110	2,536,925	2,757,928	4,102,665	4,692,845
Charges for services	16,848,153	23,708,304	14,972,627	12,644,413	11,955,401
Fines and forfeitures	558,516	593,123	575,032	511,471	327,833
Other revenue	799,587	1,822,766	1,015,227	1,102,320	5,088,017
Total revenues	<u>77,857,048</u>	<u>92,812,954</u>	<u>85,106,536</u>	<u>88,788,444</u>	<u>90,805,639</u>
EXPENDITURES					
Current					
Administration	4,052,241	5,936,337	4,919,262	6,292,611	6,957,217
Law Enforcement	10,988,735	11,939,095	12,362,621	13,108,732	14,151,412
Public and environmental affairs	544,718	1,864,746	2,835,768	2,843,540	3,556,368
Administrative services	2,811,117	5,054,539	4,430,300	4,197,582	4,652,598
Recreation services	5,441,200	9,361,934	8,686,076	8,996,118	7,688,940
Community development	5,248,841	6,433,422	8,365,234	8,554,055	8,443,767
Public works	13,115,155	16,484,844	15,820,836	17,667,775	19,156,660
Capital outlay	9,657,394	7,999,577	7,762,733	1,353,691	-
Debt service					
Principal	--	--	--	--	--
Interest and fiscal charges	--	--	--	--	--
Total expenditures	<u>51,859,401</u>	<u>65,074,494</u>	<u>65,923,706</u>	<u>63,014,104</u>	<u>64,606,962</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	25,997,647	27,738,460	19,923,706	25,744,340	26,198,677
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets	580	--	872,250	3,875	
Transfers in	36,015	31,411	2,254,183	10,000	10,012,000
Transfers out ⁽²⁾	<u>(13,163,945)</u>	<u>(26,609,358)</u>	<u>(24,129,372)</u>	<u>(19,376,087)</u>	<u>(30,892,319)</u>
	<u>(13,163,945)</u>	<u>(26,343,610)</u>		<u>(19,362,212)</u>	<u>(20,880,319)</u>
Total other financing sources (uses)			<u>(21,002,939)</u>		
Net Change in Fund Balances			(1,079,233)	6,412,128	5,318,358
Fund Balances (Deficits) – July 1	<u>39,324,543</u>	<u>52,194,840</u>	<u>53,589,690</u>	<u>52,510,457</u>	<u>58,922,585</u>
Fund Balances (Deficits) – June 30	<u>\$ 52,194,840</u>	<u>\$ 53,589,690</u>	<u>\$ 52,510,457</u>	<u>\$ 58,922,585</u>	<u>\$ 64,240,943</u>

⁽¹⁾ Fiscal year 2019-20 amounts represent unaudited actual results.

⁽²⁾ Transfers out generally include transfers to fund capital projects, annual lease payments with respect to the 2012 Certificates and other miscellaneous transfers. See Note 4 the audited financial statements for fiscal year 2018-19 attached hereto as Appendix B.

Source: Audited Financial Statements for fiscal years 2015-16 through 2018-19; City for fiscal year 2019-20.

Comparative General Fund Balance Sheets of the City

The table below presents the City's audited General Fund Balance Sheets for fiscal years 2015-16 through 2018-19 and unaudited actual results for fiscal year 2019-20.

TABLE 4
CITY OF CUPERTINO
GENERAL FUND BALANCE SHEETS
FIVE YEAR COMPARISON

	2015-16	2016-17	2017-18	2018-19	2019-20 ⁽¹⁾
ASSETS					
Cash and investments	\$ 54,282,490	\$ 62,119,171	\$ 63,889,867	\$ 57,426,973	\$ 62,029,471
Restricted cash and investments	--	--	--	8,109,521	12,725,224
Receivables					
Accounts	11,181,310	2,953,906	2,837,425	3,320,100	2,946,471
Interest	52,606	94,152	163,067	363,945	70,265
Loans	868,608	851,714	458,893	454,188	449,341
Due from other funds	450,220	1,400,000	307,056	441,326	441,326
Advance to other funds ⁽²⁾	--	--	--	--	3,000,000
Other assets ⁽³⁾	<u>72,657</u>	<u>25,613</u>	<u>3,884</u>	<u>3,884</u>	<u>3,884</u>
Total Assets	<u>66,907,891</u>	<u>67,448,052</u>	<u>67,666,192</u>	<u>70,119,937</u>	<u>81,665,982</u>
LIABILITIES					
Accounts payable and accruals	4,794,690	2,861,179	3,664,488	2,975,447	4,208,314
Accrued payroll and benefits	15,649	224,346	912,107	882,414	1,405,270
Due to other funds	--	--	--	--	--
Deposits	9,747,271	10,663,048	10,479,925	7,066,073	11,605,717
Unearned revenue	<u>155,441</u>	<u>109,789</u>	<u>99,125</u>	<u>273,418</u>	<u>205,739</u>
Total liabilities	<u>14,713,051</u>	<u>13,858,362</u>	<u>15,155,735</u>	<u>11,197,352</u>	<u>17,425,040</u>
FUND BALANCES					
Nonspendable	937,381	876,939	464,893	454,188	449,341
Restricted	888,374	1,016,771	1,254,578	9,469,670	14,324,757
Committed	--	19,000,000	19,122,754	19,123,397	19,127,891
Assigned	20,500,000	4,638,181	9,963,310	1,979,202	1,979,202
Unassigned	<u>29,869,085</u>	<u>28,057,799</u>	<u>21,704,922</u>	<u>27,896,128</u>	<u>28,359,751</u>
Total fund balances	<u>52,194,840</u>	<u>53,589,690</u>	<u>52,510,457</u>	<u>58,922,585</u>	<u>64,240,942</u>
Total liabilities and fund balances	<u>\$ 66,907,891</u>	<u>\$ 67,448,052</u>	<u>\$ 67,666,192</u>	<u>\$ 70,119,937</u>	<u>\$ 81,665,982</u>

⁽¹⁾ Fiscal year 2019-20 amounts represent unaudited actual results.

⁽²⁾ Represents an advance from the General Fund to the Capital Improvement Program Capital Projects Fund to provide further funding for the City's Library Expansion Project. Such advance is scheduled to be repaid to the General Fund within three years.

⁽³⁾ Includes certain prepaid items for fiscal years 2015-16 through 2017-18.

Source: Audited Financial Statements for fiscal years 2015-16 through 2018-19; City for fiscal year 2019-20.

Capital Improvement Program

The City adopts an annual capital improvement program ("CIP") that covers the current and next succeeding four fiscal years and serves as the City's short and long-term plan for capital projects. Each fiscal year, the CIP is funded by the Capital Reserve and/or restricted grant and donation proceeds. The fiscal year 2020-21 adopted CIP budgets for expenditures of \$2.2 million, or \$23.5 million lower than the fiscal year 2019-20 adopted CIP. In addition to uncertainty surrounding the COVID-19 pandemic, this reduction is also due to a minimal remaining fund balance in the Capital Reserve. While the City's policy to transfer excess fund balance in the General Fund to the Capital Reserve remains effective, the impacts from COVID-19 will create competing interests for use of those excesses.

The City's adopted fiscal year 2020-21 CIP totals approximately \$2.2 million, including \$2.2 million in newly adopted appropriations and \$52.1 million in remaining appropriations from prior years. The projects include upgrades and/or new construction of general City facilities, park improvements, storm drain improvements, sanitary sewer projects and street and traffic projects. A summary of the major projects included in the adopted fiscal year 2020-21 CIP and the fiscal year 2020-21 appropriated amounts for such projects are shown in the table below.

Property Taxes

During fiscal years 2018-19 and 2019-20, property tax receipts of approximately \$25.3 million and \$26.6 million, respectively, were received by the City, contributing approximately 28.5% and 26.4% of total General Fund revenues in fiscal years 2018-19 and 2019-20, respectively. The City has budgeted to receive approximately \$25.3 million during fiscal year 2020-21. The City also received a portion of Department of Motor Vehicles license fees ("VLF") collected statewide. Several years ago, the statewide VLF was reduced by approximately two-thirds. However, the State continued to remit to cities and counties the same amount that those local agencies would have received if the VLF had not been reduced, known as the "VLF backfill." The State VLF backfill was phased out, and as of Fiscal Year 2011-12, all of the VLF is now received through an in-lieu payment from State property tax revenues. In California, property which is subject to *ad valorem* taxes is classified as "secured" or "unsecured." The secured classification includes property on which any property tax levied by a county becomes a lien on that property. A tax levied on unsecured property does not become a lien against the taxed unsecured property, but may become a lien on certain other property owned by the taxpayer. Every tax which becomes a lien on secured property has priority over all other liens, arising pursuant to State Law, on the secured property, regardless of the time of the creation of other liens. The valuation of property is determined as of January 1 each year, and installments of taxes levied upon secured property are due November 1 and February 1 and become delinquent on the following December 10 and April 10, respectively. Taxes on unsecured property are due July 1, and become delinquent August 31.

Secured and unsecured properties are entered separately on the assessment roll maintained by the county assessor. The method of collecting delinquent taxes is substantially different for the two classifications of property. The exclusive means of enforcing the payment of delinquent taxes with respect to property on the secured roll is the sale of the property securing the taxes of the State for the amount of taxes that are delinquent. The taxing authority has four methods of collecting unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the County Recorder's Office in order to obtain a lien on certain property of the taxpayer, and (4) seizure and sale of personal property, improvement or possessory interest belonging or taxable to the assessee.

A ten percent penalty is added to delinquent taxes which have been levied with respect to property on the secured roll. In addition, beginning on the July 1 following a delinquency, interest begins accruing at the rate of 1 1/2% per month on the amount delinquent. Such property may thereafter be redeemed by the payment of the delinquent taxes and the ten percent penalty, plus interest at the rate of 1 1/2% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is deeded to the State and then is subject to sale by the county tax collector. A ten percent penalty also applies to the delinquent taxes or property on the unsecured roll, and further, an additional penalty of 1 1/2% per month accrues with respect to such taxes beginning on the varying dates related to the tax billing date.

Legislation enacted in 1984 (Section 75 *et seq.* of the Revenue and Taxation Code of the State of California), provides for the supplemental assignment and taxation of property as of the occurrence of a change in ownership or completion of new construction. Previously, statutes enabled the assessment of such changes only as of the next tax lien date following the change and thus delayed the realization of increased property taxes from the new assessment for up to 14 months. Collection of taxes based on supplemental assessments occurs throughout the year. Taxes due are prorated according to the amount of time remaining in the tax year, with the

exception of tax bills dated January 1 through May 31, which are calculated on the basis of the remainder of the current fiscal year and the full 12 months of the next fiscal year.

In the past, the State Legislature has shifted property taxes from cities, counties and special districts to the Educational Revenue Augmentation Fund. The term “ERAF” is often used as a shorthand reference for this shift of property taxes. In 1992-93 and 1993-94, in response to serious budgetary shortfalls, the State Legislature and administration permanently redirected over \$3 billion of property taxes from cities, counties, and special districts to schools and community college districts. The 2004-05 State budget included an additional \$1.3 billion shift of property taxes from certain local agencies, including the City, to occur in fiscal years 2004-05 and 2005-06. See “CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS—Proposition 1A” and “—Proposition 22” herein for a description of certain limitations on the State’s authority over local government revenue sources.

The table below sets forth the secured and unsecured assessed valuations, net of exemptions, for property in the City for the fiscal years 2011-12 through 2020-21.

**TABLE 5
CITY OF CUPERTINO
ASSESSED VALUATION
FISCAL YEARS 2011-12 THROUGH 2020-21**

<i>Fiscal Year</i>	<i>Local Secured</i>	<i>Unsecured</i>	<i>Total</i>
2011-12	\$13,219,574,367	\$527,310,319	\$13,748,274,686
2012-13	13,882,147,291	738,243,050	14,620,390,341
2013-14	15,391,656,690	816,117,019	16,207,773,709
2014-15	16,133,637,244	965,141,148	17,098,778,392
2015-16	18,308,720,226	1,086,786,901	19,395,507,127
2016-17	20,196,258,418	1,150,311,842	21,346,570,260
2017-18	22,024,906,420	1,114,123,426	23,139,029,846
2018-19	23,402,123,229	1,779,936,377	25,182,059,606
2019-20	24,370,718,536	1,642,461,888	26,013,180,424
2020-21			

Source: City Comprehensive Audited Financial Reports for fiscal years 2010-11 through 2018-19; County Assessor-County Clerk-Recorder for fiscal years 2019-20 and 2020-21.

The County operates under a statutory program entitled Alternate Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the “Teeter Plan”). Under the Teeter Plan local taxing entities receive 100% of their tax levies net of delinquencies, but do not receive interest or penalties on delinquent taxes collected by the County. The City’s share of the *ad valorem* property tax levy is included in the County’s Teeter Plan. As a result, the City currently receives 100% of such levy and is not impacted by delinquencies in payment. However, the County may choose to discontinue to the Teeter Plan at any time.

The 10 largest property taxpayers in the City for fiscal year 2018-19 based on total assessed valuation, the land use and the percentage of the City’s total assessed value attributable to each are shown in the below table. The information in Table 6 has been obtained from third-party sources and is included for general information purposes only. The City has not verified the information in Table 6 and does not guarantee the accuracy of such information.

TABLE 6
CITY OF CUPERTINO
TEN PRINCIPAL TAXPAYERS

	<i>Property Owner</i>	<i>2018-19 Assessed Valuation</i>	<i>% of Total⁽¹⁾</i>
1.	Apple Inc.	\$ 6,230,181,903	24.74%
2.	Main Street Cupertino	356,409,129	1.42
3.	Vallco Property Owner LLC	333,251,833	1.32
4.	Cupertino City Center	199,183,359	0.79
5.	BVK Perimeter Square Retail LLC ET AL	177,766,088	0.71
6.	Cupertino Property Development	169,923,550	0.67
7.	Mission West Properties LP II ETAL	137,663,665	0.55
8.	SVF Cupertino City Center Corporation	132,468,803	0.53
9.	PR Cupertino Gateway LLC	128,103,411	0.51
10.	SI 38 LLC ET AL	<u>117,340,163</u>	<u>0.47</u>
		\$ 7,982,291,904	31.70%

⁽¹⁾ 2018-19 Local Assessed Valuation (secured and unsecured): \$25,182,059,606.
Source: City Comprehensive Audited Financial Report 2018-19.

Sales Taxes

During fiscal years 2018-19 and 2019-20, sales tax receipts of approximately \$24.9 million and \$26.7 million, respectively, were received by the City, contributing approximately 28.0% and 26.4% of total General Fund revenues in fiscal years 2018-19 and 2019-20, respectively. The City has budgeted for sales tax receipts of approximately \$20.9 million to be received during fiscal year 2020-21. A sales tax is imposed on retail sales or consumption of personal property.

In fiscal year 2020-21, sales tax is projected to experience a significant decrease due to COVID-19. Sales tax revenue projections have been reduced by 18% (approximately \$4.7 million) from original forecasts due to COVID-19. Sales tax is assumed to return to 90% of historical averages across industry groups in fiscal year 2021-22. Sales tax is projected to grow by an average annual growth rate of 2.2% in the City's five-year forecast, using conservative forecasts for business and industry, general consumer goods, restaurants and hotels and state and county pools. See the caption "—COVID-19 Pandemic Impact" herein.

The basic sales tax rate is established by the State Legislature, and local overrides may be approved by voters. The current total sales tax rate in the City is 9.00%. The following table shows the sales tax revenues received by the City for the five most recent fiscal years.

TABLE 7
CITY OF CUPERTINO
SALES TAX REVENUES

<i>Fiscal Year</i>	<i>Total Sales Tax Revenues</i>
2015-16	\$ 21,350,056
2016-17	26,932,012
2017-18	26,164,531
2018-19	24,901,779
2019-20	26,651,250

Source: City of Cupertino.

Table 8 below shows the taxable transactions by industry type as of June 30, 2019. The information in Table 8 has been obtained from HdL, Coren & Cone and is included for general information purposes only. The City has not verified the information in Table 8 and does not guarantee the accuracy of such information.

TABLE 8
CITY OF CUPERTINO
TAXABLE TRANSACTIONS BY INDUSTRY

<i>Industry</i>	<i>Percentage of All Taxable Transactions</i>
Business-to-Business	67%
State and County Pools	17
Restaurants and Hotels	6
General Retail	4
Fuel and Service Stations	3
Other	<u>3</u>
Total	100%

Source: HdL, Coren & Cone.

Business-to-business revenue is the largest portion of the City's sales tax base, and therefore the City's sales tax revenue is sensitive to economic forces. In particular, the City's two largest sales tax sources—both technology companies—account for a large portion of the City's total sales tax base. Sales tax revenue is

reported two quarters in arrears, providing the City with approximately six months to react if sales tax revenue begins to decline.

Table 9 below provides the top twenty-five sales tax payers (in alphabetical order) within the City as of the fourth quarter of calendar year 2019.

**TABLE 9
CITY OF CUPERTINO
TWENTY PRINCIPAL SALES TAX PAYERS
(in alphabetical order)**

7 Eleven	Chevron	Shane Company
99 Ranch Market	Estel Group	Shell
Alexander's Steak House	Galpao Gaucho	Target
Alliance	Haidilao Hot Pot	TJ Maxx
Apple	Insight Direct	Ulta Beauty
Argonaut Window & Door	Lazy Dog Cafe	Valero
Benihana	Rotten Robbie	Whole Foods Market
BJ's Restaurant &	Safeway	
Brewhouse		
California Dental Arts	Seagate Technology	

Source: City of Cupertino.

Table 10 summarizes the annual volume of taxable transactions within the City for the years 2015 through 2019.

**TABLE 10
CITY OF CUPERTINO
TOTAL TAXABLE TRANSACTIONS
(Dollars in Thousands)**

<i>Year</i>	<i>Taxable Transactions</i>
2015	\$2,350,141
2016	2,397,871
2017	2,780,112
2018	2,695,658
2019	2,730,768

Source: Taxable Sales in California, California Department of Tax and Fee Administration for 2015-2019.

Transient Occupancy Tax

A transient occupancy tax is levied on hotels and short-term rentals in the City at the rate of 12% of room revenues. In fiscal years 2018-19 and 2019-20, transient occupancy tax receipts were approximately \$8.9 million and \$7.3 million, respectively, providing approximately 10.0% and 7.2% of total General Fund revenues in fiscal years 2018-19 and 2019-20, respectively.

Transient occupancy tax receipts in fiscal year 2019-20 were approximately \$1.6 million, or 18.2%, less than the originally budgeted amounts largely due to the shelter-in-place order the Santa Clara County Public Health Department put into effect in March 2020 to control the COVID-19 Pandemic. In the adopted budget for fiscal year 2020-21, the City projects transient occupancy receipts to decrease approximately 21.9% from the fiscal year 2019-20 budgeted amounts. The City has budgeted for transient occupancy tax revenues of

approximately \$7.5 million to be received during fiscal year 2020-21. See the caption “—COVID-19 Pandemic Impact.”

Utility User Tax

The City collects a utility user tax, approved by the City’s voters in 1990, on gas, electricity and telecommunication services provided within the City’s jurisdiction at a rate of 2.4% of billed charges. In March 2002, the City’s voters approved extending the utility user tax’s sunset date from 2015 to 2030. In 2009, the City’s voters approved a measure to update the utility user tax ordinance to account for changing technology in the telecommunications services industry.

In fiscal years 2018-19 and 2019-20, utility user tax receipts were approximately \$3.0 million and \$3.2 million, respectively, providing approximately 3.4% and 3.2% of total General Fund revenues in fiscal years 2018-19 and 2019-20, respectively. The City has budgeted for utility user tax revenues of approximately \$3.2 million to be received during fiscal year 2020-21.

Franchise Fees

The City receives franchise fees from cable, solid waste, water, gas and electricity franchisees that operate in the City. The fees range from 1% to 12% of the franchisee’s gross revenues depending on each particular agreement. Generally, these revenues are relatively steady and not sensitive to economic fluctuations.

In fiscal years 2018-19 and 2019-20, the City received franchise fees of approximately \$3.4 million and \$3.4 million, respectively, providing approximately 3.8% and 3.4% of total General Fund revenues in fiscal years 2018-19 and 2019-20, respectively. The City has budgeted for franchise fees of approximately \$3.3 million to be received during fiscal year 2020-21.

Charges for Services

In fiscal years 2018-19 and 2019-20, charges of approximately \$10.9 million (approximately 4.6% of total General Fund revenues) and \$12.0 million (approximately 11.9% of total General Fund Revenues), respectively, were collected for services. Charges for services includes the City’s attempts to recover the costs of services provided by the City, including planning, zoning and engineering permit processing for new property development, as well as some recreation-related fees. Charges for services also includes an overhead services fee provided to certain enterprise funds, internal service funds and special funds. In fiscal year 2020-21, the City has budgeted revenues from charges for services of approximately \$11.1 million, which includes an approximately \$900,000 increase due to increases to City fees which will become effective October 1, 2020.

Fiscal year 2019-20 revenues from charges for services were lower than budgeted amounts due to the impact of the COVID-19 Pandemic causing the City’s recreation facilities to shut down by way of the shelter-in-place orders of the Santa Clara County Public Health Department. See the caption “—COVID-19 Pandemic Impact.”

Licenses and Permits

Licenses and permits include fees for reviewing building plans, building inspections, construction, tenant improvements and commercial/residential installations for compliance with state and municipal building codes. In fiscal years 2018-19 and 2019-20, the City collected approximately \$4.1 million and \$4.7 million, respectively, providing approximately 4.6% and 4.7% of total General Fund revenues in fiscal years 2018-19 and 2019-20, respectively. License and permit fees of approximately \$3.1 million are budgeted to be received during fiscal year 2020-21.

Use of Money and Property

The use of money and property category is comprised of General Fund interest earnings as well as facility and concession rental income of City-owned property. The City's portfolio is approximately \$154.9 million. Fluctuations in the use of money and property is generally the result of investment earnings, as rental income is generally steady year-to-year. Financial markets have recently experienced a high degree of volatility due to the uncertainty about the impact of the COVID-19 pandemic. See the caption "—COVID-19 Pandemic Impact."

In fiscal years 2018-19 and 2019-20, the City received \$2.6 million and \$2.9 million, respectively, in use of money and property revenues, providing approximately 2.9% and 2.8% of General Fund revenues in fiscal years 2018-19 and 2019-20, respectively. Use of money and property revenues of approximately \$1.2 million are budgeted to be received during fiscal year 2020-21.

Other Revenues

Other Tax Revenues. Other taxes received by the City include business license taxes, construction taxes, and property transfer taxes.

Miscellaneous Revenues. Other miscellaneous revenues received by the City include fines and forfeitures generated from vehicle, parking and miscellaneous code violations, intergovernmental revenues from federal, state and regional grants and other miscellaneous revenues.

Indebtedness

Long-Term Debt. The City's long-term obligations payable from the General Fund currently consist of the 2012 Certificates. The 2012 Certificates are expected to be prepaid from a portion of the proceeds of the Certificates. See the "PREPAYMENT PLAN" herein.

See Note 6 to the City's audited financial statements for fiscal year 2018-19 attached hereto as Appendix B for a description of the City's outstanding indebtedness.

Short-Term Debt. The City currently has no short-term debt outstanding.

Retirement System

This caption contains certain information relating to the California Public Employees Retirement System ("CalPERS"). The information is primarily derived from information produced by CalPERS, its independent accountants and actuaries. The City has not independently verified the information provided by CalPERS and makes no representations nor expresses any opinion as to the accuracy of the information provided by CalPERS.

The comprehensive annual financial reports of CalPERS are available on its Internet website at www.calpers.ca.gov. The CalPERS website also contains CalPERS' most recent actuarial valuation reports and other information concerning benefits and other matters. Such information is not incorporated by reference herein. The City cannot guarantee the accuracy of such information. Actuarial assessments are "forward-looking" statements that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may not materialize or be changed in the future. Actuarial assessments will change with the future experience of the pension plans.

Plan Description and Summary of Balances. The City contributes to CalPERS, an agent multiple-employer public employee defined benefit pension plan. CalPERS provides retirement, disability and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent

for participating public entities within the State, including the City. CalPERS plan benefit provisions and all other requirements are established by State statute and the City Council.

Benefits Provided. CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law ("PERL"). The Pension Reform Act of 2013 ("PEPRA"), Assembly Bill 340, is applicable to employees new to CalPERS and hired after December 31, 2012. The Plans' provisions and benefits in effect at June 30, 2019, are summarized as follows:

	<i>Hire date</i>	
	<i>Prior to January 1, 2013</i>	<i>On or after January 1, 2013</i>
Benefit formula	2.7% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Minimum retirement age	50	52
Monthly benefits, as a % of eligible compensation	2% to 2.7%	1% to 2%
Required employee contribution rates	8.00%	6.25%
Required employer contribution rates	23.54%	25.653%

Employees Covered. As of the June 30, 2017 actuarial valuation date (most current), the following employees were covered by the benefit terms of the Plan:

Inactive employees or beneficiaries currently receiving benefits	213
Inactive employees entitled to but not yet receiving benefits	138
Active employees	<u>188</u>
Total	<u>539</u>

Contributions. Section 20814(c) of PERL requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2019, the City's required contributions for the Miscellaneous Plan were \$4,447,555. For the year ended June 30, 2020, the City's required contributions for the Miscellaneous Plan were \$5,089,159. Such amounts were paid by the City and represented approximately 7.1% and 5.3% of General Fund expenditures in fiscal years 2018-19 and 2019-20, respectively.

Beginning with fiscal year 2017-18 CalPERS began collecting employer contributions toward the plan's unfunded liability as dollar amounts instead of the prior method of a contribution rate. According to CalPERS, this change was to address potential funding issues that could arise from a declining payroll or reduction in the number of active members in the plan. Funding the unfunded liability as a percentage of payroll could lead to the underfunding of the plans. Due to stakeholder feedback regarding internal needs for total contributions expressed as an estimated percentage of payroll, the CalPERS reports include such results in the contribution projection set forth in the tables below. These results are provided for

information purposes only. Contributions toward the unfunded liability will continue to be collected as set dollar amounts.

The table below is derived from the Miscellaneous Plan of the City of Cupertino Annual Valuation Report as of June 30, 2018 and delivered in July 2019 (the “2019 Report”) and shows the required and projected employer contributions (before cost sharing) for the next six fiscal years. Projected results reflect the adopted changes to the discount rate described in the 2019 Report. Such projections also assume that all actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur during the projection period. The projected normal cost percentages in the projections below does not reflect that the normal cost will decline over the time as new employees are hired into PEPR or other lower cost benefit tiers.

<i>Fiscal Year</i>	<i>Required Contribution</i>	<i>Projected Future Employer Contributions (Assumes 7.00% Return for Fiscal Year 2018-19)</i>				
	<i>2020-21</i>	<i>2021-22</i>	<i>2022-23</i>	<i>2023-24</i>	<i>2024-25</i>	<i>2025-26</i>
<i>Miscellaneous Plan</i>						
Normal Cost %	11.306%	11.3%	11.3%	11.3%	11.3%	11.3%
UAL Payment	\$3,607,122	\$4,056,000	\$4,448,000	\$4,724,000	\$5,001,000	\$4,775,000
Total as a % of Payroll*	29.8%	31.6%	32.9%	33.6%	34.3%	32.7%
Projected Payroll	\$19,490,834	\$20,026,831	\$20,577,569	\$21,143,452	\$21,724,897	\$22,322,332

* Illustrative only and based on the projected payroll shown.

Source: CalPERS’ 2019 Report.

No assurance can be provided that the City’s CalPERS plan expenses will not increase significantly in the future.

Net Pension Liability. The City’s net pension liability for the Plan is measured as the total pension liability, less the pension plan’s fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2018, using an annual actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures. For a summary of principal assumptions and methods used to determine the net pension liability, see Note 10 to the City’s audited financial statements for fiscal year 2018-19 attached hereto as Appendix B.

Changes in Net Pension Liability. The changes in the Net Pension Liability for the City's Miscellaneous Plan are as follows:

	<i>Increase (Decrease)</i>		
	<i>Total Pension Liability</i>	<i>Plan Fiduciary Net Position</i>	<i>Net Pension Liability</i>
Balance at June 30, 2017	<u>\$ 127,947,594</u>	<u>\$ 86,803,192</u>	<u>\$ 41,144,402</u>
Changes in the year:			
Service cost	3,058,629	-	3,058,629
Interest on the total pension liability	9,065,322	-	9,065,322
Change of Assumptions	(847,606)	-	(847,606)
Differences between actual and expected experience	1,184,340	-	1,184,340
Contribution - employer	-	4,263,020	(4,263,020)
Contribution - employee	-	1,506,888	(1,506,888)
Net investment income	-	7,347,936	(7,347,936)
Administrative expenses	-	(392,346)	392,346
Benefit payments, including refunds of employee contributions	<u>(6,051,845)</u>	<u>(6,051,845)</u>	<u>-</u>
Net changes	<u>6,408,840</u>	<u>6,673,653</u>	<u>(264,813)</u>
Balance at June 30, 2018	<u>\$ 134,356,434</u>	<u>\$ 93,476,845</u>	<u>\$ 40,879,589</u>

On June 25, 2012, the Governmental Accounting Standards Board approved GASB Statement No. 68 ("GASB 68") with respect to pension accounting and financial reporting standards for state and local governments and pension plans. GASB 68 states that, for pensions within the scope of the statement, a cost-sharing employer that does not have a special funding situation is required to recognize a net pension liability, deferred outflows of resources, deferred inflows of resources related to pensions, and pension expense based on its proportionate share of the net pension liability for benefits provided through the pension plan. While the new accounting standards change financial statement reporting requirements, they do not impact funding policies of the pension systems. The audited financial statements of the City for fiscal year 2018-19 reflect the application of the GASB 68. GASB 68 is a change in accounting reporting standards but it does not change the City's CalPERS plan funding obligations.

For additional information with respect to the discount rate, deferred outflows/(inflows) of resources, and recognition of gains and losses, see Note 10 to the City's audited financial statements for fiscal year 2018-19 attached hereto as Appendix B.

Funded Status. The tables below are derived from the 2019 Report and show the funded status of the Safety Plan and Miscellaneous Plan as of the valuation dates shown.

Miscellaneous Plan

<i>Valuation Date</i>	<i>Accrued Liability</i>	<i>Market Value of Assets</i>	<i>Unfunded Liability</i>	<i>Funded Ratio</i>	<i>Annual Covered Payroll</i>
06/30/2014	\$104,798,405	\$76,439,737,	\$28,358,668	72.9%	\$13,111,617
06/30/2015	111,188,031	77,897,977	33,290,054	701.1	13,919,387
06/30/2016	118,489,119	77,919,876	40,569,243	65.8	15,140,909
06/30/2017	127,138,300	86,617,172	40,521,128	68.1	16,359,464
06/30/2018	141,033,621	93,550,299	47,483,322	66.3	17,967,387

Source: CalPERS' 2019 Report.

AB 340, Public Employee Pension Reform Act of 2013 (PEPRA). On September 12, 2012, the California Governor signed Assembly Bill 340 ("AB 340"), which implements pension reform in California.

Effective January 1, 2013, AB 340: (i) requires public retirement systems and their participating employers to share equally with employees the normal cost rate for such retirement systems; (ii) prohibits employers from paying employer-paid member contributions to such retirement systems for employees hired after January 1, 2013; (iii) establishes a compulsory maximum non-safety benefit formula of 2.5% at age 67; (iv) defines final compensation as the highest average annual pensionable compensation earned during a 36-month period; and (v) caps pensionable income at \$110,100 (\$132,120 for employees not enrolled in Social Security) subject to Consumer Price Index increases. Other provisions reduce the risk of the City incurring additional unfunded liabilities, including prohibiting retroactive benefits increases, generally prohibiting contribution holidays, and prohibiting purchases of additional non-qualified service credit.

CalPERS Plan Actuarial Methods. The staff actuaries at CalPERS prepare annually an actuarial valuation which is typically delivered in the time period from July through October of each year (thus, the actuarial valuation dated July 2019 covered CalPERS' fiscal year ended June 30, 2018). The actuarial valuations express the City's required contribution which the City must contribute in the fiscal year immediately following the fiscal year in which the actuarial valuation is prepared (thus, the City's contribution requirement derived from the actuarial valuation as of June 30, 2018 and shown in the report delivered in July 2019 affects the City's fiscal year 2020-21 required contribution). CalPERS rules require the City to implement the actuary's recommended rates.

The CalPERS Chief Actuary considers various factors in determining the assumptions to be used in preparing the actuarial report. Demographic assumptions are based on a study of the actual history of retirement, rates of termination/separation of employment, years of life expectancy after retirement, disability, and other factors. This experience study is generally done once every four years. The most recent experience study was completed in 2017 in connection with the preparation of actuarial recommendations by the CalPERS Chief Actuary as described below.

In December 2016, the CalPERS Board approved lowering the funding discount rate to be phased in over three years: for fiscal year 2018-19 to a rate of 7.375 percent; for fiscal year 2019-20 to a rate of 7.25 percent; and for fiscal year 2020-21 to a rate of 7.0 percent. The funding discount rate includes a 15 basis-point reduction for administrative expenses, and the remaining decrease is consistent with the change in the financial reporting discount rate. As noted above, there is an approximately fifteen month lag between the time that CalPERS provides its annual actuarial valuation and the fiscal year in which the required contribution therein impacts the City.

On November 18, 2015, the CalPERS Board adopted a Funding Risk Mitigation Policy that seeks to reduce funding risk over time. It establishes a mechanism whereby CalPERS investment performance that significantly outperforms the discount rate triggers adjustments to the discount rate, expected investment return, and strategic asset allocation targets. Reducing the volatility of investment returns is expected to increase the long-term sustainability of CalPERS pension benefits for members. In February 2017, the CalPERS Board revised the Funding Risk Mitigation Policy. The revisions include suspension of the policy until fiscal year 2020-21, and a decrease of the required first excess investment return threshold from 4% to 2%.

On February 14, 2018, the CalPERS Board of Administration adopted revisions to its actuarial amortization policy. Major revisions that affect state plans were made to the amortization of investment gains and losses, as well as to actuarial surplus. For the amortization of investment gains and losses, the amortization period was reduced from 30 years to 20 years, and the 5-year direct smoothing process was removed from the end of the amortization period. Amortization of actuarial surplus was eliminated. These policy revisions will be applied to the amortization of investment gains and losses, and actuarial surplus, experienced on or after June 30, 2019. These revisions will affect contributions starting in fiscal year 2020-21.

Other Post-Employment Benefits

The Retiree Health Plan. For employees hired prior to April 25, 2010, the City provides certain healthcare benefits for employees who retire after attaining age 50 with at least five years of service or disability at any age. For employees hired after April 25, 2010, the City offers a defined contribution post-retirement healthcare plan and contributes 1.5% of salary to such plan. For additional information with respect to the benefits offered under the City's other post-employment benefit plan ("OPEB"), see Note 9 to the audited financial statements for fiscal year 2018-19 attached hereto as Appendix B.

At June 30, 2018, membership consisted of the following:

Active Plan Members	388
Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	<u>231</u>
Total	<u>619</u>

Source: City Comprehensive Audited Financial Report for fiscal year 2018-19.

Total OPEB Liability. In June 2015, GASB issued Statement No. 75, which became effective for fiscal years beginning after June 15, 2017. The primary objective of Statement No. 75 is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (i.e. OPEB). GASB 75 is also intended to improve information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. Statement No. 75 results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

More specifically, GASB 75 requires the liability of employers to be measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position. GASB 75 requires the recognition of the total OPEB liability in the Statement of Net Position. As a result of the implementation of GASB 75, in the City's audited financial statements for fiscal year 2017-18, a reconciliation for net position (reductions) was made to the City's beginning net position for governmental activities in the amount of \$11,525,596 and for business-type activities in the amount of \$80,283.

Plan Description. Permanent employees who retire under the City's CalPERS retirement plan are, pursuant to their respective collective bargaining agreements, eligible to have their medical insurance premiums paid by the City. Retirees receive the amount necessary to pay the cost of his/her enrollment, including the enrollment of his/her family members, in a health benefit plan provided by CalPERS up to the maximum received by active employees in their respective bargaining unit.

The City contracts with CalPERS for this insured-benefit plan established under the state Public Employees' Medical and Hospital Care Act ("PEMHCA"). The plan offers employees and retirees three CalPERS' self-funded options, setup as insurance risk pools, or offers various third-party insured health plans. The plan's medical benefits and premium rates are established by CalPERS and the insurance providers. The City contribution is established by City resolution. Retirees and active employees pay the difference between the premium rate and the City's contribution. Premiums and City contributions are based on the plan and coverage selected by actives and retirees, with the City's potential contribution ranging from zero to \$1,605 per month per employee or retiree. The responsibility for benefit payments has transferred to the insurers and the City does not guarantee the benefits in the event of default by the insurers. A comprehensive annual financial report of CalPERS, inclusive of their benefit plans, is available at www.calpers.ca.gov.

The City participates in the Public Agency Retirement System ("PARS") Public Agencies Post Retirement Health Care Plan Trust Program ("PARS Trust"), an agent-multiple employer irrevocable trust established to fund other postemployment benefits. The City Council adopted the PARS Public Agencies Post-

Retirement Health Care Plan Trust, including the PARS Public Agencies Post-Retirement Health Care Plan, to fund medical insurance costs for its retired employees, effective February 17, 2010. The City Council appointed the City Treasurer as the City's plan administrator. The plan administrator is authorized to execute the PARS legal documents on behalf of the City and to take whatever additional actions necessary to maintain the City's participation in the Program and to maintain compliance of any relevant regulation issued or as may be issued; therefore, authorizing him/her to take whatever additional actions are required to administer the City's PARS Plan. The PARS Trust is approved by the Internal Revenue Code Section 115 and invests funds in equity, bond, and money market mutual funds. Copies of the PARS Trust's annual financial report are available at the City's Finance Department. However, as the City is the plan administrator and has ultimate responsibility for the plan, the City considered the plan to be a single employer plan with PARS as the trust administrator only (with no special funding situation or nonemployer contributing entity). As such, in accordance with the requirements of GASB Statement No. 74, *Financial Reporting for Post Employment Benefit Plans Other Than Pension Plans*, the City has elected to present the PARS Trust as a fiduciary fund and include the required disclosures and required supplementary information in its annual financial statements.

An employee is eligible for lifetime medical benefits under the OPEB Plan, along with his/her spouse or declared domestic partner at the time of retirement, if all criteria listed below are met:

- The employee was hired or the City Council member was elected prior to August 1, 2004, and the employee has five or more full-time years of service and the City Council member has five or more years of elected service with the City; or
- The employee was hired or the City Council member was elected on or after August 1, 2004, and the employee has ten or more full-time and/or elected years of CalPERS service, five years of which must be from the City; and
- The employee is eligible for retirement as defined under the CalPERS retirement system; and the employee retires from the City.

In addition, the eligible employee's dependent children at the time of retirement who are under 23 years old are eligible for medical benefits. In addition to extending the eligibility of dependents from age 23 to age 26 in accordance with the recent healthcare reform act, effective July 1, 2010, employees that retire or resign from service with the City of Cupertino and who are not eligible for retiree medical benefits can continue on the City's medical and dental plans provided that they pay the premiums in full.

Plan membership. At January 1, 2019 (the latest information available), Plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefit payments	138
Inactive plan members entitled to but not yet receiving benefit payments	-
Active plan members	<u>176</u>
	<u>314</u>

Contributions. OPEB Plan contributions are set by the adopted budget. The cost of the benefits provided by the OPEB Plan is currently being paid by the City on a fully pre-funded basis. Based on the actuarial valuation date of January 1, 2019, the annual required contribution rate is 7.41 percent of annual covered payroll. For the year ended June 30, 2019, the City paid \$1,075,908 in healthcare premium payments. Plan members are not required to contribute to the plan.

Net OPEB Liability of the City. The components of the net OPEB liability (asset) of the City at June 30, 2019 (expressed in thousands) were as follows:

Total OPEB liability	\$ 28,073
Plan fiduciary net position	<u>29,218</u>
City's net OPEB asset	<u>\$ (1,145)</u>

Plan fiduciary net position as a percentage of the total OPEB liability	104.08%
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Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of January 1, 2019, using the previously listed actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified. Mortality rates were based on the CalPERS mortality assumptions. For more information regarding the actuarial assumptions with respect to the City's OPEB liability, see Note 11 to the audited financial statements for fiscal year 2018-19 attached hereto as Appendix B.

Changes in the Net OPEB Liability. The changes in the City's net OPEB liability (asset) are:

Total OPEB	Net Increase (Decrease)		
	Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Balance at July 1, 2018	<u>\$ 28,471,000</u>	<u>\$ 28,056,000</u>	<u>\$ 415,000</u>
Changes in the year			
Service cost	865,000	-	865,000
Interest on the total OPEB liability	2,005,000	-	2,005,000
Change of assumptions	(37,000)	-	(37,000)
Differences between actual and expected experience	(1,808,000)	-	(1,808,000)
Contribution – employer	-	1,423,000	(1,423,000)
Contribution – employee	-	-	-
Net investment income	-	1,259,000	(1,259,000)
Administrative expenses	-	(97,000)	97,000
Benefit payments, including refunds of	-		
Employee contributions	<u>(1,423,000)</u>	<u>(1,423,000)</u>	<u>-</u>
Net changes	<u>(398,000)</u>	<u>1,162,000</u>	<u>(1,560,000)</u>
Balance at June 30, 2019	<u>\$ 28,073,000</u>	<u>\$ 29,218,000</u>	<u>\$ (1,145,000)</u>

For additional information with respect to the City's OPEB plan, see Note 11 to the audited financial statements for fiscal year 2018-19 attached hereto as Appendix B.

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS

Principal of and interest with respect to the Certificates are payable from Lease Payments made from the City's General Fund. See the caption "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES" herein. Articles XIII A, XIII B, XIII C and XIII D of the State Constitution, Propositions 62, 111, 218, 1A and 22, and certain other provisions of law discussed below are included in this Official Statement to describe the potential effect of these Constitutional and statutory measures on the ability of the City to levy taxes and spend tax proceeds for operating and other purposes.

Article XIII A of the State Constitution

On June 6, 1978, State voters approved Proposition 13, which added Article XIII A to the State Constitution. Article XIII A, as amended, limits the amount of any *ad valorem* tax on real property to 1% of the full cash value thereof, except that additional *ad valorem* taxes may be levied to pay debt service: (i) on indebtedness approved by the voters prior to December 1, 1978; (ii) on bonded indebtedness approved by a two-thirds vote on or after December 1, 1978, for the acquisition or improvement of real property; or (iii) bonded indebtedness incurred by a school district, community college district or county office of education for the

construction, reconstruction, rehabilitation or replacement of school facilities, including the furnishing and equipping of school facilities or the acquisition or lease of real property for school facilities, approved by 55% of the voters voting on the proposition. Article XIII A defines full cash value to mean “the county assessor’s valuation of real property as shown on the 1975-76 tax bill under “full cash value,” or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment.” This full cash value may be increased at a rate not to exceed 2% per year to account for inflation.

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

Legislation Implementing Article XIII A

Legislation has been enacted and amended a number of times since 1978 to implement Article XIII A. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The 1% property tax is automatically levied by counties and distributed according to a formula among taxing agencies.

Increases in assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the 2% annual adjustment are allocated among the various jurisdictions in the “taxing area” based upon their respective “situs.” Any such allocation made to a local agency continues as part of its allocation in future years.

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

Split Roll Initiative

An initiative measure (the “Split Roll Initiative”) to amend Article XIII A has qualified for the State’s November 2020 ballot. If adopted, the Split Roll Initiative would base property taxes for commercial and industrial properties on market values beginning in tax year 2020-21. Such market values would be reassessed by the applicable county assessor’s office at least once every three years. The Split Roll Initiative includes exceptions for businesses with a total market value of less than \$2 million (adjusted for inflation), which would continue to be subject to property taxes based on purchase price, and exempts from property tax assessments up to \$500,000 of the value of personal property, or all personal property for businesses with fewer than 50 employees. There can be no assurance that the Split Roll Initiative will be adopted. Moreover, if the Split Roll Initiative is adopted, the City is unable to predict how it would affect the level of commercial building activity within the City and the relationship of the assessed value between land use types (i.e. residential versus commercial) in the City, or what other impacts the Split Roll Initiative might have on the local economy or the City’s financial condition.

Article XIII B of the State Constitution

In addition to the limits that Article XIII A imposes on property taxes that may be collected by local governments, certain other revenues of the State and most local governments are subject to an annual “appropriations limit” imposed by Article XIII B which effectively limits the amount of such revenues that such entities are permitted to spend. Article XIII B, approved by the voters in June 1979, was modified substantially by Proposition 111 in 1990. The appropriations limit of each government entity applies to “proceeds of taxes,” which consist of tax revenues and the investment proceeds thereof, State subventions and certain other funds, including proceeds from regulatory licenses, user charges or other fees to the extent that such proceeds exceed “the cost reasonably borne by such entity in providing the regulation, product or service.” “Proceeds of taxes”

excludes tax refunds and some benefit payments such as unemployment insurance. No limit is imposed on the appropriation of funds which are not “proceeds of taxes,” such as reasonable user charges or fees, and certain other non-tax funds. Article XIII B also does not limit appropriation of local revenues to pay debt service on bonds existing or authorized as of October 1, 1979, or subsequently authorized by the voters, appropriations required to comply with mandates of courts or the federal government, appropriations for qualified capital outlay projects, and appropriation by the State of revenues derived from any increase in gasoline taxes and motor vehicle weight fees above January 1, 1990 levels. The appropriations limit may also be exceeded in case of emergency; however, the appropriations limit for the next three years following such emergency appropriation must be reduced to the extent by which it was exceeded, unless the emergency arises from civil disturbance or natural disaster declared by the Governor, and the expenditure is approved by two-thirds of the legislative body of the local government.

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

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

The City’s appropriations have never exceeded the limitation on appropriations under Article XIII B.

Articles XIII C and XIII D of the State Constitution

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

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

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

218 or, if these services and programs are continued, which amounts (if any) would be used from the City's General Fund to continue to support such activities.

Article XIII C also removes limitations on the initiative power in matters of reducing or repealing local taxes, assessments, fees or charges. This extension of the initiative power is not limited to taxes imposed on or after November 6, 1996, the effective date of Proposition 218, and could result in retroactive repeal or reduction in any existing taxes, assessments, fees and charges, subject to overriding federal constitutional principles relating to the impairments of contracts. Legislation implementing Proposition 218 provides that the initiative power provided for in Proposition 218 "shall not be construed to mean that any owner or beneficial owner of a municipal security, purchased before or after (the effective date of Proposition 218) assumes the risk of, or in any way consents to, any action by initiative measure that constitutes an impairment of contractual rights" protected by the United States Constitution. However, no assurance can be given that the voters of the City will not, in the future, approve an initiative or initiatives which reduce or repeal local taxes, assessments, fees or charges currently comprising a substantial part of the City's General Fund.

Although a portion of the City's General Fund revenues are derived from taxes purported to be governed by Proposition 218, all of such taxes were imposed in accordance with the requirements of Proposition 218. No assurance can be given that the voters of the City will not, in the future, approve an initiative or initiatives which reduce or repeal local taxes, assessments, fees or charges which support the City's General Fund.

Proposition 62

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

On September 28, 1995, the California Supreme Court, in the case of Santa Clara County Local Transportation Authority v. Guardino, upheld the constitutionality of Proposition 62. In this case, the court held that a countywide sales tax of one-half of one percent was a special tax that, under Section 53722 of the Government Code, required a two-thirds voter approval. Because the tax received an affirmative vote of only 54.1%, this special tax was found to be invalid. The decision did not address the question of whether or not it should be applied retroactively.

Following the California Supreme Court's decision upholding Proposition 62, several actions were filed challenging taxes imposed by public agencies since the adoption of Proposition 62, which was passed in November 1986. On June 4, 2001, the California Supreme Court released its decision in one of these cases, Howard Jarvis Taxpayers Association v. City of La Habra, et al. In this case, the court held that a public agency's continued imposition and collection of a tax is an ongoing violation, upon which the statute of limitations period begins anew with each collection. The court also held that, unless another statute or constitutional rule provided differently, the statute of limitations for challenges to taxes subject to Proposition 62 is three years. Accordingly, a challenge to a tax subject to Proposition 62 may only be made for those taxes received within three years of the date the action is brought.

The City has not experienced any substantive adverse financial impact as a result of the passage of Proposition 62.

Proposition 1A

Proposition 1A was approved by the voters at the November 2, 2004 election. Proposition 1A amended the State Constitution to, among other things, reduce the Legislature's authority over local government revenue sources by placing restrictions on the State's access to local governments' property, sales, and vehicle license fee revenues as of November 3, 2004. Beginning with Fiscal Year 2008-09, the State may borrow up to eight percent of local property tax revenues, but only if the Governor proclaims such action is necessary due to a severe State fiscal hardship, and two-thirds of both houses of the Legislature approves the borrowing. The amount borrowed is required to be paid back within three years. The State also will not be able to borrow from local property tax revenues for more than two fiscal years within a period of 10 fiscal years. In addition, the State cannot reduce the local sales tax rate or restrict the authority of local governments to impose or change the distribution of the statewide local sales tax.

Many of the provisions of Proposition 1A have been superseded by Proposition 22 enacted in November 2010 and described below.

Proposition 22

On November 2, 2010, the voters of the State approved Proposition 22, known as "The Local Taxpayer, Public Safety, and Transportation Protection Act" ("Proposition 22"). Proposition 22, among other things, broadens the restrictions established by Proposition 1A. While Proposition 1A permits the State to appropriate or borrow local property tax revenues on a temporary basis during times of severe financial hardship, Proposition 22 amends Article XIII of the State Constitution to prohibit the State from appropriating or borrowing local property tax revenues under any circumstances. The State can no longer borrow local property tax revenues on a temporary basis even during times of severe financial hardship. Proposition 22 also prohibits the State from appropriating or borrowing proceeds derived from any tax levied by a local government solely for the local government's purposes. Furthermore, Proposition 22 restricts the State's ability to redirect redevelopment agency property tax revenues to school districts and other local governments and limits uses of certain other funds although this provision no longer has any meaningful impact given the statewide dissolution of redevelopment agencies. Proposition 22 is intended to stabilize local government revenue sources by restricting the State government's control over local revenues. The City cannot predict whether Proposition 22 will have a beneficial effect on the City's financial condition.

Proposition 26

On November 2, 2010, State voters also approved Proposition 26. Proposition 26 amends Article XIIIIC of the State Constitution to expand the definition of "tax" to include "any levy, charge, or exaction of any kind imposed by a local government" except the following: (a) 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; (b) 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; (c) 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; (d) a charge imposed for entrance to or use of local government property, or the purchase, rental or lease of local government property; (e) 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; (f) a charge imposed as a condition of property development; and (g) assessments and property-related fees imposed in accordance with the provisions of Article XIID. Proposition 26 provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction

is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity. The City does not believe that Proposition 26 will adversely affect its General Fund revenues.

Possible Future Initiatives

Articles XIII A, XIII B, XIII C and XIII D and Propositions 218, 111, 62, 1A, 22 and 26 were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time other initiative measures could be adopted, further affecting revenues of the City or the City's ability to expend revenues. The nature and impact of these measures cannot be anticipated by the City.

RISK FACTORS

The following information, in addition to the other matters that are described in this Official Statement, should be considered by prospective investors in evaluating the Certificates. However, the following does not purport to be comprehensive, definitive or an exhaustive listing of risks and other considerations that may be relevant to making an investment decision with respect to the Certificates. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such risks. If any risk factor materializes to a sufficient degree, it alone could delay or preclude payment of principal of or interest with respect to the Certificates.

No Pledge of Taxes or Revenues

The Certificates do not constitute an obligation of the Corporation or the City for which the Corporation or the City is obligated to levy or pledge any form of taxation or for which the Corporation or the City has levied or pledged any form of taxation. The obligation of the City to make Lease Payments under the Lease does not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. Neither the certificates nor the obligation of the City to make Lease Payments constitutes an indebtedness of the Corporation, the City, the State of California or any of political subdivision thereof within the meaning of any constitutional or statutory debt limitation or restriction.

Although the Lease does not create a pledge, lien or encumbrance upon the funds of the City, the City is obligated under the Lease to pay Lease Payments and Additional Payments from any source of legally available funds (subject to certain exceptions) and the City has covenanted in the Lease that, for as long as the Leased Premises are available for its use and possession, it will make the necessary annual appropriations within its budget for all Lease Payments and Additional Payments. The City is currently liable on other obligations payable from general revenues. In the event of a shortfall in revenues, a court might require that the City first set aside revenues to pay the other obligations of the City or to make expenditures necessary to preserve the health and welfare of City residents. See "CITY FINANCIAL INFORMATION—Indebtedness" herein.

Certain taxes, assessments, fees and charges presently imposed by the City, such as the City utility tax and the transient occupancy tax, could be reduced or eliminated by initiative pursuant to Article XIII C of the State Constitution, and new taxes, assessments fees and charges subject to the voter approval requirements of Article XIII D of the State Constitution may not be approved by voters. The City does not believe that Article XIII C grants to the voters the power to reduce or repeal local taxes, assessments, fees and charges received by the City to an extent that would prevent the City from performing its existing contractual obligations. However, it is possible that the initiative power could be exercised in a manner that would have a material adverse effect on the financial condition of the City, including its General Fund. Although the City does not currently anticipate that the provisions of Article XIII C and Article XIII D of the State Constitution would adversely affect its ability to pay the principal of and interest with respect to the Certificates, as and when due, and its other obligations payable from the General Fund, no assurance can be given regarding the ultimate interpretation or effect of Article XIII C and Article XIII D of the State Constitution on the City's finances. See

“CITY FINANCIAL INFORMATION—Major Revenues” and “CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS” herein.”

Additional Obligations of the City

The City is permitted to enter into other obligations which constitute additional charges against its revenues without the consent of Owners of the Certificates. To the extent that additional obligations are incurred by the City, the funds available to pay Lease Payments may be decreased.

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

Default

Whenever any event of default referred to in the Lease happens and continues, the Trustee, as the assignee of the Corporation, is authorized under the terms of the Lease to exercise any and all remedies available pursuant to law or granted pursuant to the Lease; provided, however, that notwithstanding anything therein or in the Trust Agreement to the contrary, THERE SHALL BE NO RIGHT UNDER ANY CIRCUMSTANCES TO ACCELERATE THE LEASE PAYMENTS OR OTHERWISE DECLARE ANY LEASE PAYMENTS NOT THEN DUE OR PAST DUE TO BE IMMEDIATELY DUE AND PAYABLE. NEITHER THE CORPORATION NOR ITS ASSIGNEE SHALL HAVE ANY RIGHT TO REENTER OR RELET THE LEASED PREMISES EXCEPT FOLLOWING A DEFAULT UNDER THE LEASE. Following an event of default, the Trustee, as the assignee of the Corporation, may elect either to terminate the Lease and seek to collect damages from the City or to maintain the Lease in effect and seek to collect the Lease Payments as they become due. The Lease further provides that so long as an event of default exists under the Lease, the Corporation, or its assignee, may re-enter the Leased Premises for the purpose of taking possession of any portion of the Leased Premises and to re-let the Leased Premises and, in addition, at its option, with or without such entry to terminate the Lease as described therein. See Appendix C—“SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT—EVENTS OF DEFAULT AND REMEDIES—Remedies On Default.”

No assurance can be given that the Trustee will be able to re-let the Leased Premises so as to provide rental income sufficient to pay principal and interest evidenced by the Certificates in a timely manner or that such re-letting will not adversely affect the exclusion of interest due with respect to the Certificates from gross income for federal or State income tax purposes. Furthermore, due to the fact that the Leased Premises are needed to provide essential public services to residents of the City, it is not certain whether a court would permit the exercise of the remedies of repossession and re-letting with respect to the Leased Premises.

In the event of a default, there is no remedy of acceleration of the total Lease Payments due over the term of the Lease and the Trustee is not empowered to sell the Leased Premises and use the proceeds of such sale to prepay the Certificates or pay debt service with respect thereto. The City will be liable only for Lease Payments on an annual basis and, in the event of a default, the Trustee would be required to seek a separate judgment each year for that year’s defaulted Lease Payments. Any such suit for money damages would be subject to limitations on legal remedies against municipalities in California, including a limitation on enforcement of judgments against funds of a fiscal year other than the fiscal year in which the Lease Payments were due and against funds needed to serve the public welfare and interest.

Release or Substitution of Property

Under the terms of the Lease, the City has the right from time to time to add other real property and improvements (subject only to Permitted Encumbrances) or to substitute other real property or improvements (subject only to Permitted Encumbrances) for all or a portion of the Leased Premises or to release a portion of the real property or improvements constituting the Leased Premises, subject to the conditions precedent to such addition, substitution or release as set forth in the Lease. No addition, substitution or release under the Lease will be, by itself, the basis for any reduction in or abatement of the Lease Payments due from the City thereunder. A release could, however, result in a reduction in the fair rental value of the Leased Premises which would result in less security for the Owners should it be necessary to relet the Leased Premises to cure a default in Lease Payments. See Appendix C—"SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE LEASE—COVENANTS WITH RESPECT TO THE LEASED PREMISES—Substitution or Release of the Leased Premises" herein.

In connection with a substitution or release, all interests of the Corporation, and its assignee, in the portion of the Leased Premises released shall terminate and the Corporation and its assignee shall execute and record with the County Recorder of the County all documents deemed necessary by the City to evidence such termination of interest. Upon satisfaction by the City of the conditions set forth in the Lease, the Trustee also will execute a Lease Supplement and will not impose on the City any further conditions or prerequisites to the requested addition, substitution or release. The City will cause the Lease Supplement, or another document substantially in the form of the Lease Supplement, to be recorded in the real property records of the County.

All costs and expenses incurred in connection with such addition, substitution or release will be borne by the City.

Abatement

The City's obligation to make Lease Payments will be subject to full or partial abatement and could result in the Trustee having inadequate funds to pay the principal and interest with respect to the Certificates under certain circumstances related to material damage, destruction, title defect or taking by eminent domain or condemnation of the Leased Premises which cause a substantial interference with the use and possession of the Leased Premises. In addition, if Additional Certificates are sold to finance additional improvements to the Leased Premises, failure to complete the improvements on or before the date to which capitalized interest is funded on the Additional Certificates could incur an abatement and result in the Trustee having inadequate funds to pay the principal and interest with respect to the Certificates and Additional Certificates when due.

The Lease obligates the City to obtain and keep in force various forms of insurance for the Leased Premises in the event of damage or destruction to the Leased Premises (see Appendix C—"SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS—DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE LEASE—INSURANCE" herein). However, there can be no assurance that specific losses will be covered by insurance or, if covered, that claims will be paid in full by the applicable insurers, and the City makes no representation as to the ability of any insurer to fulfill its obligations under any insurance policy provided for in the Lease. In addition, the City is not required under the Lease Agreement to obtain earthquake and flood insurance.

In the event the Leased Premises are partially or completely damaged or destroyed due to any uninsured or underinsured event, it is likely that Lease Payments will be partially or completely abated. Apart from the proceeds of insurance, the City and the Corporation will have no obligation to expend any funds to repair or replace such damaged or destroyed property. If the Leased Premises so damaged or destroyed are not repaired or replaced within the period during which the proceeds of rental interruption insurance are available, any such abatement could result in the Trustee having insufficient funds to pay the principal of and interest with respect to the Certificates as scheduled.

See Appendix C—“SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE LEASE—AGREEMENT TO LEASE; TERM OF LEASE; LEASE PAYMENTS—Abatement of Lease Payments in the Event of Loss of Use” herein.

No Reserve Fund

The City has not established a reserve fund in connection with the execution and delivery of the Certificates. In the event of abatement of Lease Payments, funds available to pay debt service on the Certificates will be limited to proceeds of insurance (including rental interruption insurance). In addition, if annual appropriations to pay Lease Payments are not made (for example, due to delay in adoption of an annual budget), no funds would be available to pay debt service on the Certificates until such appropriations were available.

Natural Disasters

The occurrence of any natural disaster in the City, including, without limitation, fire, windstorm, drought, earthquake, landslide, mudslide or flood, could have an adverse material impact on the economy within the City, its General Fund and the revenues available for the payment of Base Rental Payments.

Earthquakes. All jurisdictions in California are subject to the effects of damaging earthquakes. According to the Health and Safety Element of the City’s General Plan, the City is located in the seismically active San Francisco Bay region, which has several active seismic faults. The San Andreas fault, one of the longest and most active faults in the world, is located west of the City. Two additional faults closely associated with the San Andreas fault, the Sargent-Berrocal and Monta Vista-Shannon fault systems, also cross the western portion of the City. Movement on the San Andreas fault is predominantly right-lateral strike-slip, where the earth ruptures in a horizontal fashion, with the opposite sides of the fault moving to the right with respect to each other. Movement on the Sargent-Berrocal and Monta Vista-Shannon faults is more variable in style. Both of these faults are characterized by “thrust” faulting, where a significant amount of vertical “up-down” (so called dip-slip) displacement occurs on an inclined plane, and one side of the fault is elevated (i.e., thrust over) the other side. Primary geologic hazards in the City are related to landslides and seismic impacts. Seismically induced ground shaking, surface fault rupture, and various forms of earthquake-triggered ground failure are anticipated within the city during large earthquakes. These geologic hazards present potential impacts to property and public safety.

Fire. According to the Health and Safety Element of the City’s General Plan, due to the City’s geographical location, it is exposed to hazards from both wildland and urban fires. There are approximately 16 square miles of hillsides included in and around the boundary of the City. In 2009, based on vegetation data, topography and potential fire behavior, the California Department of Forestry and Fire Protection identified approximately three acres of the City to be in the High and Very High Fire Hazard Severity Zone. The City adopted this area as its Wildland-Urban Interface Fire Area (“WUIFA”). Properties in the WUIFA are subject to building and property maintenance standards intended to prevent and manage community safety due to brush and forest fires. Planning for such areas also requires attention to the availability of access roads and water for firefighting and evacuation efforts. No portion of the Leased Premises is located within the WUIFA and the urbanized portions of the City are not exposed to a high risk of fire.

Flooding. Portions of the City and surrounding areas have been identified as potentially flood prone areas. According to the Health and Safety Element of the City’s General Plan, the watersheds in the Santa Cruz Mountain Range feed into four major streambeds that traverse the City: Permanente Creek, Stevens Creek, Regnart Creek, and Calabazas Creek. Stevens Creek and its streamside are among the natural elements that have the most influence on Cupertino’s character. These creeks collect surface runoff and channel it to the San Francisco Bay. However, they also pose potential flooding risks to the City if water levels exceed the top of bank as a result of heavy runoff. No portion of the Leased Premises is located within a 100-year or 500-year flood zone.

The occurrence of natural disasters in the City could result in substantial damage to the City and the Leased Premises which, in turn, could substantially reduce General Fund revenues and affect the ability of the City to make Lease Payments or cause an abatement in Lease Payments. Reduced ability to pay Lease Payments could affect the payment of the principal of and interest with respect to the Certificates. The Lease obligates the City obtain and keep in force various forms of insurance, including property casualty insurance (for losses other than from seismic events) for the Leased Premises in the event of damage or destruction to the Leased Premises. See “THE CITY OF CUPERTINO—Risk Management” herein. However, there can be no assurance that specific losses will be covered by insurance or, if covered, that claims will be paid in full by the applicable insurers, the City makes no representation as to the ability of any insurer to fulfill its obligations under any insurance policy provided for in the Lease. In addition, the City is not required under the Lease Agreement to obtain earthquake and flood insurance.

Hazardous Substances

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

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 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 City, may result in the reduction in the assessed value of property, and therefor property tax revenue.

Cybersecurity

The City, like many other public and private entities, relies on a large and complex technology environment to conduct its operations. As a recipient and provider of personal, private, or sensitive information, the City is subject to multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized access to the City’s digital systems for the purposes of misappropriating assets or information or causing operational disruption and damage. To date, the City has not experienced an attack on its computer operating systems which resulted in a breach of its cybersecurity systems that are in place. However, no assurances can be given that the City’s efforts to manage cyber threats and attacks will be successful or that any such attack will not materially impact the operations or finances of the City. The City does not carry separate cybersecurity insurance. See “THE CITY OF CUPERTINO— Risk Management” in herein for more information with respect to the City’s insurance coverages.

Limitations on Remedies; Bankruptcy

The rights of the owners of the Certificates are subject to the limitations on legal remedies against municipalities in the State, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest. Additionally, enforceability of the rights and remedies of the owners of the Certificates, and enforcement of the City’s obligations under the Lease, may become subject to the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditor’s rights generally, now or hereafter in effect, equity principles which may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the Constitution, 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 and the limitations on remedies against counties in the State. Bankruptcy proceedings under Chapter 9 of the Bankruptcy Code (Title 11, United States Code), which governs the bankruptcy proceedings for public agencies such as the City, or the exercise of powers by the federal or State government, if initiated, could subject the owners of the Certificates to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights. See “RISK FACTORS—Default” herein.

Dependence on State for Certain Revenues

A number of the City’s revenues are collected and dispersed by the State (such as sales tax and motor-vehicle license fees) or allocated in accordance with State law (most importantly, property taxes). Therefore, State budget decisions can have an impact on City finances. In the event of a material economic downturn in the State, there can be no assurance that any resulting revenue shortfalls to the State will not reduce revenues to local governments (including the City) or shift financial responsibility for programs to local governments as part of the State’s efforts to address any such related State financial difficulties.

The COVID-19 pandemic is materially adversely impacting the financial condition of the State. In addition, there are a number of other budget risks that threaten the financial condition of the State, including the onset of recession and the significant unfunded liabilities of the two main retirement systems managed by State entities, PERS and the California State Teachers’ Retirement System (“STRS”). The State also has a significant unfunded liability with respect to other post-employment benefits.

On June 29, 2020, the Governor signed into law the State budget for fiscal year 2020-21 (the “2020-21 Budget”). The following information is drawn from the DOF’s summary of the 2020-21 Budget.

As with the Governor’s May revision (the “May Revision”) to the proposed State budget, the 2020-21 Budget acknowledges that the rapid onset of COVID-19 has had an immediate and severe impact on the State’s economy. The ensuing recession has caused significant job losses, precipitous drops in family and business income, and has exacerbated inequality. The May Revision forecast included a peak unemployment rate of 24.5% in the second quarter of 2020 and a decline in personal income of nearly 9%. The 2020-21 Budget reports that the official unemployment rate exceeded 16% in both April and May of 2020.

The 2020-21 Budget includes a number of measures intended to address a projected deficit of \$54.3 billion identified by the May Revision, and occasioned principally by declines in the State’s three main tax revenues (personal income, sales and use, and corporate). The measures included in the 2020-21 Budget, and described below, are intended to close this deficit and set aside \$2.6 billion in the State’s traditional general fund reserve, including \$716 million for the State to respond to the changing conditions of the COVID-19 pandemic:

- *Draw Down of Reserves* – The 2020-21 Budget draws down \$8.8 billion in total State reserves, including \$7.8 billion from the State’s Budget Stabilization Account (the “BSA”), \$450 million from the Safety Net Reserve and all funds in the State’s Public School System Stabilization Account.
- *Triggers* – The 2020-21 Budget includes \$11.1 billion in reductions and deferrals that would be restored if at least \$14 billion in federal funds are received by October 15, 2020. If the State receives less than this amount, reductions and deferrals would be partially restored. The triggers includes \$6.6 billion in deferred spending on education, \$970 million in funding for the California State University and University of California systems, \$2.8 billion in State employee compensation and \$150 million for courts, as well as funding for various other State programs. The triggers would also fund an additional \$250 million for county programs to backfill revenue losses.
- *Federal Funds* – The 2020-21 Budget relies on \$10.1 billion in federal funds, including \$8.1 billion of which has already been received. This relief includes recent congressional approval for a temporary

increase in the federal government's share of Medicaid costs, a portion of the State's Coronavirus Relief Fund allocation pursuant to the CARES Act and federal funds provided for childcare programs.

- *Borrowing/Transfers/Deferrals* – The 2020-21 Budget relies on \$9.3 billion in special fund borrowing and transfers, as well as deferrals to K-14 education discussed further herein. Approximately \$900 million of special fund borrowing is associated with reductions to State employee compensation and is subject to the triggers discussed above.
- *Increased Revenues* – The 2020-21 Budget temporarily suspends for three years net operating loss tax deductions for medium and large businesses and limits business tax credits, with an estimated increase in tax revenues of \$4.3 billion in fiscal year 2020-21.
- *Cancelled Expansions, Updated Assumptions and Other Measures* – The 2020-21 Budget includes an additional \$10.6 billion of measures, including cancelling multiple programmatic expansions, anticipated governmental efficiencies, higher ongoing revenues above the forecast included in the May Revision, and lower health and human services caseload costs than assumed by the May Revision.

For fiscal year 2019-20, the 2020-21 Budget projects total general fund revenues and transfers of \$137.6 billion and authorizes expenditures of \$146.9 billion. The State is projected to end the 2019-20 fiscal year with total available general fund reserves of \$17 billion, including \$16.1 billion in the BSA and \$900 million in the Safety Net Reserve Fund. For fiscal year 2020-21, the 2020-21 Budget projects total general fund revenues and transfers of \$137.7 billion and authorizes expenditures of \$133.9 billion. The State is projected to end the 2020-21 fiscal year with total available general fund reserves of \$11.4 billion, including \$2.6 billion in the traditional general fund reserve (of which \$716 million is earmarked for COVID-related responses), \$8.3 billion in the BSA and \$450 million in the Safety Net Reserve Fund

Current and future State budgets will be significantly affected by the COVID-19 pandemic and other factors over which the City has no control. The City cannot determine what actions will be taken in the future by the State Legislature and the Governor to deal with the COVID-19 pandemic and resulting changing State revenues and expenditures. There can be no assurance that, as a result of the COVID-19 pandemic or otherwise, the State will not significantly reduce revenues to local governments (including the City) or shift financial responsibility for programs to local governments as part of its efforts to address State financial conditions. There can be no assurance that State actions to respond to the COVID-19 pandemic will not materially adversely affect the financial condition of the City.

Information about the State budget is regularly available at various State-maintained websites. Text of proposed and adopted budgets may be found at the website of the State Department of Finance (the "DOF"), <http://www.dof.ca.gov>, under the heading "California Budget." An impartial analysis of the budget is posted by the Legislative Analyst's Office (the "LAO") at <http://www.lao.ca.gov>. In addition, various State official statements, many of which contain a summary of the current and past State budgets and the impact of those budgets on cities in the State, may be found at the website of the State Treasurer, <http://www.treasurer.ca.gov>. *The information referred to is prepared by the respective State agency maintaining each website and not by the City or the Underwriter, and neither the City nor the Underwriter takes any responsibility for the continued accuracy of these Internet addresses or for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated herein by these references.*

COVID-19 Pandemic

The COVID-19 Pandemic is materially adversely affecting the local, state and world economies. The City cannot currently predict the extent or duration of the outbreak or what ultimate impact it may have on the City's financial condition or operations, although the City believes it will be material and adverse. See "CITY FINANCIAL INFORMATION—COVID-19 Pandemic" herein for a discussion of current and potential impacts of COVID-19 on the City's operations and finances.

THE CORPORATION

The Cupertino Public Facilities Corporation is a nonprofit, public benefit corporation duly organized and existing under the laws of the State of California and is entitled to purchase personal and real property and to sell or lease such property, to contract for construction and improvements and to execute operating agreements regarding such property. The Corporation was formed for the purpose of providing financial assistance to public entities by acquiring, constructing, developing and refinancing certain facilities for the use and benefit of the public. The board of directors of the Corporation is comprised of the members of the City Council of the City.

TAX MATTERS

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Special Counsel, under existing statutes, regulations, rulings and judicial decisions, interest with respect to the Certificates is excluded from gross income for federal income tax purposes, and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Special Counsel, interest with respect to the Certificates is exempt from State of California personal income tax.

The difference between the issue price of a Certificate (the first price at which a substantial amount of the Certificates of a maturity is to be sold to the public) and the stated redemption price at maturity with respect to the Certificate (to the extent the redemption price at maturity is greater than the issue price) constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Beneficial Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Beneficial Owner will increase the Beneficial Owner's basis in the applicable Certificate. In the opinion of Certificate Counsel, the amount of original issue discount that accrues to the Beneficial Owner of the Certificate is excluded from gross income of such Beneficial Owner for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. In the opinion of Special Counsel, the amount of original issue discount that accrues to the Beneficial Owner of the Certificates is exempt from State of California personal income tax.

Special Counsel's opinion as to the exclusion from gross income for federal income tax purposes of interest (and original issue discount) on the Certificates is based upon certain representations of fact and certifications made by the City, the Corporation and others and is subject to the condition that the City and the Corporation comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the delivery of the Certificates to assure that interest (and original issue discount) on the Certificates will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause the interest (and original issue discount) on the Certificates to be included in gross income for federal income tax purposes retroactive to the date of delivery of the Certificates. The City and the Corporation will covenant to comply with all such requirements.

The amount by which a Beneficial Owner's original basis for determining loss on sale or exchange in the applicable Certificate (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium, which must be amortized under Section 171 of the Code; such amortizable bond premium reduces the Beneficial Owner's basis in the applicable Certificate (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of bond premium may result in a Beneficial Owner realizing a taxable gain when a Certificate is sold by the Beneficial Owner for an amount equal to or less (under certain circumstances) than the original cost of the Certificate to the Beneficial Owner. Purchasers of the Certificates should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable bond premium.

Special Counsel's opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. Special Counsel has not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Trust Agreement, the Lease and the Tax Certificate

relating to the Certificates permit certain actions to be taken or to be omitted if a favorable opinion of a Special Counsel is provided with respect thereto. Special Counsel expresses no opinion as to the effect on the exclusion from gross income for federal income tax purposes of interest (or original issue discount) on any Certificate if any such action is taken or omitted based upon the advice of counsel other than Special Counsel.

Although Special Counsel will render an opinion that interest (and original issue discount) on the Certificates is excluded from gross income for federal income tax purposes provided that the City and the Corporation continue to comply with certain requirements of the Code, the ownership of the Certificates and the accrual or receipt of interest (and original issue discount) with respect to the Certificates may otherwise affect the tax liability of certain persons. Special Counsel expresses no opinion regarding any such tax consequences. Accordingly, before purchasing any of the Certificates, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the Certificates.

The Internal Revenue Service (the "IRS") has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the Certificates will be selected for audit by the IRS. It is also possible that the market value of the Certificates might be affected as a result of such an audit of the Certificates (or by an audit of similar bonds). No assurance can be given that in the course of an audit, as a result of an audit, or otherwise, Congress or the IRS might not change the Code (or interpretation thereof) subsequent to the delivery of the Certificates to the extent that it adversely affects the exclusion from gross income of interest (and original issue discount) on the Certificates or their market value.

SUBSEQUENT TO THE EXECUTION AND DELIVERY OF THE CERTIFICATES THERE MIGHT BE FEDERAL, STATE, OR LOCAL STATUTORY CHANGES (OR JUDICIAL OR REGULATORY CHANGES TO OR INTERPRETATIONS OF FEDERAL, STATE, OR LOCAL LAW) THAT AFFECT THE FEDERAL, STATE, OR LOCAL TAX TREATMENT OF THE Certificates INCLUDING THE IMPOSITION OF ADDITIONAL FEDERAL INCOME OR STATE TAXES BEING IMPOSED ON OWNERS OF TAX-EXEMPT STATE OR LOCAL OBLIGATIONS, SUCH AS THE CERTIFICATES. THESE CHANGES COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE CERTIFICATES. NO ASSURANCE CAN BE GIVEN THAT SUBSEQUENT TO THE EXECUTION AND DELIVERY OF THE CERTIFICATES STATUTORY CHANGES WILL NOT BE INTRODUCED OR ENACTED OR JUDICIAL OR REGULATORY INTERPRETATIONS WILL NOT OCCUR HAVING THE EFFECTS DESCRIBED ABOVE. BEFORE PURCHASING ANY OF THE CERTIFICATES, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING POSSIBLE STATUTORY CHANGES OR JUDICIAL OR REGULATORY CHANGES OR INTERPRETATIONS, AND THEIR COLLATERAL TAX CONSEQUENCES RELATING TO THE CERTIFICATES.

The form of Special Counsel's proposed opinion with respect to the Certificates is attached hereto in Appendix D.

CERTAIN LEGAL MATTERS

Certain legal matters incident to the authorization, sale, execution and delivery of the Certificates are subject to the approval of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Special Counsel. A complete copy of the proposed form of opinion of Special Counsel is contained in Appendix D hereto. Special Counsel has not undertaken any responsibility to the Owners for the accuracy, completeness or fairness of this Official Statement or other offering materials relating to the Certificates and expresses no opinion relating thereto. Certain legal matters will be passed upon for the City and the Corporation by the City Attorney and by Stradling Yocca Carlson & Rauth, a Professional Corporation, as Disclosure Counsel, for the Trustee by its counsel, and for the Underwriter by Quint & Thimmig LLP, Larkspur, California. Compensation of Special Counsel is contingent upon the execution and delivery of the Certificates.

Special Counsel represents the City in connection with the execution and delivery of the Certificates. From time-to-time Special Counsel represents the Underwriter in connection with other financings and matters

unrelated to the Certificates. Special Counsel does not represent the Underwriter or any other party with respect to the execution and delivery of the Certificates other than the City.

LITIGATION

General

To the best knowledge of the City, there is no action, suit or proceeding known to be pending, or threatened, restraining or enjoining the execution or delivery of the Certificates, the Trust Agreement, the Lease, the Site Lease, the Assignment Agreement or any other document relating to the Certificates, or in any way contesting or affecting the validity of the foregoing.

There are a number of lawsuits and claims pending against the City. In the opinion of the City, except as described below under the caption “—Vallco Claim,” such suits and claims as are presently pending will not have a material adverse effect on the ability of the City to make Lease Payments.

Vallco Claim

In 2018, the City approved an application by Vallco Property Owner, LLC (“VPO”), the owner of approximately 50 acres of real property on which the former Vallco Fashion Mall was located (the “Vallco Site”), for development of approximately 1,810,000 square feet of office space, approximately 400,000 square feet of retail, and approximately 2,402 multi-family housing units, 50 percent of which will be affordable (collectively, the “Vallco Project”). The City understands that VPO is currently proceeding with design and construction of the Vallco Project. It has commenced demolition and other site-preparation activities and has applied for building permits. A community group challenged the City’s approval of the Vallco Project (“Community Group Litigation”). The Santa Clara County Superior Court rejected the challenge in May 2020. The community group did not appeal the judgment, and the litigation is now resolved.

While the Community Group Litigation was pending, in August 2019 the City approved amendments to the General Plan and Zoning Code that would be applicable to development of the Vallco Site if VPO does not build the Vallco Project (collectively, the “Amendments”). Among other things, the Amendments (1) remove office as a permitted use for the Vallco Site, (2) permit 459 residential units by right on roughly 13 acres of the site, and (3) specify 60-foot height limits and other development standards for the site. The City did not change existing General Plan policies that (1) allow commercial uses on the Vallco Site, with a minimum of 600,000 square feet of retail uses, (2) require that 15% of residential units be affordable, and (3) require construction of specified public improvements in connection with development of the site.

Before the court rejected the Community Group Litigation, VPO submitted a claim under the California Government Tort Claims Act, asserting that an alternative development of the Vallco Site under the Amendments would not be economically feasible and that, with the uncertainty created by the Community Group Litigation against the Vallco Project, the Amendments had radically reduced the value of the Vallco Site. VPO asserted that the Amendments would thus constitute a regulatory taking of the Vallco Site, entitling VPO to just compensation under the United States and California Constitutions. VPO indicated that it would be entitled to hundreds of millions of dollars in damages against the City for the alleged taking.

The City believes that while VPO continues to develop the Site under the existing project approval, VPO’s takings challenge to the Amendments would have no merit. However, VPO has alleged that any alternative development of the Vallco Site under the Amendments would not be economically feasible. In the future, VPO could abandon the Vallco Project if VPO determines it is not economically feasible due to market factors, construction or financing costs, or otherwise. In such event, VPO may reassert the takings claim outlined above against the City. In that circumstance, the City would have options to reduce or avoid claimed damages, including further amendments to the General Plan and Zoning Code. If the City left the Amendments in place and VPO were to successfully challenge them and recover damages against the City in the amounts alleged by

VPO, it could have a material adverse impact on the City's ability to pay Lease Payments when due, and a corresponding material adverse impact on the Trustee's ability to make scheduled payments under the Certificates when due.

RATING

S&P Global Ratings, a Standard & Poor's Financial Services LLC business ("S&P") has assigned a rating of "____" to the Certificates. Such rating reflects only the views of S&P and any desired explanation of the significance of such rating should be obtained from S&P. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such rating will continue for any given period of time or that such rating will not be revised downward or withdrawn entirely by the rating agency, if in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Certificates. Neither the City nor the Underwriter has undertaken any responsibility either to bring to the attention of the owners of the Certificates a proposed change in or withdrawal of the ratings or to oppose any such proposed revision or withdrawal.

UNDERWRITING

The Certificates are being purchased by Stifel, Nicolaus & Company, Incorporated (the "Underwriter"). The Underwriter will purchase the Certificates at an aggregate purchase price of \$_____ (representing the principal amount of the Certificates, plus [net] original issue premium of \$_____ and less an Underwriters' discount of \$_____). The purchase agreement relating to the Certificates provides that the Underwriter will purchase all of the Certificates if any are purchased. The obligation to make such purchase is subject to certain terms and conditions set forth in such purchase agreement, the approval of certain legal matters by counsel and certain other conditions.

The initial offering prices that are stated on the inside front cover page of this Official Statement may be changed from time to time by the Underwriter. The Underwriter may offer and sell the Certificates to certain dealers (including dealers depositing Certificates into investment trusts), dealer banks, banks acting as agent and others at prices lower than said public offering prices.

MUNICIPAL ADVISOR

Urban Futures, Inc., Tustin, California, has served as municipal advisor ("Municipal Advisor") to the City in connection with the Certificates. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement. The Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal or other public securities.

CONTINUING DISCLOSURE

The City has covenanted for the benefit of the Owners of the Certificates to provide, or cause to be provided, annually certain financial information and operating data relating to the Certificates and the City (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events. For a complete listing of items of information which will be provided in each Annual Report and further description of the City's undertaking with respect to the Annual Report and certain enumerated events, see Appendix E—"FORM OF CONTINUING DISCLOSURE CERTIFICATE." The Annual Report is to be provided by the City not later than March 31 after the end of the City's fiscal year, commencing with the report for fiscal year 2019-20.

The Annual Report will be filed by the City with the Municipal Securities Rulemaking Board. These covenants have been made in order to assist the Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the “Rule”).

[The City entered into a prior continuing disclosure undertaking with respect to the 2012 Certificates. Within the past five years, the City has complied in all material respects with its prior continuing disclosure undertaking.] **[CONFIRM]**

FINANCIAL STATEMENTS OF THE CITY

Included herein as Appendix B are the audited financial statements of the City as of and for the year ended June 30, 2019 (the “Financial Statements”), together with the report thereon dated March 6, 2020 of Crowe LLP, Costa Mesa, California (the “Auditor”). The Auditor has not undertaken to update the audited financial statements of the City or its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by the Auditor with respect to any event subsequent to its report dated March 6, 2020.

The Auditor’s consent to inclusion of the Financial Statements in the Official Statement was not requested and the Auditor has not consented to the inclusion of the Financial Statements as an appendix to this Official Statement. The Auditor has not performed any procedures relating to this Official Statement.

MISCELLANEOUS

Included herein are brief summaries of certain documents and reports, which summaries do not purport to be complete or definitive, and reference is made to such documents and reports for full and complete statements of the contents thereof. Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the City and the purchasers or Owners of any of the Certificates.

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

CITY OF CUPERTINO

By: _____
City Manager

APPENDIX A

ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING THE CITY OF CUPERTINO

This Appendix A sets forth general information about the City of Cupertino (“Cupertino”) including information with respect to its finances. The following information concerning Cupertino, the County of Santa Clara (the “County”) and the State of California (the “State”) is included only for general background purposes. It is not intended to suggest that the Certificates are payable from any source other than Lease Payments.

The City has not independently verified the information set forth in this Appendix A and while this information is believed to be reliable, it is not guaranteed as to accuracy by the City or the Corporation. Certain information relating to employment, income and taxable transactions to be released for 2020 can be expected to be materially different from the historical figures set forth in this Appendix A. See “CITY FINANCIAL INFORMATION—COVID-19 Pandemic Impact” and “RISK FACTORS—COVID-19 Pandemic” in the Official Statement.

Population

The City’s population as of January 1, 2020 was approximately 59,549. This represents an increase of approximately 0.07 percent from January 1, 2019. The following table shows the population for the City, the County and the State of California from 2016 through 2020.

POPULATION For Years 2015 through 2019

<i>Year (January 1)</i>	<i>City of Cupertino</i>	<i>County of Santa Clara</i>	<i>State of California</i>
2016	60,225	1,931,565	39,131,307
2017	60,169	1,942,176	39,398,702
2018	59,709	1,951,088	39,586,646
2019	59,504	1,954,833	39,695,376
2020	59,549	1,961,969	39,782,870

Source: State of California, Department of Finance, *E-4 Population Estimates for Cities, Counties, and the State, 2011-2019, with 2010 Census Benchmark*, Sacramento, California, May 2019.

Education

K-8 public education is provided by Cupertino Union School District, which serves over 18,000 square miles in a 26 square mile area that includes the City and portions of five other cities. The Fremont Union High School District serves 10,000 students in a 42 square mile area covering all of the City and portions of five other cities. De Anza College, a single-campus community college, is located within the City.

Building Activity

Residential and nonresidential building activity for 2014 through 2018 for the City is shown in the following tables.

NEW HOUSING UNITS BUILDING PERMITS
City of Cupertino
For Years 2015 through 2019

	<i>2015</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>	<i>2019</i>
Single Family Units	51	52	56	46	53
Multifamily Units	<u>120</u>	<u>0</u>	<u>15</u>	<u>19</u>	<u>12</u>
Total Units	171	52	71	65	65

Source: Construction Industry Research Board and California Homebuilding Foundation.

BUILDING PERMIT VALUATIONS
City of Cupertino
(Dollars in Thousands)

	<i>2015</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>	<i>2019</i>
Residential					
New Single Family	\$ 24,772	\$ 22,423	\$ 24,765	\$ 25,773	\$ 44,611
New Multifamily	18,207	0	1,700	10,000	12,900
Res. Alt. & Adds	<u>23,849</u>	<u>19,132</u>	<u>18,865</u>	<u>21,394</u>	<u>25,130</u>
Total Residential	66,828	\$ 41,555	\$ 45,330	\$ 57,167	\$ 82,641
Nonresidential					
New Commercial	284,799	304,150	\$ 0	\$ 0	\$ 0
New Industrial	0	0	0	0	0
New Other ⁽¹⁾	1,019,658	280,485	919,984	844,330	403,547
Alters. & Adds.	<u>54,602</u>	<u>77,924</u>	<u>26,357</u>	<u>62,154</u>	<u>235,214</u>
Total Non-Residential	\$ 1,359,059	\$ 662,559	\$ 946,341	\$ 906,484	\$ 638,761
Total All Building	<u>\$ 1,425,887</u>	<u>\$ 704,114</u>	<u>\$ 991,671</u>	<u>\$ 963,651</u>	<u>\$ 721,402</u>

⁽¹⁾ Includes churches and religious buildings, hospitals and institutional buildings, schools and educational buildings, residential garages, public works and utilities buildings.

Note: "Total All Building" is the sum of Residential and Nonresidential Building Permit Valuations. Totals may not add to sum because of independent rounding.

Source: Construction Industry Research Board and California Homebuilding Foundation.

Personal Income

Personal Income is the income that is received by all persons from all sources. It is calculated as the sum of wage and salary disbursements, supplements to wages and salaries, proprietors' income with inventory valuation and capital consumption adjustments, rental income of persons with capital consumption adjustment, personal dividend income, personal interest income, and personal current transfer receipts, less contributions for government social insurance.

The personal income of an area is the income that is received by, or on behalf of, all the individuals who live in the area; therefore, the estimates of personal income are presented by the place of residence of the income recipients.

The following table summarizes per capita personal income for the City, the County, the State of California and the United States for the years 2010 through 2018. This measure of income is calculated as the personal income of the residents of the area divided by the resident population of the area.

PER CAPITA PERSONAL INCOME⁽¹⁾
City of Cupertino, County of Santa Clara, State of California, and United States
2010-2019

<i>Year</i>	<i>City of Cupertino⁽²⁾</i>	<i>County of Santa Clara⁽³⁾</i>	<i>California⁽³⁾</i>	<i>United States⁽³⁾</i>
2010	\$59,999	\$ 61,330	\$43,634	\$40,546
2011	45,828	66,406	46,170	42,735
2012	47,756	72,792	48,798	44,599
2013	50,081	72,927	49,277	44,851
2014	51,557	79,055	52,324	47,058
2015	53,311	86,188	55,758	48,978
2016	57,405	92,505	57,739	49,870
2017	59,181	100,177	60,156	51,885
2018	60,246	107,877	63,557	54,446
2019	63,817	N/A	N/A	N/A

⁽¹⁾ Per capita personal income is the total personal income divided by the total mid-year population estimates of the U.S. Bureau of the Census. All dollar estimates are in current dollars (not adjusted for inflation).

⁽²⁾ Based on a fiscal year ending June 30 of each year

⁽³⁾ Based on a calendar year ending December 31 of each year.

Source: U.S. Department of Commerce, Bureau of Economic Analysis and the City of Cupertino.

Employment

The civilian labor force in the City totaled 39,200 in 2018, a 1.8 percent increase from 2017. For the past five years the unemployment rate in the City and the County has been below the State of California's rate.

The following table summarizes the labor force, employment and unemployment figures from 2014 to 2018 for the City, the County, the State of California and the nation as a whole.

LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
Yearly Average for Years 2015 through 2019

<i>Year and Area</i>	<i>Labor Force</i>	<i>Employment⁽¹⁾</i>	<i>Unemployment⁽²⁾</i>	<i>Unemployment Rate (%)⁽³⁾</i>
<u>2015</u>				
City of Cupertino	28,900	27,900	1,000	3.3%
Santa Clara County	1,013,200	971,100	42,000	4.1
State of California	18,896,500	17,724,800	1,171,700	6.2
United States ⁽⁴⁾	157,130,000	148,834,000	8,296,000	5.3
<u>2016</u>				
City of Cupertino	29,600	28,500	1,100	3.7%
Santa Clara County	1,028,700	989,900	38,800	3.8
State of California	19,093,700	18,048,800	1,044,800	5.5
United States ⁽⁴⁾	159,187,000	151,436,000	7,751,000	4.9
<u>2017</u>				
City of Cupertino	29,700	28,700	1,000	3.2%
Santa Clara County	1,039,900	1,006,500	33,400	3.2
State of California	19,312,000	18,393,100	918,900	4.8
United States ⁽⁴⁾	160,320,000	153,337,000	6,982,000	4.4
<u>2018</u>				
City of Cupertino	29,500	28,700	800	2.7%
Santa Clara County	1,048,800	1,021,500	27,300	2.6
State of California	19,398,200	18,582,800	815,400	4.2
United States ⁽⁴⁾	162,075,000	155,761,000	6,314,000	3.9
<u>2019</u>				
City of Cupertino	29,800	29,100	700	2.4%
Santa Clara County	1,053,700	1,027,500	26,200	2.5
State of California	19,408,271	18,623,900	784,375	4.0
United States ⁽⁴⁾				

(1) Includes persons involved in labor-management trade disputes.

(2) Includes all persons without jobs who are actively seeking work.

(3) The unemployment rate is computed from unrounded data; therefore, it may differ from rates computed from rounded figures in this table.

(4) Not strictly comparable with data for prior years.

Note: Data is not seasonally adjusted.

Source: California Employment Development Department, based on March 2018 benchmark and U.S. Department of Labor, Bureau of Labor Statistics.

The table below summarizes employment by industry in Santa Clara County from 2015 to 2019. Service Providing, Professional and Business Services and Trade, Transportation and Utilities are the largest employment sectors in the County.

AVERAGE ANNUAL INDUSTRY EMPLOYMENT 2015-2019
Santa Clara County

	<i>2015</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>	<i>2019</i>
Total Farm	3,700	3,900	3,600	3,500	3,100
Total Nonfarm	<u>1,025,200</u>	<u>1,056,700</u>	<u>1,090,100</u>	<u>1,111,700</u>	<u>1,131,800</u>
Total, All Industries	1,028,900	1,060,600	1,093,700	1,115,200	1,134,900
Goods Producing	203,300	209,300	211,200	217,200	220,900
Mining and Logging	200	300	200	200	200
Construction	42,900	47,600	47,900	48,300	51,000
Manufacturing	160,200	161,300	163,100	168,700	169,700
Service Providing	821,900	847,400	878,900	894,500	910,900
Trade, Transportation and Utilities	136,100	137,300	132,000	131,700	129,200
Wholesale Trade	36,800	37,400	32,600	31,900	31,300
Retail Trade	85,100	85,000	84,500	84,400	82,200
Transportation, Warehousing and Utilities	14,100	14,800	14,900	15,300	15,700
Information	70,400	74,500	84,600	92,100	100,700
Financial Activities	34,200	35,200	35,800	36,400	37,400
Professional and Business Services	215,200	224,100	236,200	235,900	241,800
Educational and Health Services	154,900	160,600	167,400	171,900	174,000
Leisure and Hospitality	94,500	97,600	102,000	104,200	104,900
Other Services	26,500	27,000	28,400	28,400	28,700
Government	90,100	91,200	92,700	93,800	94,200

Note: The "Total, All Industries" data is not directly comparable to the employment data found herein.

Source: State of California, Employment Development Department, Labor Market Information Division, Santa Clara County Annual Average Labor Force and Industry Employment, March 2018 Benchmark.

Industry

The following tables list the largest private and public employers in the City:

MAJOR EMPLOYERS
City of Cupertino
2019

<i>Rank</i>	<i>Name of Business</i>	<i>Rank</i>	<i>Name of Business</i>
1.	Apple	11.	Insight Solutions Inc.
2.	De Anza College	12.	Intero Real Estate Scv Inv
3.	Seagate Technology Inc	13.	Keller Williams Realty
4.	Health Care Center at the Forum	14.	Sugar CRM Inc
5.	Magnet Systems Inc	15.	Sunny View Retirement Community
6.	All Fab Precision Sheet	16.	Target
7.	BJ's Restaurant & Brewhouse	17.	Whole Foods Market
8.	Coldwell Banker Residential	18.	99 Ranch Market
9.	Cupertino Healthcare-Wellness	19.	Argonaut Window & Door
10.	Forum at Rancho San Anonio	20.	Astra Real Estate

Source: City of Cupertino, Comprehensive Annual Financial Report, Fiscal Year Ending June 30, 2019.

Transportation

The City is served by a network of freeways; Interstate 880 connects the City with the Oakland International Airport and the Port of Oakland. Interstates 280 and 680 provide access to the peninsula and eastern regions of the San Francisco Bay Area and State Route 17 serves to connect the City with the Pacific Coast at Santa Cruz. All of these interstate highways connect to U.S. 101, a major north-south highway linking San Francisco and Los Angeles.

APPENDIX B

**THE CITY OF CUPERTINO AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

APPENDIX C

SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

The following is a summary of certain provisions of the Trust Agreement and the Lease which are not described elsewhere. This summary does not purport to be comprehensive and reference should be made to the respective agreement for a full and complete statement of the provisions thereof.

[TO COME]

APPENDIX D

FORM OF LEGAL OPINION

Upon the execution and delivery of the Certificates, Stradling Yocca Carlson & Rauth, a Professional Corporation, Special Counsel, proposes to render its final approving opinion in substantially the following form:

[Closing Date]

City Council
City of Cupertino
Cupertino, California

Re: \$_____ City of Cupertino 2020A Certificates of Participation

Ladies and Gentlemen:

We have reviewed the Constitution and the laws of the State of California and certain proceedings taken by the City of Cupertino (the “City”) in connection with the authorization, execution and delivery by the City of that certain Lease Agreement, dated as of October 1, 2020 (the “Lease”), by and between the Cupertino Public Facilities Corporation (the “Corporation”) and the City. We have also reviewed that certain Trust Agreement, dated as of October 1, 2020 (the “Trust Agreement”), by and among The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”), the Corporation and the City. In rendering this opinion, we also have relied upon certain representations of fact and certifications made by the Corporation and the City, the initial purchaser of the Certificates (defined below) and others. We have not undertaken to verify through independent investigation the accuracy of the representations and certifications relied upon by us. All capitalized terms used herein shall have the meaning given them in the Trust Agreement unless otherwise defined.

Pursuant to the Trust Agreement, the Trustee has agreed to execute and deliver the \$_____ City of Cupertino 2020A Certificates of Participation (the “Certificates”) evidencing undivided fractional interests of the owners of the Certificates in certain lease payments (the “Lease Payments”) to be made by the City pursuant to the Lease. Pursuant to that certain Assignment Agreement, dated as of October 1, 2020 (the “Assignment Agreement”), the Corporation has assigned to the Trustee the Corporation’s right to receive Lease Payments from the City under the Lease.

Based upon our examination of the foregoing, and in reliance thereon and on all matters of fact as we deem relevant under the circumstances, and upon consideration of applicable laws, we are of the opinion that:

(1) The obligation of the City to pay Lease Payments in accordance with the terms of the Lease is a valid and binding obligation payable from the funds of the City lawfully available therefore and the obligation of the City to make Lease Payments under the Lease does not constitute a debt of the City, the State of California or any political subdivision thereof within the meaning of any statutory or constitutional debt limitation or restriction and does not constitute a pledge of the faith and credit or taxing power of the City, the State of California or any political subdivision thereof.

(2) The Lease and the Trust Agreement have been duly authorized, executed and delivered by the City and constitute valid and legally binding agreements of the City enforceable against the City in accordance with their terms.

(3) Under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest

with respect to the Certificates is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals.

(4) Interest (and original issue discount) with respect to the Certificates is exempt from personal income taxes imposed in the State of California.

(5) The difference between the issue price of a Certificate (the first price at which a substantial amount of the Certificates of a maturity are to be sold to the public) and the stated payment price at maturity with respect to such Certificate constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Certificate owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Certificate owner will increase the Certificate owner's basis in the applicable Certificate. Original issue discount that accrues to a Certificate owner is excluded from the gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals (as described in paragraph (3) above) and is exempt from State of California personal income tax.

(6) The amount by which a Certificate owner's original basis for determining loss on sale or exchange in a Certificate (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Certificate premium, which must be amortized under Section 171 of the Code; such amortizable Certificate premium reduces the Certificate owner's basis in the applicable Certificate (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Certificate premium may result in a Certificate owner realizing a taxable gain when a Certificate is sold by the owner for an amount equal to or less (under certain circumstances) than the original cost of the Certificate to the owner.

The opinions expressed in paragraphs (3) and (5) are subject to the condition that the City and the Corporation comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the delivery of the Certificates to assure that such interest (and original issue discount) will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest (and original issue discount) with respect to the Certificates to be included in gross income for federal income tax purposes retroactive to the date of delivery of the Certificates. The City and the Corporation have covenanted to comply with all such requirements.

Except as expressly set forth in paragraphs (3), (4), (5) and (6) we express no opinion regarding any tax consequences with respect to the Certificates.

Certain agreements, requirements and procedures contained or referred to in the Trust Agreement, the Lease, the Tax Certificate executed by the City and other documents related to the Certificates may be changed and certain actions may be taken or omitted, under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice or with the approving opinion of counsel nationally recognized in the area of tax-exempt obligations. We express no opinion as to the effect on the tax consequences on and after the date on which any such change occurs or action is taken or omitted upon advice or approval of counsel other than Stradling Yocca Carlson & Rauth, a Professional Corporation.

We have not made or undertaken to make an investigation of the state of title to any of the real property described in the Lease, the Site Lease, dated October 1, 2020 by and between the City and the Corporation, and the Assignment Agreement or of the accuracy or sufficiency of the description of such property contained therein, and we express no opinion with respect to such matters.

The opinions expressed herein are limited to matters governed by the laws of the State of California and federal law. We assume no responsibility with respect to the applicability or the effect of the laws of any other jurisdiction.

The opinions expressed herein are based upon our analysis and interpretation of existing statutes, regulations, rulings and judicial decisions and cover certain matters not directly addressed by such authorities. We call attention to the fact that rights and obligations under the Trust Agreement and the Lease are subject to bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium or other laws relating to or affecting generally the enforcement of creditors' rights, by equitable principles, by the exercise of judicial discretion in appropriate cases and by the limitations on legal remedies against municipalities in the State of California, and that we express no opinion as to any provisions in the Lease or the Trust Agreement with respect to indemnification, penalty, contribution, choice of law, choice of forum or waiver.

The opinions expressed herein may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. Our engagement with respect to the Certificates terminates on the date of their execution and delivery.

We express no opinion herein as to the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Certificates and expressly disclaim any duty to advise the owners of the Certificates with respect to matters contained in the Official Statement.

Respectfully submitted,

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

Upon execution and delivery of the Certificates, the City proposes to enter into a Continuing Disclosure Certificate in substantially the following form:

This Continuing Disclosure Certificate, dated as of October __, 2020 (the “Disclosure Certificate”) is executed and delivered by the City of Cupertino (the “City”) in connection with the execution and delivery of the \$_____ City of Cupertino 2020A Certificates of Participation (the “Certificates”). The Certificates are being executed pursuant to a Trust Agreement, dated as of October 1, 2020 (the “Trust Agreement”), by and among the City, The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”), and the Cupertino Public Facilities Corporation (the “Corporation”). The City covenants as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the Owners and Beneficial Owners of the Certificates and in order to assist the Participating Underwriter in complying with the Rule.

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

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

“Beneficial Owner” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Certificates (including persons holding Certificates through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Certificates for federal income tax purposes.

“Disclosure Representative” shall mean the City Manager of the City, or their designee, or such other officer or employee as the City shall designate in writing from time to time.

“Dissemination Agent” shall the City, or any successor Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation.

“Financial Obligation” means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b). The term “Financial Obligation” shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

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

“Official Statement” shall mean the Official Statement relating to the Certificates, dated ____, 2020.

“Participating Underwriter” shall mean the original underwriter of the Certificates required to comply with the Rule in connection with the offering of the Certificates.

“Repository” shall mean the Municipal Securities Rulemaking Board, which can be found at <http://emma.msrb.org>.

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

“State” shall mean the State of California.

SECTION 3. Provision of Annual Reports.

(a) The City shall, or, upon delivery of the Annual Report to the Dissemination Agent, shall cause the Dissemination Agent to, not later than April 1 following the end of the City’s fiscal year (which currently ends on June 30), commencing with the report for the Fiscal Year ending June 30, 2020, provide to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the City’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

(b) Not later than fifteen (15) business days prior to said date, the City shall provide the Annual Report to the Dissemination Agent (if other than the City). If the City is unable to provide to the Repository an Annual Report by the date required in subsection (a) above, the Dissemination Agent shall in a timely manner send a notice to the Repository in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) confirm the electronic filing requirements of the Municipal Securities Rulemaking Board for the Annual Report the name and address of each Repository; and

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

SECTION 4. Content of Annual Reports. The City’s Annual Report shall contain or include the City’s audited financial statements for the most recently completed fiscal year, prepared in accordance with generally accepted auditing standards for municipalities in the State of California. If the City’s audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the City shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Certificates in a timely manner not more than ten (10) Business Days after the event:

1. principal and interest payment delinquencies;
2. unscheduled draws on debt service reserves reflecting financial difficulties;
3. unscheduled draws on credit enhancements reflecting financial difficulties;
4. substitution of credit or liquidity providers, or their failure to perform;

5. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability or Notices of Proposed Issue (IRS Form 5701 TEB);
6. tender offers;
7. defeasances;
8. ratings changes; and
9. bankruptcy, insolvency, receivership or similar proceedings of the City.

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

10. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

(b) Pursuant to the provisions of this Section 5, the City shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Certificates, if material:

1. unless described in Section 5(a)(5), other notices or determinations by the Internal Revenue Service with respect to the tax status of the Certificates or other events affecting the tax status of the Certificates;
2. modifications to the rights of Certificate holders;
3. optional, unscheduled or contingent Certificate prepayments;
4. release, substitution or sale of property securing repayment of the Certificates;
5. non-payment related defaults;
6. the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; and
7. appointment of a successor or additional trustee or the change of the name of a trustee.
8. incurrence of a Financial Obligation of the obligated person, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect Bond Owners.

(c) If the City determines that knowledge of the occurrence of a Listed Event under Section 5(b) would be material under applicable federal securities laws, and if the Dissemination Agent is other than the City,

the City shall promptly notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to file a notice of such occurrence with the MSRB in an electronic format as prescribed by the MSRB in a timely manner not more than ten (10) Business Days after the event.

(d) If the City determines that the Listed Event under Section 5(b) would not be material under applicable federal securities laws and if the Dissemination Agent is other than the City, the City shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence.

(e) The City hereby agrees that the undertaking set forth in this Disclosure Certificate is the responsibility of the City and, if the Dissemination Agent is other than the City, the Dissemination Agent shall not be responsible for determining whether the City's instructions to the Dissemination Agent under this Section 5 comply with the requirements of the Rule.

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

SECTION 7. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the City pursuant to this Disclosure Certificate. The Dissemination Agent may resign by providing thirty days written notice to the City and the Trustee (if the Dissemination Agent is other than the Trustee). The Dissemination Agent shall not be responsible for the content of any report or notice prepared by the City and shall have no duty to review any information provided to it by the City. The Dissemination Agent shall have no duty to prepare any information report nor shall the Dissemination Agent be responsible for filing any report not provided to it by the City in a timely manner and in a form suitable for filing.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the City may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that, in the opinion of nationally recognized bond counsel, such amendment or waiver is permitted by the Rule; provided, the Dissemination Agent shall have first consented to any amendment that modifies or increases its duties or obligations hereunder. In the event of any amendment or waiver of a provision of this Disclosure Certificate, the City shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(c), and (ii) the Annual Report for the year in which the change is made shall present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Filings with the MSRB. All financial information, operating data, financial statements, notices, and other documents provided to the MSRB in accordance with this Disclosure Certificate shall be provided in an electronic format prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 11. Default. In the event of a failure of the City to comply with any provision of this Disclosure Certificate, any Holder or Beneficial Owner of the Certificates may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Trust Agreement, and the sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance.

No Certificate holder or Beneficial Owner may institute such action, suit or proceeding to compel performance unless they shall have first delivered to the City satisfactory written evidence of their status as such, and a written notice of and request to cure such failure, and the City shall have refused to comply therewith within a reasonable time.

SECTION 12. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the City agrees, to the extent permitted by law, to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall be paid compensation by the City for its services provided hereunder in accordance with its schedule of fees as amended from time to time and all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. In performing its duties hereunder, the Dissemination Agent shall not be deemed to be acting in any fiduciary capacity for the City, the Certificate holders, or any other party. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Certificates.

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

To the City:	City of Cupertino 10300 Torre Avenue Cupertino, California 95014 Attention: City Manager
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SECTION 14. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Certificates, and shall create no rights in any other person or entity.

SECTION 15. Signature. This Disclosure Certificate has been executed by the undersigned on the date hereof, and such signature binds the City to the undertaking herein provided.

CITY OF CUPERTINO

By: _____
Mayor

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: City of Cupertino

Name of Certificate Issue: \$_____ City of Cupertino
2020A Certificates of Participation

Date of Delivery: _____, 2020

NOTICE IS HEREBY GIVEN that the City has not provided an Annual Report with respect to the above-named Certificates as required by the Continuing Disclosure Certificate executed by the City on the date of delivery of the Certificates. The City anticipates that the Annual Report will be filed by _____.

Dated: _____

Dissemination Agent

By: _____

APPENDIX F

DTC BOOK-ENTRY SYSTEM

The information in this Appendix F concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the completeness or accuracy thereof. The following description of the procedures and record keeping with respect to beneficial ownership interests in the Certificates, payment of principal, premium, if any, accreted value, if any, and interest with respect to the Certificates to DTC Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the Certificates and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC.

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

To facilitate subsequent transfers, all Certificates 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 Certificates 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 Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such Certificates 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 Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Certificates, such as redemptions, tenders, defaults, and proposed amendments to the Certificate documents. For example, Beneficial Owners of Certificates may wish to ascertain that the nominee holding the Certificates 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.

Prepayment notices shall be sent to DTC. If less than all of the Certificates 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 maturity to be redeemed.

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

Prepayment proceeds, distributions, and dividend payments on the Certificates 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 Corporation 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, or the Corporation, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Corporation 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.

A Certificate Owner shall give notice to elect to have its Certificates purchased or tendered, through its Participant, to the Trustee, and shall effect delivery of such Certificates by causing the Direct Participant to transfer the Participant's interest in the Certificates, on DTC's records, to the Trustee. The requirement for physical delivery of Certificates in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Certificates are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Certificates to the Trustee's DTC account. DTC may discontinue providing its services as depository with respect to the Certificates at any time by giving reasonable notice to the Corporation or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered.

DTC may discontinue providing its services as depository with respect to the Certificates at any time by giving reasonable notice to the City or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Certificate certificates are required to be printed and delivered and the registration and transfer provisions of the Trust Agreement will apply.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Certificate certificates will be printed and delivered to DTC and the registration and transfer provisions of the Trust Agreement will apply.



ADMINISTRATIVE SERVICES DEPARTMENT

CITY HALL
10300 TORRE AVENUE • CUPERTINO, CA 95014-3255
TELEPHONE: (408) 777-3220 • FAX: (408) 777-3109
CUPERTINO.ORG

CITY COUNCIL STAFF REPORT

Meeting: SEPTEMBER 15, 2020

Subject

Authorizing the sale and delivery of 2020A Certificates of Participation ("Certificates") to refinance outstanding Certificates of Participation (2012 Refinancing Project) ("2012 Certificates" or "Refunded Certificates") for debt service savings and authorizing related documents and actions.

Recommended Action

Adopt Resolution No. _____ of the City Council of the City of Cupertino authorizing the sale and delivery of 2020A Certificates of Participation in a principal amount not to exceed \$27 million, authorizing execution and delivery of certain documents relating thereto, and directing certain actions in connection therewith.

Discussion

The City previously executed and delivered its \$43.940 million 2012 Certificates, which are currently outstanding in the amount of \$27.010 million, have interest rates ranging from 3.000% to 3.125%, and a final maturity of July 1, 2030. The 2012 Certificates can be currently refunded on any date without premium. Municipal bond rates are currently near historical lows. The City has determined that refinancing the 2012 Certificates for debt service savings will provide a public benefit to the City and its residents by reducing annual debt service payments through 2030, reducing the cost of the public capital improvements refinanced using the proceeds of the Refunded Certificates.

In order to facilitate the sale and delivery of the Certificates, the City will lease certain real property consisting generally of City Hall, Administrative Offices, Cupertino Community Hall/Council Chambers, Senior Center, and Quinlan Community Center properties and the existing improvements thereon (the "Leased Premises"), to the Cupertino Public Facilities Corporation (the "Corporation") under a **Site Lease** in consideration of the payment of an upfront rental payment; and the Corporation will sublease the Leased Premises back to the City under a **Lease Agreement** in consideration of the agreement by the City to pay semiannual lease payments (the "Lease Payments").

The Corporation will assign its right to receive the Lease Payments to The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), under an **Assignment**

Agreement. In consideration of such assignment, the Trustee will execute and deliver not-to-exceed \$27 million aggregate principal amount of Certificates, each evidencing a direct, undivided fractional interest in the Lease Payments, the proceeds of which will be applied to refinance the 2012 Certificates, as provided in a **Trust Agreement** among the Corporation, the City, and the Trustee, and an **Escrow Agreement** between the City and The Bank of New York Mellon Trust Company, N.A., as escrow agent (the “Escrow Agent”).

In order to execute the sale and delivery of the Certificates, City staff has been working with Urban Futures, Inc., as its Municipal Advisor, Stradling Yocca Carlson & Rauth, a Professional Corporation, as its Special Counsel and Disclosure Counsel, and Stifel, Nicolaus & Company, Incorporated, as the Underwriter of the Certificates.

Municipal Advisor

Local governments retain a Municipal Advisor to assist in the structuring and issuance of bonds/certificates either through a competitive or negotiated sale process. The Municipal Advisor represents the City, and only the City, in the sale of bonds/certificates, and works as an extension of staff with a specialty focus on the proposed financing and has an explicit fiduciary duty to their government clients. The Municipal Advisor will make recommendations as to the structure, timing and terms of the bonds, reviews all fees and expenses, coordinates the financing team, drafts the rating presentation, advises the City on the pricing of the bonds/certificates, and reviews and comments on all documents. Urban Futures, Inc., was selected by City staff to serve as its municipal advisor based on the firm’s qualifications and its prior work with the City.

Special Counsel and Disclosure Counsel

Special Counsel works directly for the Issuer and has specialized experience in municipal financings. Special Counsel drafts the bond/certificate documents, ensures that all legal requirements critical to the validity and tax-exempt status of the bonds are satisfied, and will issue a written opinion. Special Counsel often serves as Disclosure Counsel for the issue. Disclosure Counsel, with the input of City staff, drafts the official statement and the continuing disclosure agreement and provides disclosure training to the City. Stradling Yocca Carlson & Rauth was selected by City staff to serve as Special Counsel and Disclosure Counsel based on and RFP process conducted by Urban Futures.

Stradling Yocca Carlson & Rauth represents the Underwriter in other transactions unrelated to the Cupertino financing. This situation raises the potential for divided loyalty and impairment of independent judgment on the part of the firm. As a result, the California Rules of Professional Conduct require the City to give its informed written consent as a condition of the firm representing the City here. That consent is memorialized in the proposed form of legal services agreement between the City and the firm. City staff do not anticipate any adverse impacts to the City as a result of potential divided loyalty on the part the firm or heightened risk to the City’s confidential information. Among other things, the firm has professional obligations to the City that it is bound to adhere to and

the City has a team made up of staff, the Municipal Advisor, and the City Attorney's Office that together with the firm are advocating for the City's interests. Accordingly, staff requests that the City Council direct the Mayor to give the City's informed written consent through execution of the legal services agreement.

Underwriter

The Underwriter is an investment banking firm that assists in structuring the bonds/certificates, assists the team with the bond rating and credit enhancement process and markets/sells the bonds to potential investors. Stifel, Nicolaus & Company, Incorporated was selected by City staff to serve as the Underwriter on this transaction based on the firm's qualifications.

Staff recommends that the City Council adopt the proposed Resolution that approves all documents and actions needed to authorize the issuance and sale of the Certificates, including appointment of the financing team and the following substantially final form financing documents together with any changes or additions deemed advisable and approved by the Mayor, the City Manager, the Assistant City Manager, the Administrative Services Director, or the other City officers designated in writing by the City Manager:

- Site Lease between the City as lessor and the Corporation as lessee, whereby the City leases the Leased Premises to the Corporation in consideration of the payment by the Corporation to the City of an upfront rental payment which is sufficient to enable the City to refinance the 2012 Certificates and to pay related financing costs.
- Lease Agreement between the Corporation as lessor and the City as lessee, whereby the Corporation subleases the Leased Premises back to the City in consideration of the payment by the City of semiannual Lease Payments.
- Assignment Agreement between the Corporation and the Trustee, providing for the Corporation's assignment of certain of its rights in the Site Lease and the Lease Agreement, including its right to receive Lease Payments, to the Trustee for the benefit of the Certificate owners.
- Trust Agreement among the City, the Corporation, and the Trustee, whereby the Trustee agrees to execute and deliver the Certificates, and which sets forth the material terms and provisions relating to the Certificates.
- Escrow Agreement between the City and the Escrow Agent containing terms by which the Escrow Agent will hold proceeds of the Certificates on behalf of the owners of the 2012 Certificates to pay and discharge the 2012 Certificates and give proper notice to the owners.

- Termination Agreement among the City, the Corporation, and the Trustee for the 2012 Certificates providing for the termination of the 2012 Site Lease, the 2012 Lease Agreement, and the 2012 Assignment Agreement relating to the 2012 Certificates.
- Certificate Purchase Agreement between the City and the underwriter Stifel, Nicolaus & Company, Inc., pursuant to the terms and provisions of which the Certificates will be sold with a negotiated method of sale, such terms and provisions including the underwriter's discount not to exceed 0.50% of the par amount of the Certificates.
- Preliminary Official Statement pursuant to which the Certificates will be offered for purchase by the public and must contain all facts material to the Certificates and the City (with certain permitted exceptions to be completed in the final Official Statement) and must not omit or misstate any such material facts. The Preliminary Official Statement has been reviewed and approved for transmittal to the City Council by the City's financing team. The distribution of the Preliminary Official Statement by the City is subject to federal securities laws, including the Securities Act of 1933 and the Securities Exchange Act of 1934. These laws require the Preliminary Official Statement to include all facts that would be material to an investor in the Certificates. Material information is information that there is a substantial likelihood would have actual significance in the deliberations of the reasonable investor when deciding whether to buy or sell the Certificates. If the City Council concludes that the Preliminary Official Statement includes all facts that would be material to an investor in the Certificates, it must adopt a resolution that authorizes staff to execute a certificate to the effect that the Preliminary Official Statement has been "deemed final."
- Amended Debt Management Policy that contains general policies regarding the City and its related entities' use and management of debt and has been updated to include continuing disclosure policies and procedures.

If the Resolution is adopted by City Council, sale of the Certificates is expected to be completed on or about the week of October 5th with a delivery/closing date on or about the week of October 26th, at which time the City will receive the proceeds for refinancing the 2012 Certificates.

Sustainability Impact

No sustainability impact.

Fiscal Impact

Assuming S&P's affirmation of the City's AA+ General Fund rating and based on interest rates as of September 1, 2020 (plus a 50 basis point cushion), the sale and delivery of the

Certificates is estimated to result in cash flow savings of approximately \$4.15 million to the General Fund through June 1, 2030. Annual debt service savings is estimated to be approximately \$415,000. Net present value savings is estimated to be approximately \$2.26 million (or 8.36% on \$27.010 million of refunded 2012 Certificates). The estimated savings are net of all financing costs and will benefit the City's General Fund.

In accordance with California Government Code Section 5852.1, good faith estimates are provided with respect to the Certificates in Exhibit A.

Prepared by: Kristina Alfaro, Director of Administrative Services

Reviewed by: Dianne Thompson, Assistant City Manager

Approved for Submission by: Deborah Feng, City Manager

Attachments:

A – Exhibit A: Good Faith Estimates

B – Resolution No. _____

C – Site Lease

D – Lease Agreement

E – Memorandum of Lease Agreement

F – Assignment Agreement

G – Trust Agreement

H – Escrow Agreement

I – Termination Agreement

J – Certificate Purchase Agreement

K – Preliminary Official Statement

L – Amended Debt Management Policy

EXHIBIT A

GOOD FAITH ESTIMATES

The good faith estimates set forth herein are provided with respect to the City of Cupertino's (the "City's") 2020A Certificates of Participation (the "Certificates") in accordance with California Government Code Section 5852.1. Such good faith estimates have been provided to the City by Urban Futures, Inc. as municipal advisor to the City (the "Municipal Advisor"), each with respect to the Certificates.

Principal Amount. The Municipal Advisor has informed the City that, based on the City's financing plan and current market conditions, its good faith estimate of the aggregate principal amount of the Certificates to be sold is \$22,695,000 (the "Estimated Principal Amount").

True Interest Cost of the Certificates. The Municipal Advisor has informed the City that, assuming that the Estimated Principal Amount of the Certificates is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the true interest cost of the Certificates, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the Certificates, is 1.26%.

Finance Charge of the Certificates. The Municipal Advisor has informed the City that, assuming that the Estimated Principal Amount of the Certificates is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the finance charge for the Certificates, which means the sum of all fees and charges paid to third parties (or costs associated with the Certificates), is \$313,822.

Amount of Proceeds to be Received. The Municipal Advisor has informed the City that, assuming that the Estimated Principal Amount of the Certificates is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the amount of proceeds expected to be received by the City for sale of the Certificates, less the finance charge of the Certificates, as estimated above, and any reserve fund funded with proceeds of the Certificates, is \$25,666,245.

Total Payment Amount. The Municipal Advisor has informed the City that, assuming that the Estimated Principal Amount of the Certificates is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the total payment amount, which means the sum total of all payments the City will make to pay debt service on the Certificates, plus the finance charge for the Certificates, as described above, not paid with the proceeds of the Certificates, calculated to the final maturity of the Certificates, is \$27,547,758.

The foregoing estimates constitute good faith estimates only. The actual principal amount of the Certificates issued and sold, the true interest cost thereof, the finance charges thereof, the amount of proceeds received therefrom and total payment amount with respect thereto may differ from such good faith estimates due to (a) the actual date of the sale of the Certificates being

different than the date assumed for purposes of such estimates, (b) the actual principal amount of Certificates sold being different from the Estimated Principal Amount, (c) the actual amortization of the Certificates being different than the amortization assumed for purposes of such estimates, (d) the actual market interest rates at the time of sale of the Certificates being different than those estimated for purposes of such estimates, (e) other market conditions, or (f) alterations in the City's financing plan, or a combination of such factors. The actual date of sale of the Certificates and the actual principal amount of Certificates sold will be determined by the City based on the timing of the need for proceeds of the Certificates and other factors. The actual interest rates borne by the Certificates will depend on market interest rates at the time of sale thereof. The actual amortization of the Certificates will also depend, in part, on market interest rates at the time of sale thereof. Market interest rates are affected by economic and other factors beyond the control of the City.

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CUPERTINO
AUTHORIZING THE SALE AND DELIVERY OF 2020A CERTIFICATES
OF PARTICIPATION IN A PRINCIPAL AMOUNT NOT TO EXCEED
\$27,000,000, AUTHORIZING EXECUTION AND DELIVERY OF CERTAIN
DOCUMENTS RELATING THERETO, AND DIRECTING CERTAIN
ACTIONS IN CONNECTION THEREWITH**

WHEREAS, the City of Cupertino (the “City”) is a municipal corporation and a general law city duly organized and existing under and pursuant to the Constitution and laws of the State of California (the “State”); and

WHEREAS, the City previously executed and delivered its \$43,940,000 Certificates of Participation (2012 Refinancing Project) (the “Refunded Certificates”) in order to refinance certain public capital improvements; and

WHEREAS, the City desires to refinance the Refunded Certificates in order to achieve debt service savings through the execution and delivery of the City of Cupertino 2020A Certificates of Participation (the “Certificates”) pursuant to a Trust Agreement (as defined below) by and among the City, the Cupertino Public Facilities Corporation (the “Corporation”) and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”); and

WHEREAS, in order to facilitate the execution and delivery of the Certificates, the City intends to lease to the Corporation the City’s City Hall, Administrative Offices, Cupertino Community Hall/Council Chambers, Senior Center, and Quinlan Community Center properties, and the existing improvements thereon (collectively, the “Leased Premises”) pursuant to a Site Lease (as defined below) and to lease the Leased Premises back from the Corporation pursuant to the Lease (as defined below); and

WHEREAS, the Certificates will evidence undivided and fractional interests in certain lease payments by the City to the Corporation pursuant to the Site Lease and the Lease;

WHEREAS, the forms of the documents necessary to refinance the Refunded Certificates and provide for the execution and delivery of the Certificates are on file with the City Clerk as described herein; and

WHEREAS, good faith estimates of certain information relating to the Certificates are set forth in the staff report submitted to the City Council herewith as required by California Government Code Section 5852.1; such estimates were provided by the City’s Municipal Advisor (as defined below); and

WHEREAS, the refinancing of the Refunded Certificates for debt service savings will provide a public benefit to the City and its residents by reducing the cost of the public capital improvements refinanced using the proceeds of the Refunded Certificates; and

WHEREAS, all acts, conditions and things required by the Constitution and laws of the State to exist, to have happened and to have been performed precedent to and in connection with the consummation of the financing authorized hereby do exist, have happened and have been performed

in regular and due time, form and manner as required by law, and the City is now duly authorized and empowered, pursuant to each and every requirement of law, to consummate such financing for the purpose, in the manner and upon the terms herein provided.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City Cupertino as follows:

Section 1. Authorization of Certificates. The City Council hereby authorizes the preparation, sale and delivery of the Certificates, in one or more tax-exempt or taxable series, in a combined aggregate principal amount not to exceed \$27,000,000. Subject to the limitation above, the principal amount of the Certificates shall be determined by the City Manager of the City (the "City Manager") upon consultation with Special Counsel (as defined below). The purposes for which the proceeds of the sale of the Certificates shall be expended are: (i) to prepay the Refunded Certificates; and (ii) to pay the costs of the sale and delivery of the Certificates.

Section 2. Lease Agreement. The form of the Lease Agreement (the "Lease"), between the City and the Corporation, presented at this meeting and on file with the City Clerk (the "Clerk"), is hereby approved. Each of the Mayor of the City (the "Mayor"), the City Manager, the Assistant City Manager of the City (the "Assistant City Manager"), the Administrative Services Director of the City (the "Administrative Services Director"), and other City officers designated in writing by the City Manager (collectively, the "Authorized Officers"), is hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver to the Corporation the Lease in substantially said form, with such additions thereto and changes therein as the Authorized Officer or Officers executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof by one or more of the Authorized Officers.

Section 3. Site Lease. The form of the Site Lease (the "Site Lease"), between the Corporation and the City, presented at this meeting and on file with the Clerk, is hereby approved. Each of the Authorized Officers is hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver to the Corporation the Site Lease in substantially said form, with such additions thereto and changes therein as the Authorized Officer or Officers executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof by one or more of such Authorized Officers.

Section 4. Trust Agreement. The form of the Trust Agreement (the "Trust Agreement"), among the City, the Corporation and the Trustee, presented at this meeting and on file with the Clerk, is hereby approved. Each of the Authorized Officers is hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver to the Corporation and the Trustee the Trust Agreement in substantially said form, with such additions thereto and changes therein as the Authorized Officer or Officers executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof by one or more of the Authorized Officers, including, but not limited to, changes to accommodate one or more additional series of Certificates.

Section 5. Escrow Agreement. The form of the 2012 Certificates Escrow Agreement (the "Escrow Agreement"), between The Bank of New York Mellon Trust Company, N.A., as escrow bank (the "Escrow Bank"), and the City, presented at this meeting and on file with the Clerk, is hereby approved. Each of the Authorized Officers is hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver to the Escrow Bank the Escrow Agreement in

substantially said form, with such additions thereto and changes therein as the Authorized Officer or Officers executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof by one or more of such Authorized Officers.

Section 6. Sale of Certificates. The form of the Certificate Purchase Agreement (the “Purchase Agreement”), between the City and Stifel, Nicolaus & Company, Incorporated (the “Underwriter”), presented at this meeting and on file with the Clerk, is hereby approved; provided that (a) the total aggregate principal amount of the Certificates does not exceed the parameters set forth in Section 1 above; (b) the aggregate true interest cost of the Certificates does not exceed the maximum rate that will achieve the debt service savings threshold set forth in the City’s Debt Management Policy; and (c) the Underwriter’s discount for the purchase of the Certificates in aggregate shall not exceed 0.5% of the principal amount of the Certificates. Each of the Authorized Officers is hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver the Purchase Agreement to the Underwriter in substantially said form, with such additions thereto and changes therein as the Authorized Officer or Officers executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof by one or more of the Authorized Officers.

Section 7. Preliminary Official Statement. The form of the Preliminary Official Statement, presented at this meeting and on file with the Clerk, is hereby approved. Each of the Authorized Officers is hereby authorized and directed, for and in the name and on behalf of the City, to make such changes to the Preliminary Official Statement as are necessary to make it final as of its date and are authorized and directed, for and in the name and on behalf of the City, to execute and deliver a certificate deeming the Preliminary Official Statement final as of its date in accordance with Rule 15c2-12 promulgated under the Securities Exchange Act of 1934. Each of the Authorized Officers is hereby authorized and directed, for and in the name and on behalf of the City, to execute, approve and deliver the final Official Statement in the form of the Preliminary Official Statement with such changes, insertions and omissions therein as the Authorized Officer or Officers executing the same may require or approve such approval to be conclusively evidenced by the execution and delivery thereof by one or more of such Authorized Officers.

Section 8. Continuing Disclosure Certificate. The form of the Continuing Disclosure Certificate (the “Continuing Disclosure Certificate”), executed by the City, presented at this meeting as Appendix E to the Preliminary Official Statement and on file with the Clerk, is hereby approved. Each of the Authorized Officers is hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver to the Trustee the Continuing Disclosure Certificate in substantially said form, with such additions thereto and changes therein as the Authorized Officer or Officers executing same may require or approve such approval to be conclusively evidenced by the execution and delivery thereof by one or more of such Authorized Officers.

Section 9. Amended Policy. The amended Debt Management Policy presented at this meeting and on file with the Clerk, is hereby approved.

Section 10. Professionals Services. Stradling Yocca Carlson & Rauth, A Professional Corporation, is hereby approved and appointed as Special Counsel and Disclosure Counsel, Urban Futures, Inc. is hereby approved and appointed as Municipal Advisor, and The Bank of New York Mellon Trust Company, N.A. is hereby approved and appointed as Trustee and Escrow Bank, each to provide such services and any other related services as may be required to facilitate the execution and delivery of the Certificates and the prepayment and defeasance of the Refunded Certificates. Each of

the Authorized Officers is hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver agreements with the foregoing to provide for the delivery such services in connection with the execution and delivery of the Certificates and the transactions contemplated by this Resolution.

Section 11. Attestations. The Clerk and such person or persons as may have been designated by the Clerk to act on her behalf, are hereby authorized and directed to attest the signature of the Authorized Officers designated herein to execute any documents described herein, and to affix and attest the seal of the City, as may be required or appropriate in connection with the execution and delivery of the Lease, the Site Lease, the Trust Agreement, the Escrow Agreement, the Purchase Agreement, the Continuing Disclosure Certificate, and such other agreements authorized by this resolution as the Clerk shall deem appropriate.

Section 12. Other Actions. Each of the Authorized Officers is hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which each may deem necessary or advisable (including the payment of costs of issuance approved by the Authorized Officers), as recommended or required and approved by Special Counsel, in order to consummate the sale, execution and delivery of the Certificates, the refinancing of the Refunded Certificates, and otherwise to carry out, give effect to and comply with the terms and intent of this Resolution, the Certificates, the Lease, the Site Lease, the Trust Agreement, the Escrow Agreement, the Purchase Agreement, the Preliminary Official Statement, the Official Statement, and the Continuing Disclosure Certificate, including, but not limited to, the entering into of any agreements terminating the leasehold interests in the Leased Premises relating to the Refunded Certificates and or any subordination, non-disturbance and attornment agreements with sub-lessees of the Leased Premises, removing, adding or substituting any City properties from or to the properties to be leased pursuant to the Site Lease and the Lease, terminating the site lease and lease agreement executed in connection with the Refunded Certificates, determining whether to obtain bond insurance and/or a debt service reserve insurance policy in connection with the Certificates and, if so determined, negotiating the terms of such policies, and taking such actions as may be needed to remove encumbrances to title to the properties to be leased pursuant to the Site Lease and the Lease and to obtain title insurance with respect to such properties. Such actions heretofore taken by such officers or designees are hereby ratified, confirmed and approved.

Section 13. Effect. This Resolution shall take effect immediately upon its passage.

Section 14. Certification by Clerk. The Clerk shall certify to the passage and adoption of this resolution and enter it into the book of original resolutions.

PASSED, APPROVED, and ADOPTED at a regular meeting of the City Council of the City of Cupertino this 15th day of September 2020, by the following vote:

Members of City Council

AYES:

NOES:

ABSENT:

ABSTAIN:

SIGNED: _____ Steven Scharf, Mayor City of Cupertino	_____ Date
ATTEST: _____ Kirsten Squarcia, City Clerk	_____ Date

RECORDING REQUESTED BY:

City of Cupertino

AND WHEN RECORDED MAIL TO:

Stradling Yocca Carlson & Rauth
660 Newport Center Drive, Suite 1600
Newport Beach, California 92660
Attn: Vanessa S. Legbandt, Esq.

[Space above for Recorder's use.]

This document is recorded for the benefit of the City of Cupertino
and recording is fee-exempt under §27383 of the Government
Code and Revenue and Tax Code §11929.

SITE LEASE

by and between

**CITY OF CUPERTINO,
as Lessor**

and

**CUPERTINO PUBLIC FACILITIES CORPORATION,
as Lessee**

Dated as of October 1, 2020

Relating to

\$_____

**CITY OF CUPERTINO
2020A CERTIFICATES OF PARTICIPATION**

SITE LEASE

This SITE LEASE, is dated as of October 1, 2020, and entered into by and between the CITY OF CUPERTINO, a municipal corporation and a general law city duly organized and existing under and by virtue of the Constitution and laws of the State of California, as lessor (the "City"), and the CUPERTINO PUBLIC FACILITIES CORPORATION, a nonprofit public benefit corporation duly organized and existing under and by virtue of the laws of the State of California, as lessee (the "Corporation");

WITNESSETH:

WHEREAS, the City and the Corporation have heretofore entered into a Lease Agreement, dated as of May 1, 2012 (the "2012 Lease Agreement"), pursuant to which the Corporation agreed to lease to the City certain real property and improvements located thereon; and

WHEREAS, the City has previously executed and delivered its \$43,940,000 Certificates of Participation (2012 Refinancing Project) (the "Refunded Certificates"), which Refunded Certificates evidenced fractional interests in lease payments to be made under and pursuant to the terms the 2012 Lease Agreement; and

WHEREAS, in order to prepay the 2012 Lease Agreement and to defease and refinance the Refunded Certificates, the City and the Corporation have agreed to enter into this Site Lease (the "Site Lease") wherein the City will lease the real property described in Exhibit A hereto and the existing improvements thereon (the "Leased Premises") to the Corporation; and

WHEREAS, the Corporation intends to lease back to the City the Leased Premises pursuant to a Lease Agreement to be executed and entered into as of the date hereof (the "Lease"); and

WHEREAS, by resolutions the City and the Corporation have agreed to execute this Site Lease, and to deliver it upon performance and compliance by each party with all terms or conditions of this Site Lease to be performed concurrently herewith, including, without limitation, the delivery of the City of Cupertino 2020A Certificates of Participation (the "Certificates") evidencing fractional interests in Lease Payments (as defined in the Trust Agreement) to be made by the City under this Lease, executed and delivered pursuant to a Trust Agreement, dated as of the date hereof (the "Trust Agreement"), by and among the City, the Corporation, and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"); and

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and entering into of the Site Lease do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into the Site Lease.

NOW, THEREFORE, IN CONSIDERATION OF THE LEASED PREMISES AND OF THE MUTUAL AGREEMENTS AND COVENANTS CONTAINED HEREIN AND FOR OTHER GOOD AND VALUABLE CONSIDERATION, THE PARTIES HERETO DO HEREBY AGREE AS FOLLOWS:

Section 1. Definitions. All terms not otherwise defined herein shall have the definitions given such terms in the Trust Agreement.

Section 2. Lease. The City hereby leases to the Corporation and the Corporation hereby leases from the City, on the terms and conditions hereinafter set forth, the Leased Premises; provided that the Lease is duly executed and delivered by the parties hereto simultaneously herewith.

Section 3. Term. The term of this Site Lease shall commence as of the date of execution and delivery of the Certificates and shall remain in effect until the later of July 1, 2030 or the Term, as defined in the Lease, expires as provided therein, unless such term is sooner terminated as provided in the Lease; provided, however, that in the event of a default by the City under the Lease and the Corporation's election to terminate the Lease under Section 9.2(b) thereof, the term of this Site Lease shall not terminate until such time as all amounts payable by the City under the Lease and the Trust Agreement have been paid in full.

Section 4. Rental. The Corporation, and any assignee or successor in interest of the Corporation under this Site Lease, shall pay to the City a single rental payment of \$_____, from proceeds of sale of the Certificates, by causing such amount to be deposited in the Escrow Fund under and as further specified in the Trust Agreement.

Section 5. Purpose. The Corporation shall use the Leased Premises solely for the purpose of leasing back such Leased Premises to the City pursuant to the Lease and for such purposes as may be incidental thereto; provided, that in the event of default by the City under the Lease or termination pursuant thereto, the Corporation may exercise the remedies of repossession of the Leased Premises, as provided in the Lease.

Section 6. Interest in Leased Premises. The City warrants and covenants that it has sufficient interest in the Leased Premises to lease it hereunder. In the event of a title defect in the Leased Premises that impairs the right to use and occupy the Leased Premises, the City covenants that it will exercise its power, including but not limited to, its condemnation powers to the extent permitted by law, to obtain the necessary rights in the Leased Premises and to cure such defect and limitation of the right to use and occupancy.

Section 7. Assignments and Subleases. The City acknowledges and affirms the assignment by the Corporation of its rights under this Site Lease to the Trustee, under the terms of the Assignment Agreement dated as of the date hereof, for the benefit of the Owners of the Certificates. This Site Lease may also be assigned and the Leased Premises subleased, as a whole or in part, by the Corporation without necessity of obtaining the consent of the City, if any event of default occurs under the Lease.

Section 8. Termination. The Corporation agrees, upon the termination of this Site Lease, to quit and surrender the Leased Premises in the same good order and condition as the same was in at the time of commencement of the term hereunder, reasonable wear and tear excepted, and agrees that any permanent improvements and structures existing upon the Leased Premises at the time of the termination of this Site Lease shall remain thereon and title thereto shall vest in the City, without the necessity of any additional document of transfer.

Upon payment by the City of all Lease Payments and all Additional Payments due during the term of the Lease, and concurrently with termination of the Lease as provided therein, the term of this Site Lease shall terminate.

Under no circumstances may the City terminate this Site Lease as a remedy for a default by the Corporation in the performance of any obligation of the Corporation hereunder.

Section 9. Quiet Enjoyment. The Corporation at all times during the term of this Site Lease shall peaceably and quietly have, hold and enjoy all of the Leased Premises; provided, however, that the City shall have the right to demolish some or all of the existing improvements on the Leased Premises in order to replace or renovate some or all of the existing improvements with new improvements of equivalent or greater value.

Section 10. Default. In the event the Corporation shall be in default in the performance of any obligation on its part to be performed under the terms of this Site Lease, which default continues for 30 days following written notice and demand for correction thereto by the City, the City may exercise any and all remedies granted by law; provided, however, that no merger of this Site Lease and the Lease shall be deemed to occur as a result thereof and, so long as any Certificates and Additional Certificates are outstanding, the Site Lease shall not be terminated except as provided in Section 8 hereof.

Section 11. Taxes. Subject to the provisions of Section 7.6 of the Lease, the City covenants and agrees to pay any and all assessments of any kind or character and also all taxes, including possessory interest taxes, levied or assessed upon the Leased Premises.

Section 12. Eminent Domain. In the event the whole or any part of the Leased Premises is taken by eminent domain proceedings, the interest of the Corporation shall be recognized and is hereby determined to be the amount of unpaid Lease Payments and all Additional Payments due the Corporation under the Lease.

Section 13. Partial Invalidity. If any one or more of the terms, provisions, covenants or conditions of this Site Lease shall to any extent be declared invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, the finding or order or decree of which becomes final, none of the remaining terms, provisions, covenants and conditions of this Site Lease shall be affected thereby, and each provision of this Site Lease shall be valid and enforceable to the fullest extent permitted by law.

Section 14. Applicable Law. This Site Lease shall be governed by and construed in accordance with the laws of the State of California.

Section 15. Representatives. Whenever under the provisions of this Site Lease the approval of the Corporation or the City is required, or the Corporation or the City is required to take some action at the request of the other, such approval or such request shall be given for the City by the City Representative, and for the Corporation by the Corporation Representative, and any party hereto shall be authorized to rely upon any such approval or request.

Section 16. Captions. The captions or headings in this Site Lease are for convenience only and in no way define, limit or describe the scope of intent of any provision or Section of this Site Lease.

Section 17. Execution in Counterparts. This Site Lease may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which shall constitute but one and the same instrument.

Section 18. Amendments. This Site Lease may be amended in writing as may be mutually agreed by the City and the Trustee (as assignee of the Corporation), in accordance with Article X of the Trust Agreement.

Section 19. Incorporation. This Site Lease shall be subject to all the terms and conditions of the Lease.

Section 20. Warranties of the City as to the Leased Premises. The City covenants and warrants to the Corporation that:

(a) except for Permitted Encumbrances (as defined in the Lease), the Leased Premises is not subject to any dedication, easement, right of way, reservation in patent, covenant, condition, restriction, lien or encumbrance which would prohibit or materially interfere with the financing as contemplated by the Lease;

(b) all taxes, assessments, or impositions of any kind with respect to the Leased Premises, except current taxes, have been paid in full;

(c) the Leased Premises is properly zoned for its intended purposes; and

(d) the Leased Premises is necessary to the City in order for the City to perform its governmental functions.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, the parties have caused this Site Lease to be executed by their duly authorized officers as of the date and year first above written.

CITY OF CUPERTINO, as lessor

By: _____
Steven Scharf
Mayor

ATTEST:

Kirsten Squarcia
City Clerk

CUPERTINO PUBLIC FACILITIES
CORPORATION, as lessee

By: _____
Steven Scharf
President

ATTEST:

Kirsten Squarcia
Secretary

CERTIFICATE OF ACCEPTANCE

This is to certify that the interest in the Leased Premises conveyed under the foregoing to the Cupertino Public Facilities Corporation (the "Corporation"), a nonprofit public benefit corporation duly organized under and by virtue of the laws of the State of California, is hereby accepted by the undersigned officer or agent on behalf of the Corporation, pursuant to authority conferred by resolution of the said Corporation Board of Directors adopted on September 15, 2020, and the Corporation consents to recordation thereof by its duly authorized officer.

Dated: October __, 2020

CUPERTINO PUBLIC FACILITIES
CORPORATION

By: _____
Steven Scharf
President

ATTEST:

Kirsten Squarcia
Secretary

STATE OF CALIFORNIA)
) ss.
COUNTY OF SANTA CLARA)

personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal

SIGNATURE OF NOTARY PUBLIC

EXHIBIT A

LEGAL DESCRIPTION OF THE LEASED PREMISES

Real property in the City of Cupertino, County of Santa Clara, State of California, described as follows:

PARCEL ONE:

LOT 7, AS SHOWN ON THAT CERTAIN MAP ENTITLED TRACT NO. 3743 CUPERTINO TOWN CENTER, WHICH MAP WAS FILED FOR RECORD IN THE OFFICE OF THE RECORDER OF THE COUNTY OF SANTA CLARA, STATE OF CALIFORNIA ON OCTOBER 16, 1964, IN BOOK 186 OF MAPS, PAGE(S) 36 AND 37

PARCEL TWO:

PARCELS A, B, C & D, AS SHOWN ON THAT CERTAIN PARCEL MAP ENTITLED, "PARCEL MAP, BEING ALL OF LOT 4, TRACT NO. 3743, CITY OF CUPERTINO", WHICH PARCEL MAP WAS FILED FOR RECORD IN THE OFFICE OF THE RECORDER OF THE COUNTY OF SANTA CLARA, STATE OF CALIFORNIA ON MARCH 07, 1974 IN BOOK 337 OF MAPS, PAGE 11.

APN 369-31-033

LEASE AGREEMENT

by and between

**CUPERTINO PUBLIC FACILITIES CORPORATION,
as Lessor**

and

**CITY OF CUPERTINO,
as Lessee**

Dated as of October 1, 2020

Relating to

\$ _____

**CITY OF CUPERTINO
2020A CERTIFICATES OF PARTICIPATION**

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LEASE AGREEMENT

THIS LEASE AGREEMENT, is dated as of October 1, 2020, and entered into by and between the CUPERTINO PUBLIC FACILITIES CORPORATION, a nonprofit public benefit corporation duly organized and existing under and by virtue of the laws of the State of California, as lessor (the "Corporation"), and the CITY OF CUPERTINO, a municipal corporation and a general law city duly organized and existing under and by virtue of the Constitution and laws of said State, as lessee (the "City");

WITNESSETH:

WHEREAS, the City may enter into leases and agreements relating to real property and buildings to be used by the City; and

WHEREAS, the Corporation is authorized pursuant to the laws of the State of California and its formation documents to provide financial assistance to the City by acquiring, constructing and financing various public facilities, land and equipment and the leasing of facilities, land and equipment for the use, benefit and enjoyment of the public; and

WHEREAS, the City and the Corporation have heretofore entered into a Lease Agreement, dated as of May 1, 2012 (the "2012 Lease Agreement"), pursuant to which the Corporation agreed to lease to the City certain real property and improvements located thereon; and

WHEREAS, the City has previously executed and delivered its \$43,940,000 Certificates of Participation (2012 Refinancing Project) (the "Refunded Certificates"), which Refunded Certificates evidenced fractional interests in lease payments to be made under and pursuant to the terms the 2012 Lease Agreement; and

WHEREAS, in order to prepay the 2012 Lease Agreement and to defease and refinance the Refunded Certificates, the City and the Corporation are entering into this Lease Agreement (this "Lease") and authorizing and directing the execution and delivery of the \$_____ City of Cupertino 2020A Certificates of Participation (the "Certificates") evidencing fractional interests in Lease Payments (as defined in the Trust Agreement) to be made by the City under this Lease, executed and delivered pursuant to a Trust Agreement (the "Trust Agreement"), dated as of the date hereof, by and among the City, the Corporation, and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"); and

WHEREAS, the City has entered into a Site Lease of even date herewith (the "Site Lease") with the Corporation under which the City has agreed to lease the real property described in Exhibit B hereto, including any improvements thereon (the "Leased Premises"), to the Corporation, and which Site Lease provides that the title to the Leased Premises shall vest in the City at the expiration of the Site Lease (as provided in Section 8 thereof), and contains other terms and conditions as the governing board of the City deems to be in the best interest of the City; and

WHEREAS, in consideration of the Lease Payments to be paid by the City to the Corporation hereunder, the Corporation will lease to the City the Leased Premises on the terms and conditions set forth herein; and

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and entering into of the Lease do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into the Lease.

NOW, THEREFORE, in consideration of the Leased Premises and of the mutual agreements and covenants contained herein and for other good and valuable consideration, the parties hereto do hereby agree as follows:

ARTICLE I

DEFINITIONS AND EXHIBITS

Section 1.1 Definitions and Rules of Construction. Unless the context otherwise requires, the capitalized terms used herein shall, for all purposes of this Lease, have the meanings specified in the Trust Agreement, together with any amendments thereof or supplements thereto permitted to be made thereunder; and the additional terms defined in this Section shall, for all purposes of this Lease, have the meanings herein specified. Unless the context otherwise indicates, words importing the singular number shall include the plural number and vice versa. The terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder” and any similar terms, as used in this Lease, refer to this Lease as a whole.

“Environmental Regulations” shall mean all Laws and Regulations, now or hereafter in effect, with respect to Hazardous Materials, including, without limitation, the Comprehensive Environmental Response, Compensation, and Liability Act, as amended (42 U.S.C. Section 9601, *et seq.*) (together with the regulations promulgated thereunder, “CERCLA”), the Resource Conservation and Recovery Act, as amended (42 U.S.C. Section 6901, *et seq.*) (together with the regulations promulgated thereunder, “RCRA”), the Emergency Planning and Community Right-to-Know Act, as amended (42 U.S.C. Section 11001, *et seq.*) (together with the regulations promulgated thereunder, “Title III”), the Clean Water Act, as amended (33 U.S.C. Section 1321 *et seq.*) (together with the regulations promulgated thereunder, “CWA”), the Clean Air Act, as amended (42 U.S.C. Section 7401, *et seq.*) (together with the regulations promulgated thereunder, “CAA”) and the Toxic Substances Control Act, as amended (15 U.S.C. Section 2601 *et seq.*) (together with the regulations promulgated thereunder, “TSCA”), and any state or local similar laws and regulations and any so-called local, state or federal “superfund” or “superlien” law.

“Interest Component” means the portion of each Lease Payment designated in Exhibit A hereto as the Interest Component.

“Leased Premises” means the site described in Exhibit B hereto and any improvements thereon being leased to the City by the Corporation hereunder.

“Permitted Encumbrances” means, as of any particular time: (i) liens for general ad valorem taxes and assessments, if any, not then delinquent, or which the City may, pursuant to provisions of Section 7.6 hereof, permit to remain unpaid; (ii) the Assignment Agreement; (iii) this Lease; (iv) the Site Lease; (v) any contested right or claim of any mechanic, laborer, materialman, supplier or vendor filed or perfected in the manner prescribed by law to the extent permitted under Section 7.7(b) hereof; (vi) [that certain Lease Agreement for Cupertino Branch Library dated as of April 11, 1996, between the City and the Santa Clara County Library Joint Powers Authority, as it

may be amended from time to time, encumbering the Cupertino Library facility; (vii) that certain Lease Agreement dated as of _____, between the City and Jee Sung Lee (Coffee Society), encumbering a portion of the Cupertino Library facility]; (viii) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions, liens or restrictions which exist of record as of the Delivery Date, which the City hereby certifies will not materially impair the use of the Leased Premises by the City; and (ix) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions, liens or restrictions established following the date of recordation of a memorandum of this Lease and to which the Corporation, the City and the Trustee consent in writing.

“Principal Component” means the portion of the Lease Payments designated in Exhibit A hereto as the Principal Component.

Section 1.2 Exhibits. The following Exhibits are attached to, and by reference made a part of, this Lease:

Exhibit A: Schedule of Lease Payments.

Exhibit B: Legal Description of the Leased Premises.

ARTICLE II

REPRESENTATIONS, COVENANTS AND WARRANTIES

Section 2.1 Representations, Covenants and Warranties of the City. The City represents, covenants and warrants to the Corporation as follows:

(a) Due Organization and Existence. The City is a municipal corporation and a general law city duly organized and existing under the Constitution and laws of the State.

(b) Authorization; Enforceability. The Constitution and laws of the State authorize the City to enter into this Lease, the Site Lease, the Trust Agreement, the Escrow Agreement and the Continuing Disclosure Certificate, and to enter into the transactions contemplated by and to carry out its obligations under all of the aforesaid leases and agreements; the City has duly authorized the execution and delivery of all of the aforesaid leases and agreements. This Lease, the Site Lease, the Trust Agreement, the Escrow Agreement and the Continuing Disclosure Certificate constitute the legal, valid and binding obligations of the City, enforceable in accordance with their respective terms, except to the extent limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles affecting the rights of creditors generally.

(c) No Conflicts or Default; No Liens or Encumbrances. Neither the execution and delivery of this Lease, the Site Lease, the Trust Agreement, the Escrow Agreement or the Continuing Disclosure Certificate, nor the fulfillment of or compliance with the terms and conditions hereof or thereof, nor the consummation of the transactions contemplated hereby or thereby, conflicts with or results in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the City is now a party or by which the City is bound, or constitutes a default under any of the foregoing, or results in the creation or imposition of any lien, charge or encumbrance whatsoever upon any of the property or assets of the City, or upon the Leased Premises except for Permitted Encumbrances and the pledges contained in the Trust Agreement.

(d) Execution and Delivery. The City has duly authorized and executed this Lease in accordance with the Constitution and laws of the State.

(e) Indemnification of Corporation. The City covenants, to the extent permitted by law, to defend, indemnify and hold harmless the Corporation and its directors, officers, employees and assigns (collectively, the “Indemnified Party”) against any and all losses, claims, damages or liabilities, joint or several, including fees and expenses incurred in connection therewith, to which such Indemnified Party may become subject under any statute or at law or in equity or otherwise in connection with the transactions contemplated by this Lease, and shall reimburse any such Indemnified Party for any legal or other expenses incurred by it in connection with investigating any claims against it and defending any actions, insofar as such losses, claims, damages, liabilities or actions arise out of the transactions contemplated by this Lease. In particular, without limitation, the City shall and hereby agrees, to the extent permitted by law, to indemnify and save the Indemnified Party harmless from and against all claims, losses and damages, including legal fees and expenses, arising out of (i) the use, maintenance, condition or management of, or from any work or thing done on the Leased Premises by the City, (ii) any breach or default on the part of the City in the performance of any of its obligations under this Lease, (iii) any act of negligence of the City or of any of its agents, contractors, servants, employees or licensees with respect to the Leased Premises or (iv) any act of negligence of any assignee or sublessee of the City with respect to the Leased Premises. No indemnification is made under this Section or elsewhere in this Lease for claims, losses or damages, including legal fees and expenses arising out of the willful misconduct or negligence under this Lease by the Corporation, its directors, officers, agents, employees, successors or assigns.

(f) General Tax and Arbitrage Covenant. The City hereby covenants that, notwithstanding any other provision of this Lease, it shall not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion from gross income for federal income tax purposes of the Interest Component evidenced by the Certificates under Section 103 of the Code. The City shall not, directly or indirectly, use or permit the use of proceeds of the Certificates or the Project, or any portion thereof, by any person other than a governmental unit (as such term is used in Section 141 of the Code), in such manner or to such extent as would result in the loss of exclusion from gross income for federal income tax purposes of the Interest Component evidenced by the Certificates.

The City shall not take any action, or fail to take any action, if any such action or failure to take action would cause the Lease Payments evidenced by Certificates to be “private activity bonds” within the meaning of Section 141 of the Code, and in furtherance thereof, shall not make any use of the proceeds of the Certificates or the Project, or any portion thereof, or any other funds of the City, that would cause the Lease Payments evidenced by Certificates to be “private activity bonds” within the meaning of Section 141 of the Code. To that end, so long as any Certificates are outstanding, the City, with respect to such proceeds and the Project, will comply with applicable requirements of the Code and all regulations of the United States Department of the Treasury issued thereunder and under Section 103 of the Code, to the extent such requirements are, at the time, applicable and in effect.

The City shall not, directly or indirectly, use or permit the use of any proceeds of any Certificates or of the Project, or other funds of the City, or take or omit to take any action, that would cause the Lease Payments evidenced by Certificates to be “arbitrage bonds” within the meaning of Section 148 of the Code. To that end, the City shall comply with all requirements of Section 148 of

the Code and all regulations of the United States Department of the Treasury issued thereunder to the extent such requirements are, at the time, in effect and applicable to the Lease Payments evidenced by Certificates.

The City shall not make any use of the proceeds of the Certificates or any other funds of the City, or take or omit to take any other action, that would cause the Lease Payments evidenced by Certificates to be “federally guaranteed” within the meaning of Section 149(b) of the Code.

(g) Essentiality of the Leased Premises. The City hereby represents that the Leased Premises is essential for the City’s performance of its governmental functions.

(h) Zoning Environmental and Safety Ordinance Compliance. The City hereby represents that the Leased Premises complies in all respects with applicable zoning, environmental and safety ordinances.

(i) Title Insurance. The City hereby represents that the Leased Premises is the same property which is the subject of the ALTA title insurance policy issued by First American Title Insurance Company pursuant to Section 5.5 hereof.

Section 2.2 Representations, Covenants and Warranties of the Corporation. The Corporation represents, covenants and warrants to the City as follows:

(a) Due Organization and Existence. The Corporation is a nonprofit public benefit corporation duly organized, existing and in good standing under and by virtue of the laws of the State.

(b) Authorization; Enforceability. The Corporation has the power to enter into this Lease, the Assignment Agreement, the Site Lease and the Trust Agreement; is possessed of full power to own and hold real and personal property, and to lease and sell the same; and has duly authorized the execution and delivery of all of the aforesaid leases and agreements. This Lease, the Assignment Agreement, the Site Lease and the Trust Agreement constitute the legal, valid and binding obligations of the Corporation, enforceable in accordance with their respective terms, except to the extent limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles affecting the rights of creditors generally.

(c) No Conflicts or Defaults; No Liens or Encumbrances. Neither the execution and delivery of this Lease, the Assignment Agreement, the Site Lease or the Trust Agreement, nor the fulfillment of or compliance with the terms and conditions hereof or thereof, nor the consummation of the transactions contemplated hereby or thereby, conflicts with or results in a breach of the terms, conditions or provisions of the Articles of Incorporation of the Corporation or any restriction or any agreement or instrument to which the Corporation is now a party or by which the Corporation is bound, or constitutes a default under any of the foregoing, or results in the creation or imposition of any lien, charge or encumbrance whatsoever upon any of the property or assets of the Corporation, or upon the Leased Premises except for Permitted Encumbrances and the pledges contained in the Trust Agreement.

(d) Execution and Delivery. The Corporation has duly authorized and executed this Lease in accordance with the laws of the State.

(e) Maintenance of Existence. To the extent permitted by law, the Corporation agrees that during the term hereof it will maintain its existence as a nonprofit public benefit corporation, will not combine or consolidate with or merge into any other entity or permit one or more other entities to consolidate with or merge into it.

(f) General Tax and Arbitrage Covenant. To the extent that the Corporation may control the Project or the proceeds of the Certificates, the Corporation covenants that, notwithstanding any other provision of this Lease, it shall not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion from gross income for federal income tax purposes of the Interest Component evidenced by the Certificates under Section 103 of the Code. To the extent that the Corporation may control the Project or the proceeds of the Certificates, the Corporation shall not, directly or indirectly, use or permit the use of proceeds of the Certificates or the Project, or any portion thereof, by any person other than a governmental unit (as such term is used in Section 141 of the Code), in such manner or to such extent as would result in the loss of exclusion from gross income for federal income tax purposes of the Interest Component evidenced by the Certificates.

To the extent that the Corporation may control the Project or the proceeds of the Certificates, the Corporation shall not take any action, or fail to take any action, if any such action or failure to take action would cause the Lease Payments evidenced by Certificates to be “private activity bonds” within the meaning of Section 141 of the Code, and in furtherance thereof, to the extent that the Corporation may control the Project or the proceeds of the Certificates, the Corporation shall not make any use of the proceeds of the Certificates or the Project, or any portion thereof, or any other funds of the City, that would cause the Lease Payments evidenced by Certificates to be “private activity bonds” within the meaning of Section 141 of the Code. To that end, so long as any Certificates are outstanding, the Corporation, with respect to such proceeds, the Project, to the extent of its control thereof, will comply with applicable requirements of the Code and all regulations of the United States Department of the Treasury issued thereunder and under Section 103 of the Code, to the extent such requirements are, at the time, applicable and in effect.

To the extent that the Corporation may control the Project or the proceeds of the Certificates, the Corporation shall not, directly or indirectly, use or permit the use of any proceeds of any Certificates, or of the Project, or other funds of the City, or take or omit to take any action, that would cause the Lease Payments evidenced by Certificates to be “arbitrage bonds” within the meaning of Section 148 of the Code. To that end, the Corporation shall comply with all requirements of Section 148 of the Code and all regulations of the United States Department of the Treasury issued thereunder to the extent such requirements are, at the time, in effect and applicable to the Lease Payments evidenced by Certificates.

To the extent that the Corporation may control the proceeds of the Certificates, the Corporation shall not make any use of the proceeds of the Certificates or any other funds of the Corporation, or take or omit to take any other action, that would cause the Lease Payments evidenced by Certificates to be “federally guaranteed” within the meaning of Section 149(b) of the Code.

ARTICLE III

APPLICATION OF PROCEEDS

Section 3.1 Deposit of Certificate Proceeds. On the Delivery Date for the Certificates and on the Delivery Date for any Additional Certificates, the Corporation agrees to pay or cause to be paid to the Trustee the proceeds of the sale of the Certificates and Additional Certificates, which moneys, in the case of the Certificates, shall be deposited with the Trustee as provided in Section 3.01 of the Trust Agreement, or in the case of Additional Certificates as provided in any Supplemental Trust Agreement which relates to such Additional Certificates.

Section 3.2 Defeasance of Refunded Certificates. The Corporation's lease payment for the Leased Premises in the amount of the net proceeds of the Certificates, as provided in the Site Lease, shall be deposited in the Escrow Fund as provided in the Trust Agreement, which moneys shall be disbursed for purpose of defeasing the Refunded Certificates in accordance with the Trust Agreement. The City shall deliver the amount required to defease the Refunded Certificates on the Delivery Date to the Trustee.

Section 3.3 Further Assurances and Corrective Instruments. The Corporation and the City agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Leased Premises hereby leased or intended so to be or for carrying out the expressed intention of this Lease.

ARTICLE IV

AGREEMENT TO LEASE; TERM OF LEASE; LEASE PAYMENTS

Section 4.1 Lease. The Corporation hereby leases the Leased Premises to the City, and the City hereby leases the Leased Premises from the Corporation, upon the terms and conditions set forth herein. This Lease shall not operate as a merger of the City's leasehold estate in the Leased Premises pursuant to this Lease and its fee estate in the Leased Premises and shall not cause the extinguishment of the leasehold interest granted to the Corporation under the Site Lease.

Section 4.2 Term. The Term of this Lease shall commence on the date of execution and delivery of the Certificates and shall end on June 1, 2030, unless extended pursuant to Section 4.3 hereof, or unless terminated prior thereto upon the earliest of any of the following events:

(a) Default and Termination. A default by the City and the Corporation's election to terminate this Lease under Section 9.2(b) hereof;

(b) Payment of All Lease Payments. The payment by the City of all Lease Payments required under Section 4.4 hereof and any Additional Payments required under Section 4.11 hereof; or

(c) Prepayment. The deposit of funds or Government Obligations with the Trustee in amounts sufficient to pay all Lease Payments as the same shall become due, as provided in Section 10.1 hereof and in Section 14.01 of the Trust Agreement.

Section 4.3 Extension of Lease Term. The Term of this Lease may be extended in connection with the execution and delivery of any Additional Certificates. If on the final maturity date of the Certificates or any Additional Certificates all Interest Components and Principal Components represented thereby shall not be fully paid by the City as a result of a default in the payment of Lease Payments, or because the Lease Payments hereunder shall have been abated at any time as permitted by the terms hereof, then the Term shall be extended until all Certificates and Additional Certificates shall be fully paid, except that the Term shall in no event be extended beyond the tenth (10th) anniversary of the final scheduled maturity of any Certificate or Additional Certificate.

Section 4.4 Lease Payments.

(a) Time and Amount. Subject to the provisions of Section 4.10 (regarding abatement in event of loss of use of any portion of the Leased Premises) and Article X (regarding prepayment of Lease Payments), the City agrees to pay to the Corporation, its successors and assigns, as annual rental for the use and possession of the Leased Premises, the Lease Payments (denominated into components of principal and interest, the Interest Component of such Lease Payment being paid semiannually) in the amounts specified in Exhibit A, to be due and payable in arrears on each Lease Payment Date, which are sufficient in both time and amount to pay when due the annual principal and interest represented by the Certificates. In the event that any Additional Certificates are executed and delivered pursuant to the Trust Agreement, the City and the Trustee shall execute an amendment to Exhibit A to state the Lease Payments due hereunder as a result of the execution and delivery of such Additional Certificates.

The obligation of the City to pay Lease Payments shall commence on the Delivery Date for the Certificates.

In the event the City does not pay a Lease Payment due on the respective Lease Payment Date, the Trustee shall provide prompt written notice to the City of such failure to pay; provided, however, that failure to give such notice shall not excuse any event of default under Section 9.1 hereof.

(b) Credits. Any amount held in the Lease Payment Fund on any Lease Payment Date (other than capitalized interest, which shall be credited in accordance with Section 5.03 of the Trust Agreement, and other than amounts resulting from the prepayment of the Lease Payments in part but not in whole pursuant to Section 10.2 hereof and other amounts required for payment of principal with respect to any Certificates or Additional Certificates that have matured or been called for payment and have not been presented for payment or interest) shall be credited towards the applicable Lease Payment then due and payable. The City need not transfer additional cash to the Trustee on any Lease Payment Date if the amounts then held in the Lease Payment Fund (other than those amounts excluded under the prior sentence) are at least equal to the Lease Payment then required to be paid.

(c) Rate on Overdue Payments. In the event the City should fail to make any of the Lease Payments required in this Section, the Lease Payment in default shall continue as an obligation of the City until the amount in default shall have been fully paid, and the City agrees to pay the same with interest thereon, to the extent permitted by law, from the date such amount was originally payable at the rate equal to the original interest rate payable with respect to each Certificate or Additional Certificate, as applicable, represented by such delinquent Lease Payment.

Section 4.5 No Withholding. Notwithstanding any dispute between the Corporation and the City, including a dispute as to the failure of any portion of the Leased Premises in use by or possession of the City to perform the task for which it is leased, the City shall make all Lease Payments and Additional Payments when due and shall not withhold any Lease Payments pending the final resolution of such dispute.

Section 4.6 Fair Rental Value. The Lease Payments and Additional Payments shall be paid by the City in consideration of the right of possession of, and the continued quiet use and enjoyment of, the Leased Premises during each such period for which said Lease Payments are to be paid. The parties hereto have agreed and determined that such total rental represents the fair rental value of the Leased Premises. In making such determination, consideration has been given to the fair market value and replacement cost of the Leased Premises, other obligations of the parties under this Lease (including but not limited to costs of maintenance, taxes and insurance), the uses and purposes which may be served by the Leased Premises and the benefits therefrom which will accrue to the City and the general public, and the transfer of the Corporation's leasehold interest in the Leased Premises at the end of the Term.

Section 4.7 Budget and Appropriation. The City covenants to take such action as may be necessary to include in its annual budget all Lease Payments and Additional Payments (to the extent the amounts of such Additional Payments are known to the City at the time its annual budget is proposed), due hereunder in the Fiscal Year covered by its annual budget, and to make the necessary annual appropriations therefor, and to maintain such items to the extent unpaid for that Fiscal Year in its budget throughout such Fiscal Year. To the extent the amount of such payments becomes known after the adoption of the annual budget, such amounts shall be included and maintained in such budget as amended. During the Term, the City will furnish annually to the Trustee a certificate of the City Representative stating that all Lease Payments and Additional Payments due hereunder for the applicable Fiscal Year have been included in its annual budget on or before August 1 of each Fiscal Year. The covenants on the part of the City herein contained shall be deemed to be and shall be construed to be duties imposed by law and it shall be the ministerial duty of each and every public official of the City 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 City to carry out and perform the covenants and agreements in this Lease agreed to be carried out and performed by the City.

The obligation of the City to pay Lease Payments and Additional Payments hereunder shall constitute a current expense of the City and shall not in any way be construed to be a debt of the City, or the State, or any political subdivision thereof, in contravention of any applicable constitutional or statutory limitation or requirements concerning the creation of indebtedness by the City, the State, or any political subdivision thereof, nor shall anything contained herein constitute a pledge of general revenues, funds or moneys of the City beyond the Fiscal Year for which the City has appropriated funds to pay Lease Payments and Additional Payments hereunder or an obligation of the City for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation.

Section 4.8 Assignment of Lease Payments. Certain of the Corporation's rights under this Lease, including the right to receive and enforce payment of the Lease Payments (including Prepayments) and Additional Payments to be made by the City hereunder, have been assigned absolutely to the Trustee, subject to certain exceptions, pursuant to the Assignment Agreement, to which assignment the City hereby consents. The Corporation hereby directs the City, and the City

hereby agrees, to pay to the Trustee at the Trustee's corporate trust office designated in the Trust Agreement, or to the Trustee at such other place as the Trustee shall direct in writing, all Lease Payments or Prepayments thereof payable by the City hereunder. The Corporation will not assign or pledge the Lease Payments or other amounts derived from the Leased Premises and from its other rights under this Lease except as provided under the terms of this Lease, the Assignment Agreement and the Trust Agreement, or its duties and obligations except as provided under this Lease.

Section 4.9 Use and Possession. The total Lease Payments due in any Fiscal Year shall be for the City's right to use and possession of the Leased Premises for such Fiscal Year. During the Term of this Lease, the City shall be entitled to the exclusive use and possession of the Leased Premises, subject only to the Permitted Encumbrances.

Section 4.10 Abatement of Lease Payments and Additional Payments.

(a) In the Event of Damage, Destruction, Condemnation or Title Defect. Except to the extent that proceeds of the type described in the following paragraph are available, the amount of Lease Payments and Additional Payments shall be completely or partially abated during any period in which, by reason of material damage, destruction or taking by eminent domain or condemnation of the Leased Premises or defects in the title with respect to the Leased Premises there is substantial interference with the use and right of possession of all or a portion of the Leased Premises by the City. The amount of such abatement shall be such that the resulting Lease Payments, exclusive of the amounts described in the following paragraph, do not exceed the fair rental value (as determined by an independent real estate appraiser selected by the City, who is not an employee of the City) for the use and possession of the portion of the Leased Premises not damaged, destroyed, interfered with or taken. Such abatement shall continue for the period commencing with such material damage, destruction, interference or taking and ending with the substantial completion of the replacement or work of repair or the removal of the title defect causing such interference with use. Except as provided herein, in the event of any such damage, destruction, interference or taking, this Lease shall continue in full force and effect and the City waives any right to terminate this Lease by virtue of any such damage, destruction, interference or taking.

Notwithstanding a substantial interference with the use and possession of all or a portion of the Leased Premises, the City shall remain obligated to make Lease Payments which would otherwise be abated (i) to the extent that moneys derived from any person as a result of any delay in the reconstruction, replacement or repair of the Leased Premises, or any portion thereof, are available to pay the amount which would otherwise be abated; and (ii) to the extent that moneys are available in the Lease Payment Fund to pay the amount which would otherwise be abated. The Lease Payments shall be payable from such amounts paid under (i) and (ii) above as an obligation of the City payable from a special fund.

(b) Repair or Replacement. In the event of such abatement, unless the abatement will be avoided as a result of a prepayment of Lease Payments from Net Proceeds pursuant to Section 6.1(c) hereof, the City will use its best efforts to repair or replace the damaged or destroyed or taken portion of the Leased Premises, as the case may be, from Net Proceeds or special funds of the City or other moneys the application of which would, in the opinion of Special Counsel addressed to the Trustee, the City and the Corporation, not result in the obligations of the City hereunder constituting indebtedness of the City in contravention of the Constitution and laws of the State.

Section 4.11 Additional Payments. In addition to the Lease Payments, the City shall also pay such amounts (“Additional Payments”) as shall be required for the payment of all administrative costs of the Corporation relating to the Leased Premises, the Certificates and any Additional Certificates, including, without limitation, all expenses, compensation and indemnification of the Trustee payable by the City under the Trust Agreement, taxes of any sort whatsoever payable by the Corporation as a result of its leasehold interest in the Leased Premises or undertaking of the transactions contemplated herein or in the Trust Agreement, fees of auditors, accountants, attorneys or engineers and any and all other necessary administrative costs of the Corporation or charges required to be paid by it in order to comply with the terms of the Certificates and any Additional Certificates or of the Trust Agreement, including premiums on insurance maintained pursuant to Article V hereof or to indemnify the Corporation and its employees, officers and directors and the Trustee. All such Additional Payments to be paid hereunder shall be paid when due directly by the City to the respective parties to whom such Additional Payments are owing.

Section 4.12 Net-Net-Net Lease. This Lease shall be deemed and construed to be a “net-net-net lease” and the City hereby agrees that the Lease Payments shall be an absolute net return to the Corporation, free and clear of any expenses, taxes, fees, insurance premiums, rebate payments, reserve deposits, costs associated with the Leased Premises, charges or set-offs whatsoever, except as expressly provided herein.

ARTICLE V

INSURANCE

[City Risk Management to Approve.]

Section 5.1 Public Liability and Leased Premises Damage.

(a) Coverage. The City shall maintain or cause to be maintained, throughout the Term hereof, a standard comprehensive general public liability and property damage insurance policy or policies in protection of the City and the Corporation and their officers, agents and employees. Said policy or policies shall provide for indemnification of said parties against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the use or operation of any City property or portion thereof.

(b) Limits. Said policy or policies shall provide coverage in the minimum liability limits of One Million Dollars (\$1,000,000) for personal injury or death of each person and Three Million Dollars (\$3,000,000) for personal injury or deaths of two or more persons in each accident or event, and in a minimum amount of Five Hundred Thousand Dollars (\$500,000) for damage to property resulting from each accident or event (in each case subject to a deductible clause of not to exceed Five Hundred Thousand Dollars (\$500,000)). Such public liability and property damage insurance may, however, be in the form of a single limit policy covering all such risks in an amount equal to the liability limits set forth herein.

(c) Joint or Self-Insurance. Such liability insurance, including the deductible, may be maintained as part of or in conjunction with any other insurance coverage carried by the City, and, subject to compliance with Section 5.6(e) hereof, may be maintained in the form of self-insurance by the City.

(d) Payment of Net Proceeds. The proceeds of such liability insurance shall be applied toward extinguishment or satisfaction of the liability with respect to which the insurance proceeds shall have been paid.

Section 5.2 Workers' Compensation. The City shall also maintain workers' compensation insurance issued by a responsible carrier authorized under the laws of the State to insure its employees against liability for compensation under the Workers' Compensation Insurance and Safety Act now in force in the State, or any act hereafter enacted as an amendment or supplement thereto (with provision for self-insurance).

Section 5.3 Casualty and Theft Insurance.

(a) Casualty and Theft Insurance; Coverage. The City shall procure and maintain, or cause to be procured and maintained, throughout the Term of this Lease, insurance against loss or damage to any portion of the Leased Premises caused by fire and lightning, with extended coverage and theft, vandalism and malicious mischief insurance. Said extended coverage insurance shall, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance, excluding flood and earthquake. The City shall not be required to purchase or maintain earthquake insurance with respect to the Leased Premises.

(b) Amount. Such insurance shall be in an amount not less than the replacement cost of the Leased Premises, subject to a "deductible clause" not to exceed Five Hundred Fifty Thousand Dollars (\$500,000) for any one loss or, in the case of a flood and earthquake rider, ten percent (10%) of the coverage obtained. The term "full replacement value" as used in this Section 5.3 shall mean the actual replacement cost of the improvements constituting the Leased Premises.

(c) Joint or Self-Insurance. Such insurance may be maintained as part of or in conjunction with any other insurance carried or required to be carried by the City, and, subject to compliance with Section 5.6(e) hereof, may be maintained in the form of self-insurance by the City. Insurance obtained through a California joint powers authority of which the City is a member shall not be deemed to be self-insurance.

(d) Payment of Net Proceeds. The Net Proceeds of such insurance shall be paid to the Trustee and deposited in the Net Proceeds Fund and applied as provided in Section 6.1 hereof.

Section 5.4 Rental Interruption Insurance.

(a) Coverage and Amount. Upon delivery of the Leased Premises to it for occupancy, the City shall maintain or cause to be maintained rental income or use and occupancy insurance in an amount not less than the maximum remaining scheduled Lease Payments in any future twenty-four- (24) month period, to insure against loss of rental income from the Leased Premises caused by perils covered by the insurance required to be maintained as provided in Section 5.3 hereof. Such rental interruption insurance shall name the Trustee and the Corporation as additionally insured parties and the Trustee as the loss payee.

(b) Joint Insurance. Such insurance may be maintained as part of or in conjunction with any other rental income or use and occupancy insurance carried by the City but may not be maintained in the form of self-insurance by the City.

(c) Payment of Net Proceeds. The Net Proceeds of such rental interruption insurance shall be paid to the Trustee and deposited in the Lease Payment Fund, to be credited towards the payment of the Lease Payments in the order in which such Lease Payments come due and payable if there are insufficient Net Proceeds to pay all Lease Payments due in any such Certificate Year.

Section 5.5 Title Insurance. The City shall obtain and, throughout the Term of this Lease, maintain or cause to be maintained title insurance on the Leased Premises, in the form of an ALTA leasehold title insurance policy (with western regional exceptions), in an amount equal to the aggregate principal amount of the Certificates and Additional Certificates Outstanding, issued by a company of recognized standing, duly authorized to issue the same, payable to the Trustee for the benefit of the Owners, subject only to Permitted Encumbrances. Said policy or policies shall insure the City's leasehold estate hereunder in the Leased Premises, subject only to Permitted Encumbrances. All Net Proceeds received under said policy or policies shall be deposited with the Trustee and applied as provided in Section 7.01 of the Trust Agreement. So long as any of the Certificates and Additional Certificates remain Outstanding, each policy of the title insurance obtained pursuant hereto or required hereby shall provide that all proceeds thereunder shall be payable to the Trustee for the benefit of the Certificate Owners and the owners of any Additional Certificates. The Net Proceeds of such insurance shall be applied as provided in Section 6.1 hereof.

Section 5.6 General Insurance Provisions.

(a) Form of Policies. All policies of insurance required to be procured and maintained pursuant to this Lease and any statements of self-insurance shall be in a form certified by the City Representative or an insurance agent, broker or consultant to the City to comply with the provisions hereof. All such policies shall provide that the insured parties shall be given thirty (30) days' notice of each expiration, any intended cancellation thereof or reduction of the coverage provided thereby. Each policy of insurance required to be procured and maintained pursuant to Section 5.3 (regarding casualty and theft insurance), Section 5.4 (regarding rental interruption insurance) and Section 5.5 (regarding title insurance) hereof shall provide that all proceeds thereunder shall be payable to the Trustee for the benefit of the Owners. All required insurance policies must be provided by a commercial insurer rated A by Best or A- and A3 by S&P and Moody's, respectively. All policies shall name the City, the Corporation and the Trustee as insureds and the Trustee as a loss payee.

(b) Payment of Premiums. The City shall pay or cause to be paid when due the premiums for all insurance policies required by this Lease, and shall promptly furnish or cause to be furnished to the Trustee a certificate to such effect, as described in paragraph (d) below.

(c) Protection of the Trustee. The Trustee shall not be responsible for the sufficiency or adequacy of any insurance herein required and shall be fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss agreed to by the Trustee.

(d) Evidence of Insurance. The City shall cause to be delivered to the Trustee annually on or before August 1 a certificate stating that the insurance policies required by this Lease are in full force and effect.

(e) Self-Insurance. The City may only elect to self-insure pursuant to Sections 5.1 and 5.2 hereof if and to the extent such self-insurance method or plan of protection shall afford reasonable protection to the Corporation and the Trustee, in light of all circumstances, giving consideration to cost, availability and similar plans or methods of protection adopted by other cities in the State other than the City. Insurance provided through a California joint powers authority of which the City is a member or with which the City contracts for insurance shall not be deemed to be self-insurance for purposes hereof. Any self-insurance maintained by the City pursuant to this Article V shall comply with the following terms:

(i) The self-insurance program shall be approved in writing by the City's City Manager or Assistant City Manager and an independent insurance consultant in accordance with the California Labor Code and the California Government Code;

(ii) The self-insurance program shall include an actuarially sound claims reserve fund out of which each self-insured claim shall be paid; the adequacy of such fund shall be evaluated on an annual basis by the City Representative in a certified statement delivered to the Trustee; and any deficiencies in any self-insured claims reserve fund shall be remedied in accordance with the recommendation of the City Representative;

(iii) The self-insurance fund must be held in a separate trust fund by an independent trustee; and

(iv) In the event the self-insurance program shall be discontinued, the actuarial soundness of its claims reserve fund, as determined by the City Representative, shall be maintained.

Section 5.7 Cooperation. The Corporation shall cooperate fully with the City at the expense of the City in filing any proof of loss with respect to any insurance policy maintained pursuant to this Article and in the prosecution or defense of any prospective or pending condemnation proceeding with respect to the Leased Premises or any portion thereof.

ARTICLE VI

DAMAGE, DESTRUCTION AND EMINENT DOMAIN; USE OF NET PROCEEDS

Section 6.1 Application of Net Proceeds.

(a) Deposit in Net Proceeds Fund. The City shall remit to the Trustee any Net Proceeds received by the City and the Trustee as provided in Section 5.3 (regarding casualty and theft insurance) and Section 5.5 (regarding title insurance) hereof promptly upon receipt thereof, and pursuant to Section 7.01 of the Trust Agreement, the Trustee shall deposit such Net Proceeds of insurance in the Net Proceeds Fund. The City and/or the Corporation shall transfer to the Trustee any other Net Proceeds (other than Net Proceeds paid under Sections 5.1, 5.2 and 5.4 hereof which shall be applied as described in such sections) received by the City and/or Corporation in the event of

any accident, destruction, theft or taking by eminent domain or condemnation with respect to the Leased Premises, for deposit in the Net Proceeds Fund.

(b) Disbursement for Replacement or Repair of the Leased Premises. Upon receipt of the certification described in paragraph (i) below and the requisition described in paragraph (ii) below, the Trustee shall disburse moneys in the Net Proceeds Fund to the person, firm or corporation named in the requisition as provided in paragraph (ii) below.

(i) Certification. The City Representative must certify to the Corporation and the Trustee that:

(x) Sufficiency of Net Proceeds. The Net Proceeds available for such purpose, together with any other funds supplied by the City to the Trustee in a subaccount of the Net Proceeds Fund for such purpose, are expected to equal at least one hundred percent (100%) of the projected costs of replacement or repair, as demonstrated in an attached reconstruction budget, and

(y) Timely Completion. In the event that damage, destruction or taking results, or is expected to result, in an abatement of Lease Payments, such replacement or repair can be fully completed within a period not in excess of the period in which rental interruption insurance proceeds, as described in Section 5.4 hereof, together with other identified available moneys, will be available to pay in full all Lease Payments coming due during such period as demonstrated in an attached reconstruction schedule.

(ii) Requisition. The City Representative must deliver to the Trustee a Requisition stating with respect to each payment to be made (1) the requisition number, (2) the name and address of the person, firm or corporation to whom payment is due, (3) the amount to be paid and (4) that each obligation mentioned therein has been properly incurred, is a proper charge against the Net Proceeds Fund, has not been the basis of any previous withdrawal, and specifying in reasonable detail the nature of the obligation. Each such cost requisition shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of such facts.

Any balance of the Net Proceeds remaining after such replacement or repair has been completed and after payment or provision for payment of all Certificates as provided in Section 7.01 of the Trust Agreement and all Additional Certificates as provided in any Supplemental Trust Agreement pursuant to which such Additional Certificates are executed and delivered shall be paid to the City after payment of amounts due the Trustee pursuant to Sections 9.6 and 9.7 of the Trust Agreement.

(c) Disbursement for Prepayment. If the City Representative notifies the Trustee in writing of the City's determination that the certification provided in Section 6.1(b)(i) hereof cannot be made or that replacement or repair of any portion of the Leased Premises is not economically feasible or in the best interest of the City, then the Trustee shall promptly transfer the Net Proceeds to the Prepayment Fund as provided in Section 7.01 of the Trust Agreement and apply them to prepayment of the Certificates as provided in Section 4.02 of the Trust Agreement and Additional Certificates as provided in a Supplemental Trust Agreement and prepayment of Lease Payments as provided in Section 10.2 hereof; provided that in the event of damage or destruction in whole of the Leased Premises and in the event such Net Proceeds, together with funds then on hand in the Lease

Payment Fund are not sufficient to prepay all the Certificates and Additional Certificates then Outstanding, then the City shall not be permitted to certify that repair, replacement or improvement of all of the Leased Premises is not economically feasible or in the best interest of the City. In such event, the City shall proceed to repair, replace or improve the Leased Premises as described herein from legally available funds in the then-current Fiscal Year and shall make the required notification to the Trustee pursuant to Section 7.01 of the Trust Agreement and the Trustee shall disburse moneys in the Net Proceeds Fund to the person, firm, or corporation named in the Requisition as provided therein.

ARTICLE VII

COVENANTS WITH RESPECT TO THE LEASED PREMISES

Section 7.1 Use of the Leased Premises. The City represents and warrants that it has an immediate need for, and expects to make immediate use of, all of the Leased Premises, which need is not temporary or expected to diminish in the foreseeable future.

Section 7.2 Interest in the Leased Premises and the Lease.

(a) Corporation Holds Leasehold Interest During Term. During the Term of this Lease, the Corporation does and shall hold a leasehold interest in the Leased Premises pursuant to the Site Lease. The City shall take any and all actions reasonably required, including but not limited to executing and filing any and all documents reasonably required, to maintain and evidence such title and interest at all times during the Term of this Lease.

(b) Title Transferred to the City at End of Term. Upon expiration of the Term as provided in Section 4.2(b) or 4.2(c) hereof, all right, title and interest of the Corporation in and to all of the Leased Premises shall be transferred to and vest in the City, without the necessity of any additional document of transfer.

Section 7.3 Quiet Enjoyment. During the Term, the Corporation shall provide the City with quiet use and enjoyment of the Leased Premises, and the City shall during such Term peaceably and quietly have, hold and enjoy all of the Leased Premises, without suit, trouble or hindrance from the Corporation, or any person or entity claiming under or through the Corporation except as expressly set forth in this Lease. The Corporation will, at the request of the City, join in any legal action in which the City asserts its right to such possession and enjoyment to the extent the Corporation may lawfully do so. Notwithstanding the foregoing, the Corporation shall have the right to inspect the Leased Premises as provided in Section 7.5 hereof.

Section 7.4 Installation of the City's Personal Property. The City may at any time and from time to time, in its sole discretion and at its own expense, install or permit to be installed other items of equipment or other property in or upon any portion of the Leased Premises. All such items shall remain the sole property of the City, regardless of the manner in which the same may be affixed to such portion of the Leased Premises, in which neither the Corporation nor the Trustee shall have any interest, and may be modified or removed by the City at any time; provided that the City shall repair and restore any and all damage to such portion of the Leased Premises resulting from the installation, modification or removal of any such items of equipment. Nothing in this Lease shall prevent the City from purchasing items to be installed pursuant to this Section, provided that no lien or security interest shall attach to any part of the Leased Premises.

Section 7.5 Access to the Leased Premises. The City agrees that the Corporation, any Corporation Representative and the Corporation's successors, assigns or designees shall have the right at all reasonable times to enter upon the Leased Premises or any portion thereof to examine and inspect the Leased Premises. The City further agrees that the Corporation, any such Corporation Representative, and the Corporation's successors, assigns or designees shall have such rights of access to the Leased Premises as may be reasonably necessary to cause the proper maintenance of the Leased Premises in the event of failure by the City to perform its obligations hereunder.

Section 7.6 Maintenance, Utilities, Taxes and Assessments.

(a) Maintenance; Repair and Replacement. Throughout the Term of this Lease, as part of the consideration for the rental of the Leased Premises, all repair and maintenance of the Leased Premises shall be the responsibility of the City, and the City shall pay for or otherwise arrange for the payment of the cost of the repair and replacement of the Leased Premises resulting from ordinary wear and tear or want of care on the part of the City or any sublessee thereof. In exchange for the Lease Payments herein provided, the Corporation agrees to provide only the Leased Premises, as hereinbefore more specifically set forth. The City waives the benefits of subsections 1 and 2 of Section 1932 of the California Civil Code, but such waiver shall not limit any of the rights of the City under the terms of this Lease.

(b) Tax and Assessments; Utility Charges. The City shall also pay or cause to be paid all taxes and assessments, including but not limited to utility charges, of any type or nature charged to the Corporation or the City or levied, assessed or charged against any portion of the Leased Premises or the respective interests or estates therein; provided that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the City shall be obligated to pay only such installments as are required to be paid during the Term of this Lease as and when the same become due.

(c) Contests. The City may, at its expense and in its name, in good faith contest any such taxes, assessments, utility and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom; provided that prior to such nonpayment it shall furnish the Corporation and the Trustee with the opinion of an Independent Counsel acceptable to the Corporation, to the effect that, by nonpayment of any such items, the interest of the Corporation in such portion of the Leased Premises will not be materially endangered and that the Leased Premises will not be subject to loss or forfeiture. Otherwise, the City shall promptly pay such taxes, assessments or charges or make provisions for the payment thereof in form satisfactory to the Corporation. The Corporation will cooperate fully in such contest, upon the request and at the expense of the City.

Section 7.7 Modification of the Leased Premises.

(a) Additions, Modifications and Improvements. The City shall, at its own expense, have the right to make additions, modifications, and improvements to any portion of the Leased Premises if such improvements are necessary or beneficial for the use of such portion of the Leased Premises. All such additions, modifications and improvements shall thereafter comprise part of the Leased Premises and be subject to the provisions of this Lease. Such additions, modifications and improvements shall not in any way cause an abatement of Lease Payments with respect to the Leased Premises or cause it to be used for purposes other than those authorized under the provisions

of State and federal law or in any way which would impair the State tax-exempt status or the exclusion from gross income for federal income tax purposes of the interest with respect to the Certificates and Additional Certificates (to the extent such Additional Certificates were executed and delivered as tax exempt Certificates); and the Leased Premises, upon completion of any additions, modifications and improvements made pursuant to this Section, shall have an annual fair rental value which is not less than the annual Lease Payments.

(b) No Liens. Except for Permitted Encumbrances, the City will not permit any mechanic's or other lien to be established or remain against the Leased Premises for labor or materials furnished in connection with any additions, modifications or improvements made by the City pursuant to this Section; provided that if any such lien is established and the City shall first notify or cause to be notified the Corporation of the City's intention to do so, the City may in good faith contest any lien filed or established against the Leased Premises, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom and shall provide the Corporation with full security against any loss or forfeiture which might arise from the nonpayment of any such item, in form satisfactory to the Trustee (as assignee of the Corporation). The Corporation will cooperate fully in any such contest, upon the request and at the expense of the City.

(c) Replacements, Redevelopment and Renovation. The City shall, at its own expense, or with the proceeds of Additional Certificates, have the right to make replacements, redevelopment or renovation of all or a portion of the Leased Premises if the following conditions precedent are satisfied:

(i) The City receives an opinion of Special Counsel, a copy of which the City shall furnish to the Corporation and the Trustee, that (1) such replacement does not adversely affect the federal income tax exclusion or the State tax-exempt status of the interest with respect to the Certificates and Additional Certificates (to the extent such Additional Certificates were executed and delivered as tax exempt Certificates), and (2) this Lease will remain the legal, valid, binding and enforceable obligation of the City;

(ii) In the event such replacement, redevelopment or renovation would result in the temporary abatement of Lease Payments as provided in Section 4.10 hereof the City shall have notified any rating agency then providing a rating on the Certificates and shall deposit moneys with the Trustee in advance for payment of Lease Payments from the proceeds of Additional Certificates or from special funds of the City or other moneys, the application of which would not, in the opinion of Special Counsel (a copy of which shall have been delivered to the Trustee), result in such Lease Payments constituting indebtedness of the City in contravention of the Constitution and laws of the State;

(iii) The City shall certify to the Trustee that it has sufficient funds to complete such replacement, redevelopment or renovation; and

(iv) In the case of replacement(s), redevelopment or renovation other than from the proceeds of Additional Certificates, the City and the Trustee receive an independent appraisal from a California certified general appraiser that the annual fair rental value of the replacements will be at least equal to the annual Lease Payments immediately prior to such replacement or redevelopment.

Section 7.8 Encumbrances; Alternative Financing Methods.

(a) Encumbrances. Except as provided in this Article VII (including without limitation Section 7.7 hereof and this Section 7.8), the City shall not, directly or indirectly, create, incur, assume or suffer to exist any mortgage, pledge, liens, charges, encumbrances or claims, as applicable, on or with respect to the Leased Premises, other than Permitted Encumbrances and other than the respective rights of the Corporation and the City as herein provided. Except as expressly provided in this Article VII, the City shall promptly, at its own expense, take such action as may be necessary to duly discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim, for which it is responsible, if the same shall arise at any time; provided that the City may contest such liens if it desires to do so. The City shall reimburse the Corporation for any expense incurred by it in order to discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim.

(b) Alternative Financing Methods. Notwithstanding the foregoing, the City may create or suffer to create any mortgage, pledge, liens, charges, encumbrances or claims upon the Leased Premises or any improvements thereto, provided that (1) any such mortgage, pledge, liens, charges, encumbrances or claims shall at any time while any of the Certificates or Additional Certificates remain Outstanding be and remain subordinate in all respects to the Site Lease and Lease and any security interest given to the Trustee for the benefit of the Owners and (2) the City shall have first delivered to the Trustee an opinion of Special Counsel substantially to the effect that such mortgage, pledge, liens, charges, encumbrances or claims would not result in the inclusion of the interest with respect to the Certificates and the Additional Certificates (to the extent such Additional Certificates are executed and delivered as tax exempt Certificates) in the gross income of the owners thereof for purposes of federal income taxation or impair the State tax-exempt status of such interest payments.

Section 7.9 Corporation's Disclaimer of Warranties. THE CORPORATION MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OR FITNESS FOR THE USE CONTEMPLATED BY THE CITY OF THE LEASED PREMISES, OR ANY PORTION THEREOF. THE CITY ACKNOWLEDGES THAT THE CITY IS LEASING THE LEASED PREMISES AS IS. In no event shall the Corporation be liable for incidental, indirect, special or consequential damages, in connection with or arising out of this Lease, the Site Lease, the Assignment Agreement or the Trust Agreement for the existence, furnishing, functioning or the City's use and possession of the Leased Premises.

Section 7.10 The City's Right to Enforce Warranties of Vendors or Contractors. The Corporation hereby irrevocably appoints the City its agent and attorney-in-fact during the Term of this Lease, so long as the City shall not be in default hereunder, to assert from time to time whatever claims and rights, including without limitation, warranty claims, claims for indemnification and claims for breach of any representations, respecting the Leased Premises which the Corporation may have against any vendor or contractor. The City's sole remedy for the breach of any such warranty, indemnification or representation shall be against the vendor or contractor with respect thereto, and not against the Corporation, nor shall such matter have any effect whatsoever on the rights and obligations of the Corporation with respect to this Lease, including the right to receive full and timely Lease Payments and all other payments due hereunder. The City shall be entitled to retain any and all amounts recovered as a result of the assertion of any such claims and rights. The Corporation

shall, upon the City's request and at the City's expense, do all things and take all such actions as the City may request in connection with the assertion of any such claims and rights.

Section 7.11 Substitution or Release of the Leased Premises.

(a) The City shall have the right to substitute alternate real property for any portion of the Leased Premises or to release a portion of the Leased Premises from the lien of this Lease by satisfying the conditions set forth in paragraphs (i) through (v) of this Section 7.11. All costs and expenses incurred in connection with such substitution or release shall be borne by the City. Notwithstanding any substitution or release pursuant to this Section, there shall be no reduction in or abatement of the Lease Payments due from the City hereunder as a result of such substitution or release. Any such substitution or release of any portion of the Leased Premises shall be subject to the following specific conditions, which are hereby made conditions precedent to such substitution or release:

(i) The City shall have delivered a written certificate to the Trustee setting forth its findings that the Property, as constituted after such substitution or release: (A) has an annual fair rental value at least equal to the maximum Lease Payments payable by the City in any rental period; and (B) has a useful life in excess of the final maturity of any Outstanding Certificates;

(ii) the City shall have obtained or caused to be obtained an ALTA title insurance policy or policies with respect to any substituted property in the amount at least equal to the aggregate principal amount of any Outstanding Certificates of the type and with the endorsements described in Section 5.02 hereof;

(iii) the City shall have provided the Trustee with an opinion of Special Counsel to the effect that such substitution or release will not, in and of itself, cause the interest evidenced and represented by the Certificates and any Additional Certificates (to the extent such Additional Certificates are executed and delivered as tax-exempt Certificates) to be included in gross income for federal income tax purposes;

(iv) the City, the Corporation and the Trustee shall have executed, and the City shall have caused to be recorded with the Santa Clara County Recorder, any document necessary to reconvey to the City the portion of the Leased Premises being released and to include any substituted real property in the description of the Leased Premises contained herein and in the Site Lease; and

(v) the City shall have provided notice of such substitution or release to each rating agency then rating the Certificates.

Section 7.12 Compliance with Law, Regulations, Etc.

(a) Except as described in subsection (b) below, the City has, after due inquiry, no knowledge and has not given or received any written notice indicating that the past or present use of the Leased Premises or any practice, procedure or policy employed by it in the conduct of its business materially violates any applicable law, regulation, code, order, rule, judgment or consent agreement, including, without limitation, those relating to zoning, building, use and occupancy, fire safety, health, sanitation, air pollution, ecological matters, environmental protection, hazardous or toxic materials, substances or wastes, conservation, parking, architectural barriers to the

handicapped, or restrictive covenants or other agreements affecting title to the Leased Premises (collectively, "Laws and Regulations"). Without limiting the generality of the foregoing, neither the City nor to the best of its knowledge, after due inquiry, any prior or present owner, tenant or subtenant of the Leased Premises has, other than as set forth in subsections (a) and (b) of this Section or as may have been remediated in accordance with Laws and Regulations, (i) used, treated, stored, transported or disposed of any material amount of flammable explosives, polychlorinated biphenyl compounds, heavy metals, chlorinated solvents, cyanide, radon, petroleum products, asbestos, methane, radioactive materials, pollutants, hazardous materials, hazardous wastes, hazardous, toxic, or regulated substances or related materials, as defined in CERCLA, RCRA, CWA, CAA, TSCA and Title III, and the regulations promulgated pursuant thereto, and in all other Environmental Regulations applicable to the City, the Leased Premises or the business operations conducted by the City thereon (collectively, "Hazardous Materials") on, from or beneath the Leased Premises, (ii) pumped, spilled, leaked, disposed of, emptied, discharged or released (hereinafter collectively referred to as "Release") any material amount of Hazardous Materials on, from or beneath the Leased Premises, or stored any material amount of petroleum products at the Leased Premises in underground storage tanks.

(b) Excluded from the representations and warranties in subsection (a) hereof with respect to Hazardous Materials are those Hazardous Materials in the amounts ordinarily found in the inventory of, or used in the maintenance of the City's City Hall, Library, or related buildings, the use, treatment, storage, transportation and disposal of which has been and shall be in compliance with all Laws and Regulations (the "Permitted Use").

(c) No portion of the Leased Premises located in an area of high potential incidence of radon has an unventilated basement or subsurface portion which is occupied or used for any purpose other than the foundation or support of the improvements to the Leased Premises.

Section 7.13 Environmental Compliance.

(a) Other than the Permitted Use, the City shall not use or permit the Leased Premises or any part thereof to be used to generate, manufacture, refine, treat, store, handle, transport or dispose of, transfer, produce or process Hazardous Materials, except, and only to the extent, if necessary to maintain the improvements on the Leased Premises and then, only in compliance with all Environmental Regulations, and any state equivalent laws and regulations, nor shall it permit, as a result of any intentional or unintentional act or omission on its part or by any tenant, subtenant, licensee, guest, invitee, contractor, employee and agent, the storage, transportation, disposal or use of Hazardous Materials or the Release or threat of Release of Hazardous Materials on, from or beneath the Leased Premises or onto any other Leased Premises excluding, however, those Hazardous Materials in those amounts ordinarily found in the inventory of a municipal corporation, the use, storage, treatment, transportation and disposal of which shall be in compliance with all Environmental Regulations. Upon the occurrence of any Release or threat of Release of Hazardous Materials other than the Permitted Use, the City shall promptly commence and perform, or cause to be commenced and performed promptly, without cost to the Trustee, all investigations, studies, sampling and testing, and all remedial, removal and other actions necessary to clean up and remove all Hazardous Materials so released, on, from or beneath the Leased Premises, in compliance with all Environmental Regulations. Notwithstanding anything to the contrary contained herein, underground storage tanks shall only be permitted subject to compliance with subsection (d) and only to the extent necessary to maintain the improvements on the Leased Premises.

(b) The City shall comply with, and shall cause all tenants, subtenants, licensees, guests, invitees, contractors, employees and agents on the Leased Premises to comply with, all Environmental Regulations, and shall keep the Leased Premises free and clear of any liens imposed pursuant thereto; provided, however, that notwithstanding that a portion of this covenant is limited to the City's use of its best efforts, the City shall remain solely responsible for ensuring such compliance and such limitation shall not diminish or affect in any way the City's obligations contained in subsection (c) hereof as provided in subsection (c) hereof. Upon receipt of any notice from any person with regard to the Release of Hazardous Materials other than the Permitted Use on, from or beneath the Leased Premises, the City shall give prompt written notice thereof to the Trustee prior to the expiration of any period in which to respond to such notice under any Environmental Regulation.

(c) Irrespective of whether any representation or warranty contained in Section 7.12 hereof is not true or correct, the City shall, to the extent permitted by law, defend, indemnify and hold harmless the Trustee, the Owners, the Corporation and each of their respective employees, agents, officers, directors, trustees, successors and assigns, from and against any claims, demands, penalties, fines, attorneys' fees (including, without limitation, attorneys' fees incurred to enforce the indemnification contained in this Section 7.13), consultants' fees, investigation and laboratory fees, liabilities, settlements (five (5) Business Days' prior notice of which the Trustee shall have delivered to the City), court costs, damages, losses, costs or expenses of whatever kind or nature, known or unknown, contingent or otherwise, occurring in whole or in part, arising out of, or in any way related to, (i) the presence, disposal, Release, threat of Release, removal, discharge, storage or transportation of any Hazardous Materials on, from or beneath the Leased Premises, (ii) any personal injury (including wrongful death) or Leased Premises damage (real or personal) arising out of or related to such Hazardous Materials, (iii) any lawsuit brought or threatened, settlement reached (five (5) Business Days' prior notice of which the Trustee shall have delivered to the City), or governmental order relating to Hazardous Materials on, from or beneath the Leased Premises, (iv) any violation of Environmental Regulations or subsection (a) or (b) hereof by it or any of its agents, tenants, employees, contractors, licensees, guests, subtenants or invitees, and (v) the imposition of any governmental lien for the recovery of environmental cleanup or removal costs. To the extent that the City is strictly liable under any Environmental Regulation, its obligation under the foregoing indemnification shall likewise be without regard to fault on its part with respect to the violation of any Environmental Regulation which results in liability to any indemnitee. The obligations and liabilities under this Section 7.13(c) shall survive the payment and satisfaction of all Certificates and Additional Certificates or resignation or removal of the Trustee.

(d) The City shall conform to and carry out a reasonable program of maintenance and inspection of all underground storage tanks, and shall maintain, repair, and replace such tanks only in accordance with Laws and Regulations, including but not limited to Environmental Regulations.

Section 7.14 Condemnation of Leased Premises. The City hereby covenants and agrees, to the extent it may lawfully do so, that, except as described in Section 6 of the Site Lease, so long as any of the Certificates or Additional Certificates remain outstanding and unpaid, the City will not exercise the power of condemnation with respect to the Leased Premises. The City further covenants and agrees, to the extent it may lawfully do so, that if for any reason the foregoing covenant is determined to be unenforceable or if the City shall fail or refuse to abide by such covenant and condemns the Leased Premises, then the appraised value of the Leased Premises shall not be less than the sum of: (i) as to Certificates and Additional Certificates then subject to optional

prepayment, the principal and interest components of such Certificates and Additional Certificates outstanding through the date of their prepayment, and (ii) as to Certificates and Additional Certificates not then subject to optional prepayment, the amount necessary to defease such Certificates and Additional Certificates to the first available prepayment date in accordance with the Trust Agreement.

ARTICLE VIII

ASSIGNMENT, SUBLEASING AND AMENDMENT

Section 8.1 Assignment by the Corporation. Except as provided herein, in the Trust Agreement and the Assignment Agreement, the Corporation will not assign this Lease to any other person, firm or corporation so as to impair or violate the representations, covenants and warranties contained in Section 2.2 hereof.

Section 8.2 Assignment and Subleasing by the City.

(a) Assignment. This Lease may be assigned by the City, so long as such assignment does not, in the opinion of Special Counsel, adversely affect the State tax-exempt status or the exclusion from gross income for federal income tax purposes of the interest with respect to the Certificates and any Additional Certificates (to the extent such Additional Certificates are executed and delivered as tax exempt Certificates) or affect the validity of this Lease. In the event that this Lease is assigned by the City, the obligation to make Lease Payments hereunder shall remain the obligation of the City.

(b) Sublease. The City may sublease all or any portion of the Leased Premises subject to all of the following conditions:

(i) This Lease and the obligation of the City to make Lease Payments and Additional Payments hereunder shall remain obligations of the City; and

(ii) The City shall, within thirty (30) days after the delivery thereof, furnish or cause to be furnished to the Corporation and the Trustee, a true and complete copy of such sublease;

(iii) The City shall furnish to the Corporation and the Trustee, an opinion of Special Counsel to the effect that the sublease will not cause the interest due with respect to the Certificates and any Additional Certificates (to the extent such Additional Certificates are executed and delivered as tax exempt Certificates) to be subject to State personal income tax or adversely affect the exclusion from gross income for federal income tax purposes of such amounts, provided that no such opinion shall be required with respect to the subleases in effect upon the Delivery Date.

Section 8.3 Amendments and Modifications. This Lease may be amended or any of its terms modified with the written consent of the City and the Trustee (as assignee of the Corporation), in accordance with Article X of the Trust Agreement.

ARTICLE IX

EVENTS OF DEFAULT AND REMEDIES

Section 9.1 Events of Default Defined. The following shall be “events of default” under this Lease and the terms “events of default” and “default” shall mean, whenever they are used in this Lease, any one or more of the following events:

(a) Payment Default. Failure by the City to pay any Lease Payment required to be paid hereunder by the corresponding Lease Payment Date; and

(b) Covenant Default. Failure by the City to observe and perform any warranty, covenant, condition or agreement on its part to be observed or performed herein or otherwise with respect hereto or in the Trust Agreement or in the Site Lease, other than as referred to in clause (a) of this Section, for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied has been given to the City by the Corporation, the Trustee, or the Owners of not less than a majority in aggregate principal amount of Certificates and Additional Certificates then Outstanding; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, the Corporation, the insurer of any Additional Certificates or such Owners, as the case may be, shall not unreasonably withhold their consent to an extension of such time if corrective action is instituted by the City within the applicable period and diligently pursued until the default is corrected.

(c) Bankruptcy or Insolvency. The filing by the City of a case in bankruptcy, or the subjection of any right or interest of the City under this Lease to any execution, garnishment or attachment, or adjudication of the City as a bankrupt, or assignment by the City for the benefit of creditors, or the entry by the City into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to the City in any proceedings instituted under the provisions of the federal bankruptcy code, as amended, or under any similar act which may hereafter be enacted.

Section 9.2 Remedies on Default. Whenever any event of default referred to in Section 9.1 hereof shall have happened and be continuing, it shall be lawful for the Corporation to exercise any and all remedies available pursuant to law or granted pursuant to this Lease. Notwithstanding anything herein or in the Trust Agreement to the contrary, THERE SHALL BE NO RIGHT UNDER ANY CIRCUMSTANCES TO ACCELERATE THE LEASE PAYMENTS OR OTHERWISE DECLARE ANY LEASE PAYMENTS NOT THEN IN DEFAULT TO BE IMMEDIATELY DUE AND PAYABLE. After the occurrence of an event of default hereunder, the City will surrender possession of the Leased Premises to the Corporation, if requested to do so by the Corporation, the Trustee or the Owners, in accordance with the provisions of the Trust Agreement.

(a) No Termination; Repossession and Re-Lease on Behalf of the City. In the event the Corporation does not elect to terminate this Lease in the manner hereinafter provided for in subparagraph (b) hereof, the Corporation may, with the consent of the City, which consent is hereby irrevocably given, repossess the Leased Premises and re-lease it for the account of the City, in which event the City’s obligation will accrue from year to year in accordance with this Lease and the City will continue to receive the value of the use of the Leased Premises from year to year in the form of credits against its obligation to pay Lease Payments. The obligations of the City shall remain the same as prior to such default, to pay Lease Payments and Additional Payments whether the

Corporation re-enters or not. The City agrees to and shall remain liable for the payment of all Lease Payments and Additional Payments and the performance of all conditions contained herein and shall reimburse the Corporation for any deficiency arising out of the re-leasing of the Leased Premises, or, in the event the Corporation is unable to re-lease the Leased Premises, then for the full amount of all Lease Payments and Additional Payments to the end of the Term of this Lease, but said Lease Payments and Additional Payments and/or deficiency shall be payable only at the same time and in the same manner as provided above for the payment of Lease Payments and Additional Payments hereunder, notwithstanding such repossession by the Corporation or any suit brought by the Corporation for the purpose of effecting such repossession of the Leased Premises or the exercise of any other remedy by the Corporation.

The City hereby irrevocably appoints the Corporation as the agent and attorney-in-fact of the City to repossess and re-lease the Leased Premises in the event of default by the City in the performance of any covenants contained herein to be performed by the City and to remove all personal property whatsoever situated upon the Leased Premises, to place such property in storage or other suitable place in the County of Santa Clara, for the account of and at the expense of the City, and the City hereby covenants and agrees to save harmless the Corporation from any costs, loss or damage whatsoever arising or occasioned by any such repossession and re-leasing of the Leased Premises. The City hereby waives any and all claims for damage caused or which may be caused by the Corporation in repossessing the Leased Premises as provided herein and all claims for damages that may result from the destruction of or the injury to the Leased Premises and all claims for damages to or loss of any property belonging to the City that may be in or upon the Leased Premises.

The City agrees that the terms of this Lease constitute full and sufficient notice of the right of the Corporation to re-lease the Leased Premises in the event of such repossession without effecting a surrender of this Lease, and further agrees that no acts of the Corporation in effecting such re-leasing shall constitute a surrender or termination of this Lease irrespective of the term for which such re-leasing is made or the terms and conditions of such re-leasing, or otherwise, but that, on the contrary, in the event of such default by the City the right to terminate this Lease shall vest in the Corporation to be effected in the sole and exclusive manner provided for in subparagraph (b) below.

The City shall retain the portion of rental obtained by the Trustee, as assignee of the Corporation, that is in excess of the Lease Payments and Additional Payments, the fees, expenses and costs of the Trustee of re-leasing the Leased Premises, and all amounts payable by the City under this Lease and the Trust Agreement.

In the event that the liability of the City under this subsection (a) is held to constitute indebtedness or liability in any year exceeding in any year the income and revenue provided for such year, the Corporation, or the Trustee or the Owners, as assignees of the Corporation, shall not exercise the remedies provided in this subsection (a).

(b) Termination; Repossession and Re-Lease. In the event of the termination of this Lease by the Corporation at its option and in the manner hereinafter provided on account of default by the City (and notwithstanding any repossession of the Leased Premises by the Corporation in any manner whatsoever or the re-leasing of the Leased Premises), the City nevertheless agrees to pay to the Corporation all costs, losses or damages howsoever arising or occurring payable at the same time and in the same manner as is provided herein in the case of payment of Lease Payments and Additional Payments. Any proceeds of the re-lease or other disposition of the Leased Premises

by the Corporation shall be deposited into the Lease Payment Fund and be applied in accordance with the provisions of Section 5.04 of the Trust Agreement. Any surplus received by the Trustee, as assignee of the Corporation, from such re-leasing over total Lease Payments shall be remitted to the City. Additional Payments that would have been due hereunder and the fees, expenses and costs of the Trustee as assignee of the Corporation on re-leasing the Leased Premises shall be remitted to the City. Neither notice to pay rent or to deliver up possession of the Leased Premises given pursuant to law nor any proceeding taken by the Corporation to recover possession of the Leased Premises shall of itself operate to terminate this Lease, and no termination of this Lease on account of default by the City shall be or become effective by operation of law, or otherwise, unless and until the Corporation shall have given written notice to the City of the election on the part of the Corporation to terminate this Lease. The City covenants and agrees that no surrender of the Leased Premises for the remainder of the Term hereof or any termination of this Lease shall be valid in any manner or for any purpose whatsoever unless stated or accepted by the Corporation by such written notice. No such termination shall be effected either by operation of law or act of the parties hereto, except only in the manner herein expressly provided.

(c) Opinion of Special Counsel. The re-leasing of the Leased Premises as provided herein shall be subject to the opinion of Special Counsel that such re-leasing will not cause the interest with respect to the Certificates and any Additional Certificates (to the extent such Additional Certificates are executed and delivered as tax-exempt Certificates) to be subject to State personal income tax or adversely affect the exclusion from gross income for federal income tax purposes of such amounts.

(d) No Termination by The City. Under no circumstances may the City terminate this Lease as a remedy for a default by the Corporation in the performance of any obligation of the Corporation hereunder.

Section 9.3 No Remedy Exclusive. No remedy conferred herein upon or reserved to the Corporation is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Lease or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Corporation to exercise any remedy reserved to it in this Article it shall not be necessary to give any notice, other than such notice as may be required in this Article or by law.

Section 9.4 Agreement to Pay Attorneys' Fees and Expenses. In the event either party to this Lease should default under any of the provisions hereof and the nondefaulting party should employ attorneys or incur other expenses for the collection of moneys or the enforcement of performance or observance of any obligation or agreement on the part of the defaulting party contained herein, the defaulting party agrees that it will pay on demand to the nondefaulting party the reasonable fees of such attorneys and such other expenses so incurred by the nondefaulting party.

Section 9.5 No Additional Waiver Implied by One Waiver. In the event any agreement contained in this Lease should be breached by either party and thereafter waived by the other party; such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 9.6 Application of the Proceeds from the Re-Lease of the Leased Premises.

All amounts received by the Corporation under this Article IX shall, subject to Section 13.03 of the Trust Agreement, be deposited by the Trustee in the Lease Payment Fund and credited towards the Lease Payments in order of Lease Payment Dates.

Section 9.7 Trustee and Owners to Exercise Rights. Such rights and remedies as are given to the Corporation under this Article IX have been assigned by the Corporation to the Trustee under the Assignment Agreement, to which assignment the City hereby consents. Such rights and remedies shall be exercised by the Trustee and the Owners as provided in the Trust Agreement. In addition to the rights and remedies assigned by the Corporation to the Trustee, to the extent that the Trust Agreement and this Lease confer upon or gives or grants to the Trustee any right, remedy or claim under or by reason of the Trust Agreement or this Lease, the Trustee is hereby explicitly recognized as being a third party beneficiary hereunder and may enforce any such right, remedy or claim conferred given or granted.

ARTICLE X

PREPAYMENT OF LEASE PAYMENTS

Section 10.1 Security Deposit. Notwithstanding any other provision of this Lease, the City may, on any date, secure the payment of all or a portion of the Lease Payments and Additional Payments by a deposit by it with the Trustee of cash and/or Government Obligations as provided in Section 14.01 of the Trust Agreement. In the event such deposit is sufficient to pay all Lease Payments and Additional Payments, and provided that the City has paid any other amounts due and owing under this Lease and the Trust Agreement, all obligations of the City under this Lease, and all security provided by this Lease for said obligations, shall cease and terminate, excepting only the obligation of the City to make, or cause to be made, Lease Payments and Additional Payments from such deposit. On the date of said deposit title to the Leased Premises shall vest in the City automatically and without further action by the City or the Corporation (except as provided herein). Said deposit shall be deemed to be and shall constitute a special fund for the payment of Lease Payments in accordance with the provisions of this Lease. The Corporation shall execute and deliver such further instruments and take such further action as may reasonably be requested by the City for carrying out the title transfer of the Leased Premises.

Section 10.2 Extraordinary Prepayment. The City shall be obligated to prepay the Lease Payments in whole or in part on any date, from and to the extent of any Net Proceeds or other moneys theretofore deposited in the Prepayment Fund (at least forty-five (45) days prior to the date fixed for prepayment of the Certificates and any Additional Certificates) pursuant to Section 4.02 of the Trust Agreement. The City and the Corporation hereby agree that such Net Proceeds or other moneys shall be credited towards the City's obligations hereunder (except in the case of such Prepayment of the Lease Payments in whole) pro rata among Lease Payments so that following Prepayment, the remaining annual Lease Payments will be proportional to the initial annual Lease Payments.

Section 10.3 Optional Prepayment. Subject to the terms and conditions of this Section, the Corporation hereby grants an option to the City to prepay all or a portion of the Lease Payments to the extent and on the dates at the prepayment prices set forth in Section 4.03 of the Trust Agreement and in any Supplemental Agreement. The City shall provide notice to the Trustee at least forty-five (45) days prior to the date fixed for prepayment of the Certificates (or on such later date as

shall be consented to by the Trustee). The City and the Corporation agree that such prepayments shall be credited toward the City's obligations hereunder corresponding to the resulting prepayment of the Certificates and Additional Certificates in accordance with Section 4.03 of the Trust Agreement and any Supplemental Agreement on the dates and at the prepayment prices provided therein.

ARTICLE XI

MISCELLANEOUS

Section 11.1 Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed to have been received on the earlier of the day of actual receipt or five (five) Business Days after deposit in the United States mail in first-class or certified form, postage prepaid, to the City or the Corporation, as the case may be, at the addresses indicated in Section 14.05 of the Trust Agreement. The Corporation, the City, and the Trustee, by notice given hereunder, may designate different addresses to which subsequent notices, certificates or other communications will be sent.

Section 11.2 Binding Effect. This Lease shall be binding upon and inure to the benefit of the Corporation and the City and their respective successors and assigns. Whenever in this Lease either the Corporation or the City is named or referred to, such reference shall be deemed to include the successors or assigns thereof and all the covenants and agreements in this Lease contained by or on behalf of the Corporation or the City shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 11.3 Severability. In the event any provision of this Lease shall be held invalid or unenforceable by a court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 11.4 Execution in Counterparts. This Lease may be executed in any number of counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 11.5 Applicable Law. This Lease shall be governed by and construed in accordance with the laws of the State

Section 11.6 Representatives. Whenever under the provisions of this Lease the approval of the Corporation or the City is required, or the Corporation or the City is required to take some action at the request of the other, such approval or such request shall be given for the City by the City Representative, and for the Corporation by the Corporation Representative, and any party hereto shall be authorized to rely upon any such approval or request.

Section 11.7 Captions. The captions or headings in this Lease are for convenience only and in no way define, limit or describe the scope of intent of any provision or Section of this Lease.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, the Corporation has caused this Lease to be executed in its name by its duly authorized officer, and the City has caused this Lease to be executed in its name by its duly authorized officer, as of the date and year first above written.

CUPERTINO PUBLIC FACILITIES
CORPORATION, as lessor

By: _____
Steven Scharf
President

ATTEST:

Kristen Squarcia
Secretary

CITY OF CUPERTINO, as lessee

By: _____
Steven Scharf
Mayor

ATTEST:

Kristen Squarcia
City Clerk

CERTIFICATE OF ACCEPTANCE

This is to certify that the interest in the Leased Premises conveyed under the foregoing to the City of Cupertino ("the "City"), a municipal corporation and a general law city duly organized under and by virtue of the laws of the State of California, is hereby accepted by the undersigned officer or agent on behalf of the City, pursuant to authority conferred by resolution of the said City Council adopted on September 15, 2020, and the City consents to recordation of a memorandum thereof by its duly authorized officer.

Dated: October __, 2020

CITY OF CUPERTINO

By: _____
Steven Scharf
Mayor

ATTEST:

Kirsten Squarcia
City Clerk

EXHIBIT A
SCHEDULE OF LEASE PAYMENTS

[To Come At Pricing]

<i>Interest Payment Date*</i>	<i>Principal Component</i>	<i>Interest Component</i>	<i>Lease Payments</i>
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* Lease Payments are due on the second Business Day prior to each Interest Payment Date, as provided under the Lease Agreement.

EXHIBIT B

LEGAL DESCRIPTION OF THE LEASED PREMISES

Real property in the City of Cupertino, County of Santa Clara, State of California, described as follows:

PARCEL ONE:

LOT 7, AS SHOWN ON THAT CERTAIN MAP ENTITLED TRACT NO. 3743 CUPERTINO TOWN CENTER, WHICH MAP WAS FILED FOR RECORD IN THE OFFICE OF THE RECORDER OF THE COUNTY OF SANTA CLARA, STATE OF CALIFORNIA ON OCTOBER 16, 1964, IN BOOK 186 OF MAPS, PAGE(S) 36 AND 37

PARCEL TWO:

PARCELS A, B, C & D, AS SHOWN ON THAT CERTAIN PARCEL MAP ENTITLED, "PARCEL MAP, BEING ALL OF LOT 4, TRACT NO. 3743, CITY OF CUPERTINO", WHICH PARCEL MAP WAS FILED FOR RECORD IN THE OFFICE OF THE RECORDER OF THE COUNTY OF SANTA CLARA, STATE OF CALIFORNIA ON MARCH 07, 1974 IN BOOK 337 OF MAPS, PAGE 11.

APN 369-31-033

RECORDING REQUESTED BY:

City of Cupertino

AND WHEN RECORDED MAIL TO:

Stradling Yocca Carlson & Rauth
660 Newport Center Drive, Suite 1600
Newport Beach, California 92660
Attn: Vanessa S. Legbandt, Esq.

[Space above for Recorder's use.]

THIS DOCUMENT IS RECORDED FOR THE BENEFIT OF THE CITY OF CUPERTINO AND RECORDING IS FEE EXEMPT UNDER §27383 OF THE GOVERNMENT CODE AND REVENUE AND TAX CODE §11929. THE GRANTOR AND THE GRANTEE ARE GOVERNMENTAL AGENCIES. LEASE TERM LESS THAN 35 YEARS.

MEMORANDUM OF LEASE AGREEMENT

by and between

**CUPERTINO PUBLIC FACILITIES CORPORATION,
as Lessor**

and

**CITY OF CUPERTINO,
as Lessee**

Dated as of October 1, 2020

Relating to

\$ _____

**CITY OF CUPERTINO
2020A CERTIFICATES OF PARTICIPATION**

MEMORANDUM OF LEASE AGREEMENT

THIS MEMORANDUM OF LEASE AGREEMENT (the “Memorandum”) made and entered into as of the 1st day of October, 2020, by and between the CITY OF CUPERTINO, a municipal corporation and general law city duly organized and existing under and by virtue of the laws of the State of California (the “City”) and the CUPERTINO PUBLIC FACILITIES CORPORATION, a nonprofit public benefit corporation duly organized and existing under and by virtue of the laws of the State of California (the “Corporation”), is to give notice of the Lease, defined in Section 3 below and the rights and obligations of the parties with respect to the Lease as follows:

1. The City is the owner of certain real property legally described in Exhibit A attached hereto and made a part hereof, including any improvements thereon (the “Leased Premises”).

2. The City has pursuant to a Site Lease, dated as of October 1, 2020 (the “Site Lease”), by and between the City and the Corporation, being recorded currently herewith, leased all of the Leased Premises to the Corporation.

3. The Corporation has pursuant to that certain unrecorded Lease Agreement, dated as of October 1, 2020 (the “Lease”), between the Corporation and the City, leased to the City the Leased Premises. All capitalized terms in this Memorandum not otherwise defined herein shall have the same meaning as set forth in the Lease.

4. Certain of the Corporation’s rights under the Lease, including the right to receive and enforce payment of the Lease Payments and Additional Payments to be made by the City under the Lease, have been assigned absolutely to The Bank of New York Mellon Trust Company, N.A., a national banking association organized under the laws of the United States of America, as Trustee, subject to certain exceptions, without recourse for the benefit of the Owners of the Certificates, pursuant to the Assignment Agreement being recorded concurrently herewith, to which assignment the City hereby consents.

5. The Term of the Lease shall commence on the date of execution and delivery of the Certificates and shall end on June 1, 2030, unless extended or earlier terminated as provided therein. If on the final maturity date of the Certificates or any Additional Certificates all Interest Components and Principal Components represented thereby shall not be fully paid by the City as a result of a default in the payment of Lease Payments, or because the Lease Payments shall have been abated at any time as permitted by the terms of the Lease, then the Term shall be extended until all Certificates and Additional Certificates shall be fully paid, except that the Term shall in no event be extended beyond the tenth (10th) anniversary of the final scheduled maturity of any Certificate or Additional Certificate. Pursuant to the terms and conditions set forth in the Lease, the City may substitute alternate real property for any portion of the Leased Premises or release a portion of the Leased Premises from the lien of the Lease.

6. This Memorandum does not modify, alter, or amend the Lease in any way. If any conflict exists between the terms of the Lease and this Memorandum, the terms of the Lease will govern and determine for all purposes the relationship between City and Corporation, and their respective rights and duties.

7. This Memorandum may be executed in any number of counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, each of the parties hereto has executed this Memorandum of Lease as of the day and year first hereinabove written.

CITY OF CUPERTINO

By: _____
Steven Scharf
Mayor

ATTEST:

Kirsten Squarcia
City Clerk

CUPERTINO PUBLIC FACILITIES
CORPORATION

By: _____
Steven Scharf
President

ATTEST:

Kirsten Squarcia
Secretary

CERTIFICATE OF ACCEPTANCE

This is to certify that the interest in the Leased Premises conveyed under the foregoing to the City of Cupertino (the “City”), a municipal corporation and a general city duly organized under and by virtue of the laws of the State of California, is hereby accepted by the undersigned officer or agent on behalf of the City, pursuant to authority conferred by resolution of the said City Council adopted on September 15, 2020, and the City consents to recordation thereof by its duly authorized officer.

Dated: October __, 2020

CITY OF CUPERTINO

By: _____
Steven Scharf
Mayor

STATE OF CALIFORNIA)
)
COUNTY OF SANTA CLARA) ss.

personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal

SIGNATURE OF NOTARY PUBLIC

EXHIBIT A

LEGAL DESCRIPTION OF THE LEASED PREMISES

Real property in the City of Cupertino, County of Santa Clara, State of California, described as follows:

PARCEL ONE:

LOT 7, AS SHOWN ON THAT CERTAIN MAP ENTITLED TRACT NO. 3743 CUPERTINO TOWN CENTER, WHICH MAP WAS FILED FOR RECORD IN THE OFFICE OF THE RECORDER OF THE COUNTY OF SANTA CLARA, STATE OF CALIFORNIA ON OCTOBER 16, 1964, IN BOOK 186 OF MAPS, PAGE(S) 36 AND 37

PARCEL TWO:

PARCELS A, B, C & D, AS SHOWN ON THAT CERTAIN PARCEL MAP ENTITLED, "PARCEL MAP, BEING ALL OF LOT 4, TRACT NO. 3743, CITY OF CUPERTINO", WHICH PARCEL MAP WAS FILED FOR RECORD IN THE OFFICE OF THE RECORDER OF THE COUNTY OF SANTA CLARA, STATE OF CALIFORNIA ON MARCH 07, 1974 IN BOOK 337 OF MAPS, PAGE 11.

APN 369-31-033

RECORDING REQUESTED BY:

City of Cupertino

AND WHEN RECORDED MAIL TO:

Stradling Yocca Carlson & Rauth
660 Newport Center Drive, Suite 1600
Newport Beach, California 92660
Attn: Vanessa S. Legbandt, Esq.

[Space above for Recorder's use.]

This document is recorded for the benefit of the City of Cupertino
and recording is fee-exempt under §27383 of the Government
Code.

ASSIGNMENT AGREEMENT

by and between

CUPERTINO PUBLIC FACILITIES CORPORATION

and

**THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,
as Trustee**

Dated as of October 1, 2020

Relating to

\$ _____

**CITY OF CUPERTINO
2020A CERTIFICATES OF PARTICIPATION**

ASSIGNMENT AGREEMENT

This ASSIGNMENT AGREEMENT (this “Assignment Agreement”), dated as of October 1, 2020, by the CUPERTINO PUBLIC FACILITIES CORPORATION, a nonprofit public benefit corporation duly organized and existing under and by virtue of the laws of the State of California (the “Corporation”), and accepted by THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association organized under the laws of the United States of America, as trustee under the Trust Agreement (defined below) (the “Trustee”);

WITNESSETH:

WHEREAS, the Corporation and the City of Cupertino, a municipal corporation and a general law city duly organized and existing under and by virtue of the Constitution and laws of the State of California (the “City”), have executed and entered into a Site Lease (the “Site Lease”) and a Lease Agreement (the “Lease”), each dated as of the date hereof and recorded concurrently herewith, whereby, respectively, the City has agreed to lease certain real property of the City described in Exhibit A to the Site Lease and in Exhibit A hereto, including the existing improvements thereon (the “Leased Premises”), to the Corporation and the Corporation has agreed to lease back such Leased Premises to the City, as provided therein; and

WHEREAS, under and pursuant to the Lease, the City is obligated to make Lease Payments, as defined therein, to the Corporation for the lease of the Leased Premises; and

WHEREAS, the Corporation desires to assign absolutely, without recourse, all of its rights to receive the Lease Payments scheduled to be paid by the City under and pursuant to the Lease to the Trustee and certain of its other rights, title and interest under the Lease as described herein; and

WHEREAS, the Corporation desires to assign absolutely, without recourse, all of its rights to, under and pursuant to the Site Lease to the Trustee; and

WHEREAS, in consideration of such absolute assignment and the execution and entering into of a Trust Agreement (the “Trust Agreement”) dated as of the date hereof, by and among the Trustee, the Corporation and the City, the Trustee has agreed to execute and deliver certificates of participation designated as the City of Cupertino 2020A Certificates of Participation (the “Certificates”) in an aggregate principal amount equal to the aggregate principal component of such Lease Payments; and

WHEREAS, each party has determined that all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with its execution and entering into of this Assignment Agreement do exist, have happened and have been performed in regular and due time, form and manner as required by law and it is now duly authorized to execute and enter into the Assignment Agreement.

NOW, THEREFORE, IN CONSIDERATION OF THE PREMISES AND OF THE MUTUAL AGREEMENTS AND COVENANTS CONTAINED HEREIN AND FOR OTHER VALUABLE CONSIDERATION, THE PARTIES HERETO DO HEREBY AGREE AS FOLLOWS:

Section 1. Assignment.

(a) Site Lease. The Corporation hereby transfers, assigns absolutely and sets over to the Trustee, for the benefit of the Owners (as defined in the Trust Agreement) of the Certificates and any Additional Certificates executed and delivered under the Trust Agreement, all of the Corporation's rights, title, and interest under the Site Lease.

(b) Lease. The Corporation hereby transfers, assigns absolutely and sets over to the Trustee, for the benefit of the owners of the Certificates and any Additional Certificates executed and delivered under the Trust Agreement, all of the Corporation's rights, title and interest under the Lease (excepting only the Corporation's rights to indemnity and the payment of its fees and expenses under Sections 2.1(e), 4.11, 7.9, 7.14 and 9.4 of the Lease), including, without limitation, (1) the right to receive and collect all of the Lease Payments, Prepayments and Additional Payments (except to the extent payable to the Corporation) (as such terms are defined in the Trust Agreement) from the City under the Lease or the Trust Agreement, as applicable, (2) the right to receive and collect any proceeds of any insurance maintained thereunder, or any condemnation award rendered with respect to the Leased Premises, or of any lease of the Leased Premises in the event of a default by the City under the Lease, (3) the right to take all actions and give all consents under the Lease, including without limitation, Section 8.2(b) (regarding subleases), Section 8.3 (regarding amendments of the Lease) and Section 9.2 (regarding defaults), (4) the right to exercise such rights and remedies conferred on the Corporation pursuant to the Lease as may be necessary or convenient (i) to enforce payment of the Lease Payments, Prepayments and Additional Payments and any other amounts required to be deposited in the Lease Payment Fund, the Prepayment Fund or the Net Proceeds Fund established under the Trust Agreement, or (ii) otherwise to protect the interests of the Corporation in the event of a default by the City under the Lease, and (5) the right of the Corporation to receive rental in excess of Lease Payments as compensation for re-leasing the Leased Premises upon events of default under the Lease, as provided in Section 9.2(a) and (b) of the Lease. Notwithstanding the foregoing, only owners of Certificates and Additional Certificates secured by Lease Payments (as set forth in a Supplemental Agreement) shall have any right, interest and security in the Lease Payments and Prepayments.

(c) Assignment for Owners of Certificates. All rights assigned by the Corporation shall be administered by the Trustee as assignee thereof according to the provisions of the Trust Agreement and for the equal and proportionate benefits of the Owners of the Certificates and any Additional Certificates.

Section 2. Acceptance. The Trustee hereby accepts the foregoing assignment for the benefit of the Owners of the Certificates and any Additional Certificates, subject to the conditions and terms of the Trust Agreement, and all such Lease Payments shall be applied and all such rights so assigned shall be exercised by the Trustee under and pursuant to the Trust Agreement.

Section 3. Conditions. The Assignment Agreement shall confer no rights and shall impose no obligations upon the Trustee beyond those expressly provided in the Trust Agreement. The Trustee does not warrant the accuracy of the recitals hereto. The Trustee shall not be responsible for any representations, covenants or warranties of the Corporation. The assignment hereunder is to the Trustee solely in its capacity as Trustee under the Trust Agreement and not in its individual or personal capacity. The Trustee is not responsible for any representations, warranties or covenants made by the assignor under the Lease or the Site Lease.

Section 4. No Other Claim. The Corporation hereby represents and warrants that there are no present and outstanding claims on Lease Payments or any other moneys assigned by the Corporation to the Trustee hereunder.

Section 5. Counterparts. This Assignment Agreement may be executed in any number of counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 6. Applicable Law. This Assignment Agreement shall be governed by and construed in accordance with the laws of the State of California.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, the parties hereto have executed and entered into the Assignment Agreement by their officers thereunto duly authorized as of the day and year first above written.

CUPERTINO PUBLIC FACILITIES
CORPORATION

By: _____
Steven Scharf
President

ATTEST:

Kirsten Squarcia
Secretary

[SIGNATURES CONTINUED ON NEXT PAGE.]

[SIGNATURE PAGE CONTINUED.]

Accepted by:

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A.,
as Trustee

By: _____
Eladia Burgos
Authorized Officer

STATE OF CALIFORNIA)
)
COUNTY OF SANTA CLARA) ss.

personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal

SIGNATURE OF NOTARY PUBLIC

STATE OF CALIFORNIA)
)
COUNTY OF SANTA CLARA) ss.

personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal

SIGNATURE OF NOTARY PUBLIC

EXHIBIT A

DESCRIPTION OF THE LEASED PREMISES

Real property in the City of Cupertino, County of Santa Clara, State of California, described as follows:

PARCEL ONE:

LOT 7, AS SHOWN ON THAT CERTAIN MAP ENTITLED TRACT NO. 3743 CUPERTINO TOWN CENTER, WHICH MAP WAS FILED FOR RECORD IN THE OFFICE OF THE RECORDER OF THE COUNTY OF SANTA CLARA, STATE OF CALIFORNIA ON OCTOBER 16, 1964, IN BOOK 186 OF MAPS, PAGE(S) 36 AND 37

PARCEL TWO:

PARCELS A, B, C & D, AS SHOWN ON THAT CERTAIN PARCEL MAP ENTITLED, "PARCEL MAP, BEING ALL OF LOT 4, TRACT NO. 3743, CITY OF CUPERTINO", WHICH PARCEL MAP WAS FILED FOR RECORD IN THE OFFICE OF THE RECORDER OF THE COUNTY OF SANTA CLARA, STATE OF CALIFORNIA ON MARCH 07, 1974 IN BOOK 337 OF MAPS, PAGE 11.

APN 369-31-033