

Jones Hall Draft of October 2, 2025

PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER __, 2025**NEW ISSUE – BOOK ENTRY ONLY****RATING: S&P: “____”****See “RATING.”**

In the opinion of Jones Hall LLP, as Bond Counsel, subject, however, to certain qualifications described in this Official Statement, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. Interest on the Bonds may be subject to the corporate alternative minimum tax. In the further opinion of Bond Counsel, interest on the Bonds is exempt from State of California personal income tax. See “TAX MATTERS.”

[CITY LOGO]

\$ _____ *

SUNNYVALE FINANCING AUTHORITY
SOLID WASTE REVENUE BONDS, SERIES 2025

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

Authority for Issuance. The bonds captioned above (the “Bonds”) are being issued by the Sunnyvale Financing Authority (the “Authority”) under an Indenture of Trust, dated as of November 1, 2025, by and between the Authority and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”).

Use of Proceeds. The Bonds are being issued to (i) provide funds to design and construct certain improvements to the Sunnyvale Materials Recovery Transfer Station (“SmaRT Station”) (as further described herein, the “NextGen Project”), and (ii) pay the costs of issuing the Bonds.

Security for the Bonds. The Bonds are payable from and secured by all “Revenues” (as defined herein) received by the Authority, which consist primarily of installment payments (the “Installment Payments”) to be made by the City of Sunnyvale (the “City” or “Sunnyvale”) under an Installment Sale Agreement, dated as of November 1, 2025 (the “Installment Sale Agreement”), by and between the City and the Authority. The City’s obligation to make the Installment Payments is a special limited obligation of the City, secured by and payable from a pledge of the “Net Revenues” of its solid waste system (the “Solid Waste System”), defined generally as all charges received for, and all other income and revenues derived by the City from, the ownership or operation of the Solid Waste System, less maintenance and operation costs.

Bond Terms; Book-Entry Only. The Bonds will bear interest at the rates shown below, payable semiannually on May 1 and November 1 of each year, commencing May 1, 2026, and will be issued in fully registered form in the denomination of \$5,000 or any integral multiple of \$5,000. The Bonds will be issued in book-entry only form, initially registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”). Purchasers of the Bonds will not receive certificates representing their interests in the Bonds.

Redemption. Prior to their maturity, the Bonds are subject to optional redemption, as described in this Official Statement. See “THE BONDS – Redemption.”

THE BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE AUTHORITY AND ARE PAYABLE SOLELY FROM REVENUES DERIVED UNDER THE INDENTURE AS DESCRIBED HEREIN. NEITHER THE BONDS NOR THE OBLIGATION TO PAY PRINCIPAL OF OR INTEREST ON THE BONDS CONSTITUTES A DEBT OR A LIABILITY OF THE AUTHORITY, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL LIMITATION ON INDEBTEDNESS. IN NO EVENT WILL THE BONDS BE PAYABLE OUT OF ANY FUNDS OR PROPERTIES OTHER THAN THOSE OF THE AUTHORITY AS DESCRIBED IN THIS OFFICIAL STATEMENT.

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

Maturity Schedule
(see inside cover)

The Bonds are offered when, as and if issued and accepted by the Underwriter, subject to the approval as to their legality by Jones Hall LLP, as Bond Counsel. Certain legal matters will be passed upon for the Authority by the City Attorney and by Jones Hall LLP, as Disclosure Counsel. Certain legal matters will be passed on for the Underwriter by Stradling Yocca Carlson & Rauth LLP, Newport Beach, California. It is anticipated that the Bonds will be delivered in definitive form through the facilities of DTC on or about _____, 2025.

STIFEL

The date of this Official Statement is _____, 2025

 * Preliminary, subject to change.

MATURITY SCHEDULE

\$ _____
SUNNYVALE FINANCING AUTHORITY
SOLID WASTE REVENUE BONDS, SERIES 2025

<u>Maturity</u> <u>(November 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP†</u> <u>(Base _____)</u>
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\$ _____ % Term Bonds Due November 1, 20__; Price: _____ to Yield: _____%
CUSIP† _____

\$ _____ % Term Bonds Due November 1, 20__; Price: _____ to Yield: _____%
CUSIP† _____

† CUSIP Global Services (CGS) is managed on behalf of American Bankers Association by FactSet Research Systems Inc.
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substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the Authority, the
Trustee or the Underwriter take any responsibility for the accuracy of the CUSIP data

SUNNYVALE FINANCING AUTHORITY

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

Larry Klein, *Mayor/Chair*
Linda Sell, *Vice Mayor/Vice Chair*
Alysa Cisneros, *Councilmember*
Richard Mehlinger, *Councilmember*
Murali Srinivasan, *Councilmember*
Charlsie Chang, *Councilmember*
Eileen Le, *Councilmember*

CITY /AUTHORITY OFFICIALS

Tim Kirby, *City Manager/Executive Director*
Matt Paulin, *Finance Director/Treasurer*
Ramana Chinnakotla, *Director of Environmental Services*
David Carnahan, *City Clerk/Secretary*
Rebecca Moon, *City Attorney/General Counsel*

BOND COUNSEL AND DISCLOSURE COUNSEL

Jones Hall LLP
San Mateo, California

MUNICIPAL ADVISOR

Ross Financial
San Francisco, California

TRUSTEE

U.S. Bank Trust Company, National Association
Los Angeles, California

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

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

This Official Statement does not constitute an offer of any securities other than those described on the cover page or an offer to sell or a solicitation of an offer to buy, nor may there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. This Official Statement is not to be construed as a contract with the purchasers of the Bonds.

The information set forth in this Official Statement has been furnished by the Authority and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness. The information and expressions of opinion in this Official Statement are subject to change without notice and neither the delivery of this Official Statement nor any sale of the Bonds will, under any circumstances, create any implication that there has been no change in the affairs of the Authority since the date of this Official Statement.

The Underwriter has submitted the following statement 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.

Summaries and references to statutes and documents in this Official Statement do not purport to be comprehensive or definitive and are qualified in their entireties by reference to each such statute or document.

This Official Statement is submitted in connection with the sale of the Bonds and may not be reproduced or be used, as a whole or in part, for any other purpose.

In connection with the offering of the Bonds, the Underwriter may overallocate or effect transactions which stabilize or maintain the market price of the Bonds 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 Bonds to certain dealers and dealer banks and banks acting as agent and others at prices lower than the public offering prices stated on the cover page of this Official Statement, and those public offering prices may be changed from time to time by the Underwriter.

The Bonds have not been registered under the Securities Act of 1933, as amended, in reliance upon an exemption contained in that act. The Bonds have not been registered or qualified under the securities laws of any state.

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 "plan," "expect," "estimate," "project," "budget" or other similar words. Such forward-looking statements include, but are not limited to, certain statements contained in the information under the captions "THE SMART STATION" and "THE SOLID WASTE SYSTEM." The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors that 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 Authority does not plan to issue any updates or revisions to the forward-looking statements set forth in this Official Statement.

TABLE OF CONTENTS

INTRODUCTION	1	Historical Revenues and Expenses	30
Authority for Issuance	1	THE SOLID WASTE SYSTEM.....	32
The Authority.....	1	Solid Waste System Management	32
The City.....	1	Solid Waste Collection and Transfer.....	32
Financing Purpose	2	Service Area.....	33
Security for the Bonds.....	2	Rates, Fees and Charges	33
Rate Covenants	2	Customer Base.....	35
No Existing Parity Debt; Future Parity Debt.....	3	Capital Improvement Program	37
The Official Statement	3	No Senior or Parity Solid Waste System	
FINANCING PLAN.....	4	Obligations	37
General	4	Solid Waste System Historical Net Position.....	37
Sources and Uses.....	4	Solid Waste System Historical Revenues,	
THE BONDS	5	Expenses.....	37
Authority for Issuance	5	SOLID WASTE REGULATIONS	39
Bond Terms	5	California Integrated Waste Management	
Redemption.....	5	Act of 1989 (AB 939)	39
Debt Service Schedule	8	California Senate Bill 1383.....	40
SECURITY FOR THE BONDS	9	Closure and Post-closure Costs.....	40
Revenues; Pledge of Revenues	9	Federal and Other State Laws Governing	
Application of Gross Revenues.....	11	Solid Waste Disposal	41
Application of Bond Fund by Trustee	12	Air and Water Quality Regulations	41
Rate Covenants; Collection of Rates and		Compliance with Current Operating	
Charges.....	12	Standards	42
Enforcement of Memorandum of		RISK FACTORS.....	43
Understanding.....	13	Limited Obligations.....	43
Parity Debt	13	Sufficiency of Net Revenues	43
Insurance; Condemnation Awards.....	15	Limitations on Remedies and Limited	
THE CITY UTILITY ENTERPRISES.....	17	Recourse on Default.....	44
Enterprise Management.....	17	Expiration of Contract with Kirby Canyon.....	44
Enterprise Funds.....	17	Potential Impact of Climate Change.....	44
Budgeting and Planning Process.....	17	Natural Disasters.....	44
Utility Rate Setting	19	Public Health Emergencies	45
Billing and Collection Procedures	20	Cyber Security.....	45
Accounting Policies.....	20	Environmental Regulation	46
Financial Statements	21	Statutory and Regulatory Impact.....	46
THE SMaRT STATION	22	Flow Control	46
History	22	Certain Limitations on the Ability of	
Description of SMaRT Station Facility	22	Participants to Impose Taxes, Fees and	
SMaRT Station Memorandum of		Charges.....	47
Understanding.....	23	Tax Exemption of the Bonds	49
The NextGen Project	24	Secondary Market for Bonds.....	49
Management and Operation	25	CONTINUING DISCLOSURE	50
Historic Waste Flows	26	CERTAIN LEGAL MATTERS.....	50
City of Cupertino (Merchant user).....	27	NO LITIGATION	50
Description of Potential Alternative		TAX MATTERS	50
Disposal Sites	28	RATING.....	52
No Outstanding SMaRT Station		UNDERWRITING	52
Obligations	28	CONTINGENT FEES	52
Management and Operation	29	EXECUTION	53
SMaRT Station Fund	29		
APPENDIX A	GENERAL INFORMATION ABOUT THE CITY OF SUNNYVALE AND SANTA CLARA COUNTY		
APPENDIX B	SUNNYVALE AUDITED FINANCIAL STATEMENTS		
APPENDIX C	SUMMARY OF PRINCIPAL LEGAL DOCUMENTS		
APPENDIX D	PROPOSED FORM OF BOND COUNSEL OPINION		
APPENDIX E	FORM OF CONTINUING DISCLOSURE CERTIFICATE		
APPENDIX F	BOOK-ENTRY ONLY SYSTEM		

OFFICIAL STATEMENT

\$ _____ *

**SUNNYVALE FINANCING AUTHORITY
SOLID WASTE REVENUE BONDS, SERIES 2025**

INTRODUCTION

This Official Statement, which includes the cover page and appendices hereto, provides certain information concerning the sale and delivery of the bonds captioned above (the “Bonds”) being issued by the Sunnyvale Financing Authority (the “Authority”). Capitalized terms used but not defined herein have the meanings set forth in the Indenture. See “APPENDIX C – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS.”

Authority for Issuance

The Bonds are being issued pursuant to (i) the laws of the State of California (the “State”), including Article 4 of Chapter 5, Division 7, Title 1 of the Government Code of the State of California, commencing with Section 6584 of said Code (the “Bond Law”) (ii) an Indenture of Trust, dated as of November 1, 2025 (the “Indenture”), by and between the Authority and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”), and (iii) and resolutions adopted by the Board of Directors (the “Board”) of the Authority on [October 21], 2025 (the “Authority Resolution”), and by the City Council (the “City Council”) of the City of Sunnyvale (the “City” or “Sunnyvale”) on [October 21], 2025 (the “City Resolution”).

The Authority

The Authority was created by a Joint Exercise of Powers Agreement, dated September 29, 1992 (the “JPA Agreement”), between the City and the Redevelopment Agency of the City of Sunnyvale (the “Former Agency”), now succeeded by the Successor Agency to the Redevelopment Agency of the City of Sunnyvale. It is anticipated that the Sunnyvale Industrial Development Agency, which is governed by the City Council of the City, will replace the Successor Agency as a member of the JPA following the issuance of the Bonds.

The JPA Agreement was entered into pursuant to the Joint Exercise of Powers Act, Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California. The Authority was created to facilitate the financing of public improvements and facilities within the City. The Authority is administered by a governing board composed of the Mayor and the members of the City Council, and City staff members serve as staff to the Authority. The Authority has no independent staff.

The City

The City was incorporated on December 24, 1912 and its charter first became effective on May 18, 1949. The City is located 44 miles south of San Francisco on the San Francisco Bay peninsula, 10 miles northwest of San José. The City is home to Silicon Valley high-tech industry leaders (such as Apple, Google and LinkedIn, among others) in fields ranging from

* Preliminary; subject to change.

advanced satellite construction to pioneering biotechnology; from semiconductor research, design and manufacturing to leading edge telecommunications systems. See “APPENDIX A – GENERAL INFORMATION ABOUT THE CITY OF SUNNYVALE AND SANTA CLARA COUNTY.”

Financing Purpose

The proceeds of the sale of the Bonds will be used to (i) provide funds to design and construct certain improvements to the Sunnyvale Materials Recovery Transfer Station (the “SMaRT Station”) (as further described herein, the “NextGen Project”), and (ii) pay certain costs incurred in connection with issuing the Bonds. See “FINANCING PLAN.”

Security for the Bonds

The Bonds are payable from and secured by a first pledge of and lien on “Revenues” (as defined in this Official Statement), consisting primarily of installment payments (the “Installment Payments”) to be made by the City under an Installment Sale Agreement, dated as of November 1, 2025 (the “Installment Sale Agreement”), by and between the City and the Authority.

The City’s obligation to make the Installment Payments is a special limited obligation of the City, secured by and payable from a pledge of the “Net Revenues” of the solid waste refuse collection and disposal system of the City (the “Solid Waste System”), defined generally as all charges received for, and all other income and revenues derived by the City from, the ownership or operation of the Solid Waste System, less certain maintenance and operation costs. See “SECURITY FOR THE BONDS.” The Bonds are expected to be paid from Net Revenues and debt service payments from the City of Mountain View pursuant to the New Memorandum of Understanding (the “Memorandum of Understanding”) between the City and the City of Mountain View.

No Reserve Fund

No debt service reserve fund or account will be established by the Authority or the City in connection with the issuance of the Bonds.

Rate Covenants

Under the Installment Sale Agreement, the City covenants to:

(a) fix, prescribe, revise and collect Charges for the Solid Waste System during each Fiscal Year which are at least sufficient after making allowances for contingencies and error in the estimates, to produce Gross Revenues (including any transfers from a rate stabilization reserve account into the Solid Waste Management Fund) which, together with Mountain View Debt Service Payments and Participant Debt Service Payments, are sufficient to pay 100% of the following amounts in the following order: (i) all Maintenance and Operation Costs estimated by the City to become due and payable in such Fiscal Year; (ii) the Installment Payments and Debt Service on any Parity Debt to become due and payable in such Fiscal Year (iii) all other payments required for compliance with this Installment Sale Agreement and any Parity Debt Instruments; and (iv) all payments required to meet any other obligations of the City which are charges, liens, encumbrances upon or payable from the Gross Revenues; and

(b) fix, prescribe, revise and collect Charges for the Solid Waste System during each Fiscal Year which are sufficient to yield Net Revenues (including any transfers from a rate stabilization reserve account into the Solid Waste Management Fund), which, together with Mountain View Debt Service Payments and Participant Debt Service Payments, are at least equal to 120% of the Installment Payments and the Debt Service on any Parity Debt to become due and payable in such Fiscal Year.

For additional details, see "SECURITY FOR THE BONDS – Rate Covenants; Collection of Rates and Charges."

No Existing Parity Debt; Future Parity Debt

Currently, the Solid Waste System has no outstanding bonds or other obligations payable on a senior or parity basis with the Installment Payments securing the Bonds. However, the City may incur parity debt obligations in the future. See "SECURITY FOR THE BONDS – Parity Debt."

The Official Statement

This Official Statement contains brief descriptions of, among other things, the Authority, the City, the Solid Waste System, the SMaRT Station, the Memorandum of Understanding, the Bonds, the Installment Sale Agreement and the Indenture. Such descriptions do not purport to be comprehensive or definitive. All references in this Official Statement to documents are qualified in their entirety by reference to such documents, and references to the Bonds are qualified in their entirety by reference to the form of Bond included in the Indenture. Copies of these documents may be obtained from the Trustee or the Authority.

FINANCING PLAN

General

The proceeds of the sale of the Bonds will be used for the following purposes: (i) to provide funds to design and construct certain improvements to the SMaRT Station (the "NextGen Project") and (ii) to pay certain costs incurred in connection with issuing the Bonds. For additional details on the NextGen project, see "THE SMART STATION - The NextGen Project".

Sources and Uses

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

Sources:

Principal Amount of Bonds	\$
Plus/Less [Net] Original Issue Premium/Discount	_____
<i>TOTAL SOURCES</i>	<i>\$</i>

Uses:

Deposit to Project Fund ⁽¹⁾	\$
Costs of Issuance ⁽²⁾	_____
<i>TOTAL USES</i>	<i>\$</i>

(1) Includes \$[] million in reimbursement costs to the City.

(2) Represents funds to be used to pay Costs of Issuance, which include rating agency fees, bond counsel, disclosure counsel, Trustee fees, municipal advisor fees, Underwriter's discount and other costs of issuing the Bonds.

THE BONDS

Authority for Issuance

The Bonds are being issued pursuant to (i) the laws of the State, including the Bond Law, (ii) the Indenture, (iii) and the Authority Resolution (which was adopted by the Board of the Authority on _____, 2025) and (iv) the City Resolution (which was adopted by the City Council on _____, 2025).

Bond Terms

Dated Date and Maturities. The Bonds will be dated their date of delivery. Subject to the redemption provisions outlined below, the Bonds will mature on the dates and in the amounts set forth on the cover page of this Official Statement.

Interest and Principal. Each Bond will bear interest at the rates set forth on the cover page of this Official Statement, payable semiannually on May 1 and November 1 of each year, beginning on May 1, 2026 (each, an “Interest Payment Date”). Each Bond will bear interest from the Interest Payment Date next preceding its date of authentication, unless (a) it is authenticated after a Record Date (where the term “Record Date” means the fifteenth day of the calendar month immediately preceding each Interest Payment Date) and on or before the following Interest Payment Date, in which event it will bear interest from such Interest Payment Date, or (b) unless it is authenticated on or before the first Record Date, in which event it will bear interest from the Closing Date; *provided, however*, that if, as of the date of authentication of any Bond, interest thereon is in default, such Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

The holder of \$1,000,000 or more in aggregate principal amount of Bonds may request, by written request including such holder’s wire instructions to be filed at least five days before the applicable Record Date, that the Trustee pay the interest thereon by wire transfer in immediately available funds to an account in the United States.

Book-Entry Only System. The Bonds will be issued as fully registered bonds, registered in the name of Cede & Co. as nominee of The Depository Trust Company (“DTC”) and will be available to ultimate purchasers in the denomination of \$5,000 or any integral multiple of \$5,000, under the book-entry system maintained by DTC. While the Bonds are subject to the book-entry system, the principal, interest and any prepayment premium with respect to a Bond will be paid by the Trustee to DTC, which in turn is obligated to remit such payment to its DTC Participants for subsequent disbursement to Beneficial Owners of the Bonds as described in this Official Statement. See “APPENDIX F – BOOK-ENTRY ONLY SYSTEM.”

Redemption

Optional Redemption. The Bonds are subject to redemption in whole, or in part at the Written Request of the Authority among maturities on such basis as the Authority may designate and by lot within a maturity, at the option of the Authority, on any date on or after November 1, _____, from any available source of funds, at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed, plus accrued interest to the date of redemption, without premium.

Mandatory Sinking Fund Redemption. The Bonds are subject to mandatory redemption in part by lot, at a redemption price equal to 100% of the principal amount thereof to be redeemed, without premium, in the aggregate respective principal amounts and on November 1 in the respective years as set forth in the following table; *provided, however*, that if some but not all of the Bonds have been optionally redeemed as described above, the total amount of all future sinking fund payments shall be reduced by the aggregate principal amount of the Bonds so redeemed, to be allocated among such sinking fund payments on a pro rata basis in integral multiples of \$5,000 (as set forth in a schedule provided by the Authority to the Trustee).

Sinking Fund Redemption Date (November 1)	Principal Amount To Be Redeemed
---	------------------------------------

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

Notice of Redemption. The Trustee shall mail notice of redemption of the Bonds by first class mail, postage prepaid, not less than 30 nor more than 60 days before any redemption date, to the respective Owners of any Bonds designated for redemption at their addresses appearing on the Registration Books and to one or more Securities Depositories and to the Information Services. Each notice of redemption shall state the date of the notice, the redemption date, the place or places of redemption, whether less than all of the Bonds are to be redeemed, the CUSIP numbers and (in the event that not all Bonds are called for redemption) the Bond numbers of the Bonds to be redeemed and the maturity or maturities of the Bonds to be redeemed, and in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall also state that on the redemption date there will become due and payable on each of said Bonds the redemption price thereof, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such Bonds be then surrendered. Neither the failure to receive any notice nor any defect therein shall affect the sufficiency of the proceedings for such redemption or the cessation of accrual of interest from and after the redemption date. Notice of redemption of Bonds shall be given by the Trustee, at the expense of the Authority, for and on behalf of the Authority.

Right to Rescind. The Authority has the right to rescind any notice of the optional redemption of Bonds under the Indenture by written notice to the Trustee on or prior to the date fixed for redemption. Any notice of redemption shall be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation shall not constitute an Event of Default. The Authority and the Trustee have no liability to the Bond Owners or any other party related to or arising from such rescission of redemption. The Trustee shall mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent.

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

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

Debt Service Schedule

The following table sets forth the annual debt service on the Bonds (assuming no early redemptions).

Debt Service Schedule

<u>Nov. 1</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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TOTAL

Source: Underwriter.

SECURITY FOR THE BONDS

This section provides summaries of the security for the Bonds and certain provisions of the Indenture, the Installment Sale Agreement and the Installment Payments. See "APPENDIX C – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS" for a more complete summary of the Indenture, the Installment Sale Agreement and the Installment Payments. Capitalized terms used but not defined in this section have the meanings given in APPENDIX C.

Revenues; Pledge of Revenues

Pledge of Revenues and Funds. Subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein, all of the Revenues and all amounts (including proceeds of the sale of the Bonds) held in any fund or account established under the Indenture are pledged to secure the payment of the principal of and interest and premium (if any) on the Bonds in accordance with their terms and the provisions of the Indenture. Said pledge constitutes a lien on and security interest in the Revenues and such amounts and shall attach, be perfected and be valid and binding from and after the Closing Date, without the need for any physical delivery thereof or further act.

Assignment of Rights to Trustee. Under the Indenture, the Authority irrevocably transfers, assigns and sets over to the Trustee, without recourse to the Authority, all of its rights in the Installment Sale Agreement (excepting only certain of the Authority's rights), including but not limited to all of the Authority's rights to receive and collect all of the Installment Payments. The Trustee is entitled to collect and receive all of the Installment Payments, and any Installment Payments collected or received by the Authority shall be deemed to be held, and to have been collected or received, by the Authority as the agent of the Trustee and shall forthwith be paid by the Authority to the Trustee. The Trustee is also entitled to and shall, subject to the provisions of the Indenture, take all steps, actions and proceedings which the Trustee determines to be reasonably necessary in its judgment to enforce, either jointly with the Authority or separately, all of the rights of the Authority and all of the obligations of the City under the Installment Sale Agreement.

Definition of Revenues Securing Bonds. "Revenues" are defined in the Indenture as:

- (a) all of the Installment Payments (which are defined in the Indenture as all payments required to be paid by the City on any date under the Installment Sale Agreement, including any amounts payable upon delinquent installments and including any prepayment thereof under the Installment Sale Agreement), and
- (b) all interest, profits or other income derived from the investment of amounts in any fund or account established under the Indenture.

Definition of Net Revenues Securing Installment Payments. Under the Installment Sale Agreement, the City has pledged to make the Installment Payments to the Authority from the Net Revenues of the Solid Waste System .

The term "Net Revenues" is defined, with respect to the Solid Waste System, for any period of computation, as the amount of the "Gross Revenues" received from the Solid Waste System during such period less the amount of "Maintenance and Operation Costs" of the Solid Waste System becoming payable during such period, defined as follows:

- The term “Gross Revenues” is defined, for any period of computation, as all gross charges received for, and all other gross income and revenues derived by the City from, the ownership or operation of the Solid Waste System or otherwise arising from the Solid Waste System during such period, including but not limited to (a) all Charges received by Sunnyvale for use of the Solid Waste System, and (b) all receipts derived from the investment of the Solid Waste Management Fund held by Sunnyvale. In addition, for purposes of calculating Gross Revenues, (a) to the extent that Sunnyvale appropriates funds into a rate stabilization reserve account for the Solid Waste System, a deduction will be made from Gross Revenues in the Fiscal Year during which the transfer occurred, and (b) to the extent that Sunnyvale appropriates funds from a rate stabilization reserve account for the Solid Waste System into the Solid Waste Fund, Sunnyvale may count the funds so transferred as Gross Revenues in the Fiscal Year in which the transfer occurs. Gross Revenues do not include Mountain Debt Service Payments or Participant Debt Service Payments.

- The term “Maintenance and Operation Costs” is defined as (i) the reasonable and necessary costs spent or incurred by Sunnyvale for maintaining and operating the Solid Waste System, calculated in accordance with sound accounting principles, and all reasonable and necessary expenses of management and repair and other expenses to maintain and preserve the Solid Waste System in good repair and working order, and including all Personnel Costs insurance, taxes (if any), expenses, compensation and indemnification of the Trustee, and fees of auditors, accountants, attorneys or engineers, and including all other reasonable and necessary costs of Sunnyvale or charges required to be paid by it to comply with the terms of the Installment Sale Agreement or any Parity Debt Instrument and (ii) the Net SMaRT Station Payments; but excluding depreciation, replacement and obsolescence charges or reserves therefor, amortization of intangibles or other bookkeeping entries of a similar nature, and General Fund Administration.

- The term “Personnel Costs” is defined as the costs of salaries, wages and the necessary contribution to retirement of Solid Waste System employees.

- The term “Net SMaRT Station Payments” is defined as (i) reasonable and necessary costs spent or incurred by Sunnyvale for maintaining and operating the SMaRT Station, calculated in accordance with sound accounting principles, and all reasonable and necessary expenses of management and repair and other expenses to maintain and preserve the SMaRT Station in good repair and working order, net of (ii) SMaRT Station Revenues.

- The term “SMaRT Station Revenues” is defined as all gross charges and revenues derived by Sunnyvale from the ownership or operation of the SMaRT Station, including operating payments made to the City under the Memorandum of Understanding, payments from other public entities and solid waste haulers whose inhabitants or customers are served by the SMaRT Station pursuant to contracts with the City, and payments from members of the general public. SMaRT Station Revenues do not include Mountain Debt Service Payments or Participant Debt Service Payments.

- The term “General Fund Administration” is defined as annual overhead reimbursement transfers from the Solid Waste Management Fund to the City’s General Fund, which are accounted for as General Fund Administration in the financial statements for the Solid Waste System.
- The term “Mountain View Debt Service Payments” is defined as payments scheduled to be made by Mountain View to pay (i) the Installment Payments under the Memorandum of Understanding and (ii) Debt Service on any Parity Debt.
- The term “Participant Debt Service Payments” is defined as payments scheduled to be made by a Participant to pay Debt Service on any Parity Debt.
- The term “Debt Service” is defined as during any period of computation, the amount obtained for such period by totaling the following amounts (i) the scheduled Installment Payments, except to the extent payable solely from any security deposit under the Installment Sale Agreement, (ii) the principal amount of all Parity Debt scheduled to be paid or redeemed by operation of mandatory sinking fund redemption payments in such period, except to the extent payable solely from a security deposit under the applicable Parity Debt Instrument; and (iii) the interest which would be due during such period on the aggregate principal amount of all Parity Debt in such period if the Parity Debt is paid or redeemed as scheduled, except to the extent payable solely from a security deposit under the applicable Parity Debt Instrument.

Application of Gross Revenues

The City is required under the Installment Sale Agreement to deposit all Gross Revenues of the Solid Waste System as received in the Solid Waste Management Fund. The City will apply, transfer, use and withdraw those funds in the following order of priority:

- (1) all Maintenance and Operation Costs;
- (2) the Installment Payments and all Debt Service on any Parity Debt, except to the extent that any such Installment Payments or Parity Debt may be paid with Mountain View Debt Service Payments or Participant Debt Service Payments;
- (3) amounts required to remedy any deficiency in any reserve fund established for Parity Debt;
- (4) any other payments required to comply with the provisions of the Installment Sale Agreement and any Parity Debt Documents, including the Additional Payments; and
- (5) any other lawful purposes of the Gross Revenues, including (A) the payment of any subordinate obligations or any unsecured obligations, (B) the acquisition and construction of improvements to the Solid Waste System or the SMaRT Station, (C) the prepayment of any obligations of the City relating to the Solid Waste System, (D) the administrative costs of the City attributable to the Solid Waste System, including General

Fund Administration, and (E) deposits into a rate stabilization reserve account for the Solid Waste System or the SMaRT Station.

In addition, the City is required to deposit all SMaRT Station Revenues, Mountain View Debt Service Payments and Participant Debt Service Payments, when and as received in the SMaRT Station Fund, and to apply such funds in accordance with the Memorandum of Understanding or other applicable contracts with the City.

Payment of the Installment Payments and the Debt Service on any Parity Debt will be made from Net Revenues without preference or priority among the Installment Payments and such Parity Debt. If the amount of Net Revenues is at any time insufficient to enable the City to pay when due the Installment Payments and the Debt Service on any Parity Debt, such payments will be made From Net Revenues on a pro rata basis based on the scheduled payment, without taking into account Mountain View Debt Service Payments, Participant Debt Service Payments or amounts in a debt service reserve account.

Application of Bond Fund by Trustee

Under the Indenture, all Revenues shall be promptly deposited by the Trustee upon receipt thereof in a special fund designated as the "Bond Fund" which the Trustee shall establish, maintain and hold in trust; except that all moneys received by the Trustee and required under the Indenture or under the Installment Sale Agreement to be deposited in the Redemption Fund shall be promptly deposited in such funds. All Revenues deposited with the Trustee shall be held, disbursed, allocated and applied by the Trustee only as provided in the Indenture. Any surplus remaining in the Bond Fund, after payment in full of (i) the principal of and interest on the Bonds or, and (ii) any applicable fees and expenses to the Trustee shall be withdrawn by the Trustee and remitted to the City.

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

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

Deposit to Principal Account. The Trustee shall deposit in the Principal Account an amount required to cause the aggregate amount on deposit in the Principal Account to equal the principal amount of the Bonds coming due and payable on such Interest Payment Date, including the principal amount of Bonds which are subject to mandatory sinking fund redemption on such Interest Payment Date under the Indenture.

Rate Covenants; Collection of Rates and Charges

Gross Revenues Sum Sufficiency Rate Covenant. Under the Installment Sale Agreement, the City will be obligated to fix, prescribe, revise and collect Charges for the Solid Waste System during each Fiscal Year which are at least sufficient after making allowances for contingencies and error in the estimates, to produce Gross Revenues (including any transfers from a rate stabilization reserve account into the Solid Waste Management Fund) which,

together with Mountain View Debt Service Payments and Participant Debt Service Payments, are sufficient to pay 100% of the following amounts in the following order:

- I. all Maintenance and Operation Costs estimated by the City to become due and payable in such Fiscal Year;
- II. the Installment Payments and any Debt Service on Parity Debt to become due and payable in such Fiscal Year;
- III. all other payments required for compliance with this Installment Sale Agreement and any Parity Debt Instruments; and
- IV. all payments required to meet any other obligations of the City which are charges, liens, encumbrances upon or payable from the Gross Revenues.

Net Revenues Rate Covenant. In addition, the City will be obligated to fix, prescribe, revise and collect Charges for the Solid Waste System during each Fiscal Year which are sufficient to yield Net Revenues (including any transfers from a rate stabilization reserve account into the Solid Waste Management Fund) which, together with Mountain View Debt Service Payments and Participant Debt Service Payments, are at least equal to 120% of the Installment Payments and the Debt Service on any Parity Debt to become due and payable in such Fiscal Year.

Enforcement of Memorandum of Understanding

Under the Installment Sale Agreement, the City will be obligated to take all steps necessary to comply with, and to enforce the obligations of Mountain View under the Memorandum of Understanding.

Parity Debt

No Senior Obligations Payable from Gross Revenues or Net Revenues. The City may not issue or incur any additional bonds or other obligations during the Term of the Installment Sale Agreement having any priority in payment of principal or interest out of the Gross Revenues, the Net Revenues over the Installment Payments. Nothing therein limits or affects the ability of the City to issue or incur (a) Parity Debt as described below, or (b) obligations which are either unsecured or which are secured by an interest in the Net Revenues which is junior and subordinate to the pledge of and lien upon the Net Revenues.

Test for Issuing Parity Debt. In addition to the Installment Payments, the City may issue or incur other loans, advances or indebtedness ("Parity Debt") payable from Net Revenues to provide financing for the Solid Waste System, in such principal amount as shall be determined by the Authority. The Authority may issue or incur Parity Debt upon execution of a Parity Debt Instrument and upon compliance with the following conditions precedent:

(a) ***Compliance with Covenants.*** The City must be in compliance with all covenants set forth in the Installment Sale Agreement.

(b) ***Debt Service Coverage.*** The Net Revenues (excluding any transfers from a rate stabilization reserve account to the Solid Waste Management Fund), calculated on sound accounting principles, as shown by the books of the City for the latest Fiscal Year or any 12-month period selected by the City occurring during the 18 months prior to the approval by the City Council of the Parity Debt Instrument pursuant to which such Parity Debt is incurred, as shown by the books of the City, plus, at the option of the City, any or all of the items described in clauses (i) and (ii) of this paragraph, shall at least equal 120% of the result of the following equation: Maximum

Annual Debt Service immediately subsequent to the issuance of such Parity Debt minus the Mountain View Debt Service Payments and Participant Debt Service Payments for the Fiscal Year in which the Maximum Annual Debt Service occurs. For purposes of calculating Net Revenues to demonstrate compliance with the preceding sentence, any or all of the following items may be added to Net Revenues:

(i) An allowance for Net Revenues from any additions to or improvements or extensions of the Solid Waste System to be made with the proceeds of such Parity Debt, and also for Net Revenues from any such additions, improvements or extensions which have been made from moneys from any source but in any case which, during all or any part of such Fiscal Year or such 12-month period, were not in service, all in an amount equal to 90% of the estimated additional average annual Net Revenues to be derived from such additions, improvements and extensions for the first 36-month period in which each addition, improvement or extension is respectively to be in operation, all as shown in the written report of an Independent Consultant engaged by the City; and

(ii) An allowance for earnings arising from any increase in the Charges which has become effective prior to the incurring of such additional indebtedness but which, during all or any part of such Fiscal Year or such 12-month period, was not in effect, in an amount equal to the amount by which the Net Revenues would have been increased if such increase in Charges had been in effect during the whole of such Fiscal Year or such 12-month period, all as shown in the written report of an Independent Consultant engaged by the City.

(c) ***Parity Debt Instrument.*** The Parity Debt Instrument providing for the issuance of Parity Debt must provide that:

(i) The proceeds of such Parity Debt shall be applied to the acquisition, construction, improvement, financing or refinancing of facilities, equipment or improvements of the Solid Waste System or the SMaRT Station, or otherwise for facilities, improvements or property which the City determines are of benefit to the Solid Waste System or the SMaRT Station, or for the purpose of refunding the Installment Payments or any Parity Debt in whole or in part, including all costs (including costs of issuing such Parity Debt, capitalized interest on such Parity Debt during any period which the City deems necessary or advisable, and a reserve account for such Parity Debt) relating thereto;

(ii) Interest on such Parity Debt will be payable on an Interest Payment Date; and

(iii) The principal of such Parity Debt will be payable on November 1 in any year in which principal is payable.

For purposes of illustration but not limitation, Parity Debt secured by a pledge of Net Revenues on a parity basis with the Installment Payments could be issued in the following forms:

(i) the City could enter into an installment payment agreement to finance improvements to the SMaRT Station secured by a pledge of Net

Revenues and additional payments made by Mountain View under the Memorandum of Understanding;

(ii) the City could enter into an installment payment agreement to finance improvements to the SMaRT Station secured by a pledge of Net Revenues and additional payments made by Mountain View under a different agreement with the City;

(iii) the City could enter into an installment payment agreement to finance improvements to the SMaRT Station secured by a pledge of Net Revenues and Participant Debt Service Payments;

(iii) the City could issue bonds to finance improvements to the Solid Waste System or the SMaRT Station secured by a pledge of Net Revenues only.

Insurance; Condemnation Awards

Insurance. The City will at all times maintain such insurance on the Solid Waste System as is customarily maintained with respect to works and properties of like character against accident to, loss of or damage to such works or properties. All amounts collected from insurance against accident to or destruction of any portion of the Solid Waste System shall be deposited in an Insurance and Condemnation Fund established and held by the City and applied as follows:

(i) If the City has determined that it needs to use the insurance proceeds to make additions, betterments, extensions or improvements to the Solid Waste System in order for the City to comply with the covenant in the Installment Sale Agreement to operate the Solid Waste System in an efficient and economical manner and to operate, maintain and preserve the Solid Waste System in good repair and working order (the "Operation Covenant"), the City shall use such insurance proceeds to make such additions, betterments, extensions or improvements. If the amount of such insurance proceeds shall exceed the costs of such additions, betterments, extensions or improvements that are required for the City to comply with the Operation Covenant, the excess shall be applied to any lawful purpose of the Solid Waste System, including (A) the payment of Installment Payments and payments on any Parity Debt, (B) the prepayment or discharge of Installment Payments and payments on any Parity Debt and (C) the payment of capital costs of improvements to the Solid Waste System or the SMaRT Station.

(ii) If the City has determined that it does not need to use the insurance proceeds to make additions, betterments, extensions or improvements to the Solid Waste System in order for the City to comply with the Operation Covenant, the City shall use such award for any lawful purpose of the Solid Waste System, including (i) the payment of Installment Payments and payments on any Parity Debt, (ii) the prepayment or discharge of Installment Payments and payments on any Parity Debt and (iii) the payment of capital costs of improvements to the Solid Waste System or the SMaRT Station.

(iii) Notwithstanding the foregoing, to the extent the insurance proceeds relate to improvements financed by the Bonds, until such time as the Bonds have been redeemed or paid at maturity, (A) any use of such related insurance proceeds shall comply with the tax covenants set forth in the Installment Sale Agreement, (B) such

related insurance proceeds may not pay debt service on or prepay, discharge or redeem any Parity Debt, (C) if such related insurance proceeds will be used to pay debt service on or prepay, discharge or redeem the Installment Payments and the Bonds, they cannot be invested at a yield that is greater than the arbitrage yield of the Bonds and (iv) if the Bonds are refunded by tax-exempt refunding bonds ("Refunding Bonds"), such related insurance proceeds in the Insurance and Condemnation Fund shall be transferred to an insurance and condemnation fund established for the Refunding Bonds and used for purposes not inconsistent with the tax covenants set forth in the Installment Sale Agreement.

Condemnation Awards. If all or any part of the Solid Waste System shall be taken by eminent domain proceedings, any amounts received as awards shall be deposited in an Insurance and Condemnation Fund established and held by the City and applied as follows:

(i) If the City has determined that it needs to use the award to make additions, betterments, extensions or improvements to the Solid Waste System in order for the City to comply with the Operation Covenant, the City shall use such award to make such additions, betterments, extensions or improvements. If the amount of such award shall exceed the costs of such additions, betterments, extensions or improvements that are required for the City to comply with the Operation Covenant, the excess shall be applied to any lawful purpose of the Solid Waste System, including (A) the payment of Installment Payments and payments on any Parity Debt, (B) the prepayment or discharge of Installment Payments and payments on any Parity Debt and (C) the payment of capital costs of improvements to the Solid Waste System or the SMaRT Station.

(ii) If the City has determined that it does not need to use the award to make additions, betterments, extensions or improvements to the Solid Waste System in order for the City to comply with the Operation Covenant, the City shall use such award for any lawful purpose of the Solid Waste System, including (A) the payment of Installment Payments and payments on any Parity Debt, (B) the prepayment or discharge of Installment Payments and payments on any Parity Debt and (C) the payment of capital costs of improvements to the Solid Waste System or the SMaRT Station.

(iii) Notwithstanding the foregoing, to the extent the award relates to improvements financed by the Bonds, until such time as the Bonds have been redeemed or paid at maturity, (A) any use of such related award shall comply with the tax covenants set forth in the Installment Sale Agreement, (B) such related award may not pay debt service on or prepay, discharge or redeem any Parity Debt, (C) if such related award will be used to pay debt service on or prepay, discharge or redeem the Installment Payments and the Bonds, they cannot be invested at a yield that is greater than the arbitrage yield of the Bonds and (D) if the Bonds are refunded by tax-exempt refunding bonds ("Refunding Bonds"), such related award in the Insurance and Condemnation Fund shall be transferred to an insurance and condemnation fund established for the Refunding Bonds and used for purposes not inconsistent with the tax covenants set forth in the Installment Sale Agreement.

THE CITY UTILITY ENTERPRISES

Enterprise Management

The City maintains four separate utility enterprises: the Solid Waste System, the SMaRT Station, the Water System, and the Wastewater System (collectively, the “Utility Enterprises”).

The operation of the Utility Enterprises is administered and managed by Ramana Chinnakotla, Director of Environmental Services. Mr. Chinnakotla possesses over 30 years of experience and has worked for cities in California, Texas, and India. He has extensive experience in municipal governance, public works infrastructure, environmental management, and sustainability. Prior to joining Sunnyvale six years ago, he served as the Public Works Director for the City of Redwood City and as the Infrastructure Director for Sri City, a private city in India. Ramana is a member of the California Association of Sanitation Agencies and possesses graduate degrees from the University of Massachusetts and Southern Methodist University.

The Environmental Services Department is a full-service department, including Administration, Solid Waste Management, Water System Operations, Sewer Collection and Treatment, and Stormwater Control.

Enterprise Funds

Each of the City’s utilities is operated as an independent enterprise, and all expenses and revenues for each service are accounted for in five separate utility funds. State law requires that all fees collected by each utility be used within that utility and cannot be used for unrelated services. These funds are:

- (i) the Water Supply and Distribution Fund,
- (ii) the Wastewater Management Fund,
- (iii) the Solid Waste Management Fund,
- (iv) the SMaRT Station Operating Fund, and
- (v) the SMaRT Station Equipment Replacement Fund.

Although each Enterprise Fund now constitutes an independent enterprise, the accounting, budgeting and rate-setting procedures are common to the operation of each Enterprise Fund. Common elements of each Enterprise Fund are described below.

Budgeting and Planning Process

Sunnyvale’s Budget and Long-Term Financial Plan provides a framework for a unique budget document that presents both the immediate short-term action plans and the long-term trends for the City. In this way, the budget provides a comprehensive view of the City’s current financial picture, staff assumptions for long-term trends, and the way we work to achieve and maintain financial stability using those assumptions. The following elements contained in this document are integral to understanding the budget:

- Twenty-Year Financial Plan
- Departmental Overviews
- Performance Based Operating Budget
- Projects Budget

The City's Fiscal Year 2023/24 Adopted Budget received the Distinguished Budget Presentation Award from the Government Finance Officers Association (GFOA), an award the City has received for 38 consecutive years.

Resource Allocation Plan. The Fiscal Sub-Element of the General Plan requires the City Manager to annually propose a balanced budget not only for the budget year, but also for each year in the Resource Allocation Plan, a 20-year financial plan. Each year, as part of the budget process, the City's Finance Department reviews the financial condition of all aspects of the City's operations, including the Utility Enterprises. This process includes a review of rate stabilization reserves, debt service reserves, contingency reserves, and other available fund balances, as well as state and federal environmental requirements, anticipated capital infrastructure requirements, and operational costs. It also involves a detailed inspection of significant expenditure areas. The result of this analysis is the Resource Allocation Plan.

The long-term nature of the City's financial planning system allows decision-makers to better understand the true effect of policy decisions. Because the City's practice has been to prepare a fully balanced Resource Allocation Plan each year, it effectively requires that decisions made today ensure the availability of resources to provide quality services in the future. The Resource Allocation Plan is designed to prevent drastic swings in service levels during the upturns and downturns of economic cycles, with the aim of maintaining utility rates at a consistent level.

Contingency Reserve and Rate Stabilization Reserves. The Resource Allocation Plan also includes a contingency reserve fund and a rate stabilization reserve for the Solid Waste Management Fund, the Water Supply and Distribution Fund, and the Wastewater Management Fund. These reserves are designed to ensure the adequacy of resources to cover operating and capital expenditures in each year and to pay for unanticipated expenditures, while minimizing the need for rate increases.

The contingency reserve is established at an amount equal to a fixed percentage of the projected operating expenses (including the cost of purchased water in the case of the Water System) of the associated System for that year, as follows:

Solid Waste Management Fund:	10%
Water Supply and Distribution Fund:	25%
Wastewater Management Fund:	25%

Unexpended monies in the contingency reserve fund are carried over to the subsequent Fiscal Year and increased as needed.

The rate stabilization reserve in each Enterprise Fund represents the projected resources in excess of those needed to fund that Utility Enterprise's anticipated operating costs, capital expenditures, deposits to the contingency reserve fund, and other expenditures in each year. Monies in the rate stabilization reserve may be used for any purpose of the Utility Enterprise. The rate stabilization reserve enables each Utility Enterprise to maintain a generally

consistent pattern of rate increases over a rolling 20-year period, rather than experience volatile swings in rates that may occur due to unanticipated cost increases or decreases in a particular year.

Operating Budget Process. The City practices two-year budgeting for its operating programs, recognizing the tremendous effort required to develop budgets, particularly with the City's sophisticated performance-based budget system. Service levels remain relatively constant from year to year.

Fiscal Year 2025/26 is the second year of a two-year operating budget cycle. All operating programs were reviewed for two Fiscal Years as part of the FY 2024/25 budget cycle, and all the components of the operating budget for the utility programs were analyzed and updated to reflect current conditions. Significant cost components, including purchased water, chemicals, landfill charges, and staff salaries, were updated with current information, and utility rates were adjusted accordingly.

Project Budget Process. Under the City's budgeting procedures, the term "project" refers to activities that are not accounted for as "operating" activities. Beginning in Fiscal Year 1999/00, the City segregated each project into one of four categories: Capital, Special and Infrastructure, which affect the Utilities Enterprise Funds, and Outside Group Funding (which does not affect the Utilities Enterprise Funds and is not discussed below).

- "Capital Projects" are major expenditures related to the construction, improvement, or acquisition of capital assets. This category encompasses feasibility studies, preliminary plans, and other projects related to design, construction, capital improvement, or acquisition. Examples of capital projects include the construction of a traffic signal, adding a room to an existing facility (a capital improvement), or purchasing a piece of property (an acquisition).

- "Infrastructure Projects" are related to capital projects. This category includes the renovation or replacement of capital assets. After a capital project is complete, the City has an asset that must be maintained through the operating budget until the asset reaches a point where maintenance costs exceed the costs of renovation and replacement. An Infrastructure Project is developed to provide future funds when replacement or renovation is required. An example would be the replacement of major components of the SMaRT Station.

- "Special Projects" are one-time operating projects that are undertaken as "projects" to avoid fiscal impacts on unit costs in operating programs. This category includes studies and other projects that are not related to capital improvements or the renovation, replacement or acquisition of a capital asset. For example, the preparation of a new sub-element of the General Plan would be a special project.

Utility Rate Setting

Utility rates are based entirely on the City's costs for operating and maintaining the Water System, Sewer System, Solid Waste System, and SMaRT Station, as well as financing capital improvements to these systems and maintaining various reserves. Each of the City's Utility Enterprises is operated as an independent enterprise, and all expenses and revenues for each Utility Enterprise are accounted for separately. No tax revenues are used to cover the costs of utility services, and no revenues from one Utility Enterprise are used to support any

other Utility Enterprises or City programs or services not related to the particular Utility Enterprise.

The Resource Allocation Plan process culminates in rate recommendations made to the City Council, which are projected to generate the revenues necessary to meet planned operating and capital expenditures for each Utility Enterprise, along with a contingency reserve for each fund. The City's practice of long-term planning and the use of a rate stabilization fund have resulted in stable utility rates by spreading the effects of anticipated operational and infrastructure costs over 20 years. The rate stabilization fund enables each of the utility funds to maintain a consistent pattern of rate adjustments over the entire 20 years, rather than experiencing volatile rates that could occur due to unanticipated increases or decreases in costs in a particular year.

Billing and Collection Procedures

Billing Procedure. The City issues a combined bill to each of its customers for fees and charges related to water, wastewater, and solid waste management services, as applicable. The majority of the City's customers are billed every two months, except for industrial customers, who are billed monthly.

Collection of Solid Waste Charges. The City initiates the process of collecting delinquent billings if no payment is received 30 days after the billing date. After this period, the bill is considered delinquent, and a 5% penalty is applied. At 35 days of non-payment, any customer with a balance of \$10 or more is sent a reminder notice stating that utility service could be terminated within the next 50 days. The notice lists the fees for the delivery of the final demand (or 48-hour notice of service interruption) and the fees to restore interrupted service.

At 70 days of delinquency, if no disputes have been lodged or alternate payment arrangements have been made, the delinquent customer is delivered a 10-day notification of water service interruption via FedEx. At 85 days of delinquency, if the delinquent customer also receives water service from the City, the City will shut off the delinquent customer's water. (Approximately 94% of Sunnyvale utility service customers receive water service.) To have service restored, the customer must pay the delinquent balance and a restoration fee. Delinquent accounts for customers who do not receive water service from the City are forwarded to a collection agency contracted by the City for further collection activity.

The City has historically collected approximately 99% of its utility charges each year.

Accounting Policies

Accounting Policies. The accounting policies of the City conform to generally accepted accounting principles as applied to governmental agencies. The City's annual financial reports are prepared in accordance with the Governmental Accounting Standards Board ("GASB") Statement No. 34 "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments." Statement No. 34 provides guidelines to auditors, state and local governments, and special purpose governments such as school districts and public utilities, on requirements for financial reporting for all governmental agencies in the United States.

Basis of Accounting and Measurement Focus. The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for in a separate set of self-balancing accounts, which comprise its

assets, liabilities, fund equity, revenues, and expenditures or expenses, as applicable. City resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

The government-wide financial statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned, while expenses are recognized in the period in which the liability is incurred.

Financial Statements

Attached as APPENDIX B are the audited financial statements of the City (the “Financial Statements”) for Fiscal Year 2023/24 which include financial statements for the SMaRT Station Fund, the Solid Waste Management Fund, and the other Enterprise Funds, prepared by the City Department of Finance and audited by Maze and Associates, Pleasant Hill, California (the “Auditor”).

The Auditor’s letter concludes that the Financial Statements present fairly, in all material respects, the financial position of the City as of June 30, 2024, and the results of its operations and the cash flows of its proprietary fund types for the Fiscal Year then ended in conformity with generally accepted accounting principles.

The Financial Statements should be read in their entirety. *The City has not requested nor did the City obtain permission from the Auditor to include the audited financial statements as an appendix to this Official Statement. Accordingly, the Auditor has not been engaged to and has not performed any post-audit review of the financial condition or operations of the City or related to the Financial Statements. In addition, the Auditor has not reviewed or performed any procedures relating to this Official Statement.*

See “APPENDIX B – SUNNYVALE AUDITED FINANCIAL STATEMENTS – Note 1” for a more complete summary of the City’s accounting policies.

THE SMaRT STATION

History

In the early 1990s, the City collaborated with the City of Mountain View and the City of Palo Alto to develop the SMaRT Station to process solid waste for subsequent transfer for long term disposal. A memorandum of understanding (the "Original MOU") dated as of June 9, 1992, was executed by and among Sunnyvale, Mountain View and Palo Alto. Prior to that, solid waste collected in the City was disposed of at Sunnyvale's former landfill and at Mountain View's former landfill. The City continues to pay around \$1.3 million annually for costs associated with the closure of its former landfill.

The City began construction of the SMaRT Station in 1992, and on October 1, 1993, the Sunnyvale landfill and Mountain View landfill closed, and the SMaRT Station began to receive refuse for transfer from all three cities. Palo Alto brought the majority of its refuse to the SMaRT Station but continued to dispose a portion of its waste at the Palo Alto landfill.

While the City and its municipal neighbors pursued long-term disposal capacity, recycling programs began to play an increasingly large role in the City's approach to solid waste management. Responding to resident interest in recycling, the City began curbside collection of newspaper, cans and glass bottles from single-family homes in 1982. In succeeding years this program has expanded to collect additional materials (motor oil, oil filters, plastic bottles, and cardboard).

In 1994, recovery of recyclable materials from refuse began at the SMaRT Station. In 1996, the City and Specialty Solid Waste and Recycling ("Specialty") began separate collection of yard trimmings. In 1997, the curbside recycling program was extended to residents of multi-family dwellings. As a result of these efforts, the City's solid waste diversion, as measured by the California Department of Resources Recycling and Recovery (CalRecycle), has increased from 18% in 1990 to 51% in 2025. The SMaRT Station plays a central role in this effort by sorting recyclables from garbage, processing source-separated curbside recyclables and yard trimmings for market and providing a recycling drop-off center for the community.

Description of SMaRT Station Facility

The SMaRT Station is a 110,000 square foot, 1,500 tons per day solid waste transfer station designed to recycle at least 15% of the incoming solid waste. The SMaRT Station was designed and constructed by the City of Sunnyvale on 10 acres of City-owned land adjacent to the Sunnyvale Landfill, with the financial participation of the cities of Mountain View and Palo Alto under the Original MOU, which documented cost sharing, decision making, and other governance issues for the SMaRT Station.

Solid waste processing starts on the tipping floor, where the following materials are separated from the remaining waste stream: white goods, bulky commercial wastes, batteries, tires, bulk ferrous metals, wood, carpet, mattresses, and yard trimmings. Additionally, certain construction and demolition wastes, such as asphalt, concrete, drywall, and metals are separated for recycling. Effective floor sorting aids in the overall efficiency of the materials recovery process.

Floor sorting identifies and removes banned, hazardous, and universal wastes that may not be delivered to any Class III landfill (in accordance with current and future regulations). Hazardous wastes discovered while performing load checks or otherwise discovered during processing are removed from the waste manually. These materials are transported to the proper storage area to arrange for proper recycling or disposal.

After visual inspection and removal of any targeted floor-sort materials, the remaining material is moved by wheel loaders to one of the two walking floor conveyors that feed the solid waste processing lines.

Recyclable materials are recovered from solid waste using elevated sort lines and a combination of mechanical and manual separation methods. In 2009, the City added two large trommels, disk screens, electromagnets, eddy current separators, a baler, and related equipment..

In addition to its refuse transfer and materials recovery functions, the SMaRT Station processes recyclable materials collected by the Mountain View and Sunnyvale curbside recycling programs, provides a Buyback Recycling Center for local residents, and processes wood and yard trimmings into usable compost, mulch, and dry wood fuel. Non-recyclable residues from the SMaRT Station are compacted into refuse transfer vehicles using an pre-load compactor and transported 27 miles south to the Kirby Canyon Landfill for disposal.

SMaRT Station Memorandum of Understanding

This section contains only a brief summary of the Memorandum of Understanding.

Memorandum of Understanding Terms. In 2021, Sunnyvale and Mountain View agreed in a New Memorandum of Understanding (the “Memorandum of Understanding”) to participate in the capital and operating costs of the SMaRT Station (which were directly incurred by Sunnyvale), and to make periodic payments of debt service and other fees to Sunnyvale. Mountain View is located in northern Santa Clara County approximately 36 miles southeast of the City of San Francisco and 15 miles northwest of the City of San Jose. Mountain View is a part of the San Francisco Bay metropolitan area and is located in the “Silicon Valley” area of Northern California. Several high technology businesses are located within its boundaries. As discussed below, the Memorandum of Understanding also set forth the planned capital improvements which constitute the NextGen Project.

The Memorandum of Understanding provides as follows:

Memorandum of Understanding Term. The term of the Memorandum of Understanding is approximately 15 years. The term of the Memorandum of Understanding began on January 1, 2022 and expires December 31, 2036.

Debt Service on Bonds. The City and Mountain View are responsible for debt service on any bonds issued to finance the SMaRT Station based on their proportionate shares of Capital Improvements. These shares will be determined based on the percentage of total material delivered to the Facility by each Partner at the time of bond issuance, which are approximately:

- Mountain View 27%
- Sunnyvale 73%

Debt Service Obligations Unconditional. The obligations of Mountain View and to make debt service payments under the Memorandum of Understanding are not limited to any specific revenues or other funds of Mountain View.

Delivery of Municipal Waste. The City and Mountain View are each required to deliver a minimum amount of solid waste to the SMaRT Station each year. The City and Mountain View are also obligated by their respective Waste Management Contracts to deliver to the SMaRT Station most solid waste collected by those two cities and their franchised haulers. Mountain View no longer delivers commercial recyclables or green waste to the SMaRT Station, except from its corporation yard and self-haul users.

Disposal Fees and Operating Costs. Mountain View is also required to pay the City its proportionate shares of

- the disposal fee due to the Kirby Canyon operator based on each city's share of solid waste delivered to the SMaRT Station.
- operating and maintenance costs of the SMaRT Station (based on each city's share of all solid waste delivered to the SMaRT Station), and
- a "host" and "land rent fee" for use of the SMaRT Station, based on all inbound tons delivered to the SMaRT Station.

The NextGen Project

The NextGen Project involves the design, fabrication and installation of an integrated waste processing equipment system at the SMaRT Station. The scope includes the removal and replacement of most of the existing processing equipment and associated structures and the design, rebuilding/retrofitting the equipment and conveyors that are not being replaced, fabrication, permitting, supply, final equipment electrical demands, mechanical systems, equipment loads calculation, and installation of new processing equipment including all related structures and equipment supports. The NextGen Project will involve improvements to each of the Mixed Waste System, the Curbside System, and the Transfer Station (each as defined in the Memorandum of Understanding, described further herein).

The NextGen Project is expected to cost approximately \$51.4 million. A recycling grant from the state will account for approximately \$6.6 million, with the remaining \$44,961,006 million financed from the proceeds of the Bonds. Pursuant to the Memorandum of Understanding, Sunnyvale's share of the cost expected to be approximately \$32.4 million.

Use of SMaRT Station

Mountain View and Sunnyvale are the current users of the facility. The total current population of the two cities is approximately 246,000. However, because of the large number of industrial employers, a similar number of people enter the SMaRT Station service area on weekdays to work (and produce refuse). Thus, residential refuse accounts for roughly 35% of the waste that enters the SMaRT Station, with commercial and industrial refuse making up the balance. The two participant cities delivered 123,532 tons of garbage during the year ending June 30, 2025, with individual members of the public and small businesses delivering 13,046 tons during that period. The cities of Mountain View and Sunnyvale also delivered 16,706 tons of yard trimmings and 15,929 tons of “curbside” source-separated recyclable materials. In order to allow for growth during the 30-year life of the facility, the SMaRT Station was designed with approximately 80,000 tons per year of excess capacity (or approximately 26% of excess capacity). This capacity is available for use by other nearby jurisdictions. As discussed below under “ - Merchant User Agreement with City of Cupertino”, Sunnyvale anticipates that the City of Cupertino will become a user of the facility following the completion of the NextGen Project, and is expected to deliver approximately 15,000 tons per year.

Historic Waste Flows

Overall waste volumes have dropped approximately 20% since 2021 due to a variety of factors, but Sunnyvale's volumes have remained steady. The table below sets forth the historic inbound waste flows for the SMaRT Station for the last ten fiscal years.

Table 1
CITY OF SUNNYVALE
SMaRT STATION
Historical Inbound Waste Flows
As of June 30
(in tons)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Sunnyvale	137,073	138,763	131,999	147,792	139,485	133,181	131,337	133,093	132,851	129,186
Mountain View	75,755	76,628	76,389	82,683	74,148	69,303	58,284	47,172	47,344	46,416
Palo Alto	32,916	30,834	28,954	27,365	26,478	27,090	13,796	-	-	-
Other	-	-	-	-	113	-	1,333	2,218	930	1,465
Total	245,744	246,226	237,342	257,840	240,223	229,574	204,751	182,482	181,125	177,067

The proportion of inbound waste flow constituting solid waste has declined slightly from 81% of total flows in Fiscal Year 2015-16 to 76% of total flows in Fiscal Year 2024-25.

Merchant User Agreement with City of Cupertino

Cupertino is located in northern Santa Clara County approximately 5 miles south of the City. Cupertino is a part of the San Francisco Bay metropolitan area and is located in the “Silicon Valley” area of Northern California. Several high technology businesses are located within its boundaries, including Apple Inc. The estimated population of Cupertino as of January 1, 2025 is approximately 59,000. Cupertino was incorporated as a general law city in 1902 and became a chartered city in 1952.

On June 17, 2025, the City Council of the City of Cupertino approved a 20-year merchant user agreement (the “Merchant User Agreement”) to bring its garbage to the SMaRT Station. Cupertino will not commence sending any materials to the SMaRT Station until the completion of the Next Gen System. The Sunnyvale City Council approved the Merchant User Agreement on August 12, 2025. It is expected that Cupertino will send 15,000 tons of solid waste to the SMaRT Station annually and that this agreement will generate approximately \$2 million in new revenue to the SMaRT Station annually. The merchant user rate proposal may be adjusted during the term of the agreement based on factors such as the Consumer Price Index. Because Cupertino is not a party under the Memorandum of Understanding, it is not responsible for any portion of debt service on the Bonds, but revenues from Cupertino’s use of the SMaRT Station will constitute SMaRT Station Revenues for purposes of determining Net SMaRT Station Payments paid from the City’s Solid Waste Enterprise.

Disposal and Potential Alternative Disposal Sites

The SMaRT Station's transfer capability allows for shipment of fully laden tractor-trailer loads of refuse to a landfill or landfills throughout the region. Currently, all solid waste processed by the SMaRT Station is disposed at Kirby Canyon. The City's estimated annual expense for disposal at Kirby Canyon for Fiscal Year 2024-25 is \$5,538,902. Sunnyvale's contract with Kirby Canyon expires in 2031. Should Kirby Canyon close prior to 2036, a large number of alternative disposal sites would be available. Moreover, should distant rail haul sites, such as the large super-regional landfills in Washington (Roosevelt), Oregon (Arlington), Nevada (Lockwood), and Utah (Carbon County) prove cost-effective, the SMaRT Station transfer trucks could easily and inexpensively be converted to carry rail shipping containers to a local train siding.

Listed below are examples of alternative landfill disposal sites that have significant remaining capacity and closure dates at 2034 or beyond, per the CalRecycle Solid Waste Information System (SWIS) database. Landfill capacities are frequently increased and closure dates are frequently extended by landfill expansions and permit revisions.

<u>Landfill</u>	<u>Location</u>	<u>Owner/Operator</u>	<u>Remaining Capacity (cubic yards)</u>	<u>Closure Date</u>	<u>Distance from SMaRT Station</u>
Kirby Canyon ⁽¹⁾	San Jose	Waste Management	16,191,600 as of July 31, 2015	December 31, 2059	27 miles
Newby Island Sanitary Landfill	San Jose	International Disposal Corporation (Allied)	16,400,000 as of Jan. 1, 2020	Jan. 1, 2041	9 miles
Vasco Road Landfill	Alameda County	Republic Services Of California I, L.L.C	11,560,000 Nov. 1, 2022	Dec. 31, 2051	43 miles
Ox Mountain Landfill	San Mateo County	Allied Waste Industries, Inc.	17,240,000 as of Dec. 31, 2021	Jan. 1, 2034	31 miles
Keller Canyon Landfill	Contra Costa County	Allied Waste Industries, Inc.	63,408,410 as of Nov. 16, 2004	Dec. 31, 2050	59 miles
Austin Road/ Forward Landfill	San Joaquin County	Forward, Inc./Allied Waste North America	24,720,669 as of Jan. 1, 2020	Jan. 1, 2036	76 miles

(1) Current landfill

No Outstanding SMaRT Station Obligations

There are no long-term obligations outstanding against the SMaRT Station Fund or the SMaRT Station Equipment Replacement Fund.

Management and Operation

Bay Counties SMaRT (BCS), a local joint venture, operates the SMaRT Station under a operating contract with the City. BCS began operations in March 2007 under a seven-year term, the contract was awarded again in 2015 and then extended in 2022. Operations under the current contract began on January 1, 2022 and expire June 30, 2029. BCS employs approximately 108 workers at the SMaRT Station.

BCS compensation under the contract has two main components:

- A Basic Annual Payment (BAP) of \$15.99 million annually. The BAP is adjusted annually for the following portions:
 - A calendar year adjustment every January 1 to reflect actual total union cost of labor over the previous year due to union contract rate increases and staffing changes. This is approximately 79 percent of the BAP.
 - An annual fiscal year adjustment on July 1 to reflect the depreciation cost of vehicles and equipment purchased by BCS. This is approximately two percent of the BAP.
 - The remainder of the BAP is adjusted annually on July 1 to reflect changes in the Consumer Price Index. The Basic Annual Payment for the current year, minus the total annual cost of union labor in the current year and minus the total depreciation cost in the current year for equipment and vehicles purchased constitute the remainder of the BAP are adjusted. This is approximately 19 percent of the BAP.
- A share of the revenue generated from the recyclable materials processed and marketed at the SMaRT Station. The revenue share retained by BCS increases to as much as 75% depending on the percentage of the incoming garbage that is diverted from landfill by the contractor.

During the year ended June 30, 2025, the materials recovery operations diverted from the landfill over 37% of the refuse delivered to the SMaRT Station. Factoring in the yard trimmings and curbside recyclables received and processed at the facility, the overall facility diversion rate was 51%.

City oversight of the contract is under the direction of Shikha Gupta, the City's Solid Waste Program Division Manager, who reports to the Director of Environmental Services. See "THE SOLID WASTE SYSTEM – Solid Waste System Management."

SMaRT Station Fund

The SMaRT Station Fund is a separate enterprise fund that accounts for operations at the SMaRT Station and receives most of its revenue from charges to Mountain View and Sunnyvale. Major operating cost components include the contract with the SMaRT Station operator and disposal fees and taxes collected by the Kirby Canyon landfill. The SMaRT Station Fund is designed so that annual revenues and expenses are in balance and that no fund balance is carried forward to the next year. Operating costs and revenues from the sale of recyclables are charged to or distributed to the cities based on the tons of solid waste and recyclable materials each community brings to the SMaRT Station for materials recovery, transfer, and disposal.

SMaRT Station Fund Revenues and Expenses

The following table sets forth historical revenues and expenses for the SMaRT Station for the past five years along with projected revenues and expenses for the next five Fiscal Years. Figures for Fiscal Year 2023-24 reflect an increase in revenues due to a decrease in tonnage delivered to the SMaRT Station, and the decrease in expenses is attributable to the re-bidding of the SMaRT Station operator contract with BCS discussed above, which resulted in lower operating costs of the SMaRT Station. At the end of each Fiscal Year, any revenues in excess of expenses are transferred out of the SMaRT Station Fund to Sunnyvale and Mountain View, so that the SMaRT Station Fund carried a limited, if any, balance at the beginning of each Fiscal Year.

Table 2
CITY OF SUNNYVALE
SMArT STATION
Revenues and Expenses
As of June 30

	Audited 2021	Audited 2022	Audited 2023	Audited 2024	Unaudited 2025	Projected				
						2026	2027	2028	2029	2030
Revenues:										
General Operating Revenues ⁽¹⁾	\$645,520	\$1,005,731	\$1,486,358	\$1,974,356	\$1,921,151	\$1,774,896	\$1,832,325	\$1,883,465	\$1,941,030	\$1,992,686
Mountain View Expense Share	8,701,308	7,809,176	7,611,884	6,918,276	7,905,127	8,159,369	8,285,581	8,358,338	8,588,323	8,843,596
Palo Alto Expense Share	4,376,640	2,195,442	-	-	-	-	-	-	-	-
Sunnyvale Expense Share	14,957,060	16,623,206	20,169,360	21,418,540	23,007,439	23,691,975	24,038,003	24,230,867	24,898,665	25,639,890
Total Revenues:	\$28,680,528	\$27,633,555	\$29,267,602	\$30,311,172	\$32,833,717	\$33,626,240	\$37,555,909	\$37,872,670	\$38,828,018	\$39,876,171
Expenses :										
Operations	17,261,151	18,697,349	22,019,572	24,413,715	23,154,298	27,383,826	27,730,289	27,696,418	28,460,341	29,318,746
Kirby Canyon Disposal Expense	9,036,931	7,433,416	5,848,751	5,747,765	5,538,902	5,646,671	5,816,072	5,990,554	6,170,270	6,355,379
Capital Projects	264,116	130,000	280,000	351,745	461,196	595,743	609,548	785,698	797,407	802,046
Distributions⁽²⁾										
To Mountain View	163,676	371,657	234,329	291,487	215,982	-	-	-	-	-
To Palo Alto	24,099	(43,798)	-	-	-	-	-	-	-	-
To Sunnyvale	443,258	663,094	1,252,029	1,682,869	1,531,241	-	-	-	-	-
Total Expenses and Distributions	\$27,193,231	\$27,251,718	\$29,634,681	\$32,487,581	\$30,901,619	\$33,626,240	\$34,155,909	\$34,472,670	\$35,428,018	\$36,476,171

(1) Includes revenues from the sales of recycled materials and curbside recyclables, yard waste revenues, “public haul fee” revenues, and miscellaneous revenues.

(2) Represents distributions to Sunnyvale, Mountain View under the Original MOU and the Memorandum of Understanding, and includes distributions of revenues from the sales of recycled materials and curbside recyclables (to Mountain View and Sunnyvale only), yard waste revenues and “public haul fee” revenues.

Source: City of Sunnyvale Department of Finance.

THE SOLID WASTE SYSTEM

Solid Waste System Management

The Sunnyvale Environmental Service Department is responsible for the Solid Waste Division. Under the direction of the Environmental Services Director, the operation of the Solid Waste System and the SMaRT Station is administered and managed by Shikha Gupta, Solid Waste Programs Division Manager. Ms. Gupta is responsible for collection of refuse, yard trimmings, and recyclable materials. She oversees post-closure maintenance of the Sunnyvale Landfill, operation and maintenance of the SMaRT Station, disposal of the unrecycled residues from the SMaRT Station., and all other aspects of solid waste management in Sunnyvale. Examples of other services provided by the Solid Waste division include:

- Quarterly Household Hazardous Waste (HHW) events conducted by the County of Santa Clara under a memorandum of understanding with the City
- Waste reduction programs (e.g. single-use plastics reduction programs, home composting workshops)
- Education and enforcement programs for reducing contamination in different waste streams, organics programs, food recovery programs etc.

Ms. Gupta has over 19 years of experience in public service and 9 years in sustainable waste management practices. Shikha has also helped develop and implement zero waste policies.

Solid Waste Collection and Transfer

Solid waste collection is conducted by Specialty Solid Waste and Recycling (a division of Bay Counties Waste Services), a private company operating under an exclusive franchise agreement with the City. The term of this agreement ends on June 30, 2036.

The City compensates Specialty with an annual "Contractor Payment," the amount of which is based on the actual costs incurred by Specialty from a prior year, adjusted for inflation and other factors. The franchise agreement contains a detailed methodology for calculation of the Contractor Payment. The City conducts an annual review of the contractor's expenses to verify the amount of allowable expenses incurred in the prior year in order to verify the amount of the next year's Contractor Payment.

The contract provides the City with wide latitude to make changes to the scope of work so long as an equitable adjustment is made in the Contractor Payment. The contract also allows the City to deduct liquidated damages from the Contractor Payment for instances when the contractor fails to meet the customer service standards of the contract (e.g. the contractor leaves a mess, does not collect garbage on the scheduled day, fails to respond to a complaint, etc.).

The table below sets forth solid waste tonnage collected by Specialty for the last five Fiscal Years.

Table 3
CITY OF SUNNYVALE
SOLID WASTE SYSTEM
Annual Collection Amounts
(in tons)

<u>Fiscal Year</u>	<u>Refuse</u>	<u>Recyclable Materials</u>	<u>Total</u>
2021	85,562	32,208	117,770
2022	85,724	32,305	118,029
2023	84,371	35,560	119,931
2024	85,640	31,883	117,523
2025	84,075	36,325	120,400

Source: City of Sunnyvale SMaRT Station.

All solid waste collected by Specialty is taken to the SMaRT Station for sorting and transfer. See “THE SMART STATION – Description of SMaRT Station.”

Service Area

The City is the sole and exclusive provider of solid waste collection service within its corporate limits. Two small unincorporated parcels completely surrounded by the City are provided with refuse collection service on the same terms as locations within the City.

Rates, Fees and Charges

Fees for refuse collection are set, billed, and collected by the City on a combined utility bill and deposited in the Solid Waste Fund. See “Sunnyvale Municipal Code and Water Shutoff Policy.”

Rate Structure. The following table summarizes the current rate structure for the Solid Waste System for representative residential user types. Commercial rates are subject to a separate fee schedule.

Table 4
CITY OF SUNNYVALE
SOLID WASTE SYSTEM
Summary of Rate Structure for Representative Residential User Types
Fiscal Year 2025-26

Single Family and Mobile Home

Cart Size	Single-Family		Mobile Home	
	Monthly	Bi-monthly	Monthly	Bi-monthly
Minimum Charge Per Unit	\$41.98	\$83.96	\$31.50	\$63.00
Small (27-gallon) Cart	\$41.98	\$83.96	\$31.50	\$63.00
Medium (43-gallon) Cart	\$48.39	\$96.78	\$37.90	\$75.80
Large (64-gallon) Cart	\$55.99	\$111.98	\$45.51	\$91.02
Extra Garbage Tag	\$6.00 (all customer classes)			
Cart Exchange Fee	\$20.00 (all customer classes)			

Multi-Family

Cart Size	Curbside		Rear Yard	
	Monthly	Bi-monthly	Monthly	Bi-monthly
Minimum Charge Per Unit (FoodCycle Cart)	\$48.80	\$97.60	\$67.48	\$134.96
43-gallon garbage capacity FoodCycle Cart	\$48.80	\$97.60	\$67.48	\$134.96
64-gallon garbage capacity FoodCycle Cart	\$56.41	\$112.82	\$75.09	\$150.18

Source: City of Sunnyvale, Department of Finance.

Historical Rate Increases. The following table sets forth a five-year history of solid waste rate increases.

Table 5
CITY OF SUNNYVALE
SOLID WASTE SYSTEM
Historic Refuse Collection Rate Increases for all Customer Classes

<u>Year</u>	<u>Increase</u>
2019-20	1.0%
2020-21	0.0
2021-22	4.0
2022-23	5.0
2023-24	6.0

Source: City of Sunnyvale Department of Finance.

Comparative Monthly Solid Waste Collection Charges. The following table compares the City's representative residential and commercial solid waste collection charges to neighboring Santa Clara County cities and agencies.

**Table 6
CITY OF SUNNYVALE
SOLID WASTE SYSTEM
Comparative Rates
Fiscal Year 2023-24**

<u>City/Agency</u>	<u>Monthly Small FoodCycle Residential Rate</u>	<u>Monthly 3 Cubic Yard Bin Rate</u>
Cupertino	\$40.18	\$317.04
Milpitas	39.63	298.68
Mountain View	42.10	437.10
Palo Alto	50.07	504.40
San Jose	51.40	303.75
Santa Clara	55.40	431.81
Sunnyvale	38.46	498.51

Source: City of Sunnyvale Department of Finance.

Customer Base

The following table summarizes the number of customers served by the Solid Waste System as of June 30, 2024, grouped by customer type.

**Table 7
CITY OF SUNNYVALE
SOLID WASTE SYSTEM
Summary of Accounts and Usage by User Type
As of June 30, 2024**

<u>User Type</u>	<u>Number of Accounts</u>	<u>Revenues</u>	<u>Billings as Percent of Total</u>
Single Family Residences/Mobile Homes	28,831	\$25,046,186	45%
Commercial/Multifamily/Industrial	4,569	31,215,683	55
Totals	33,400	\$56,261,869	100%

Source: City of Sunnyvale, Department of Finance.

The following table sets forth a five-year history of the number of accounts for the Solid Waste System.

Table 8
CITY OF SUNNYVALE
SOLID WASTE SYSTEM
Number of Accounts
Fiscal Year 2019-20 through 2023-24

<u>Fiscal Year</u>	<u>Number of Accounts</u>
2019-20	30,359
2020-21	32,087
2021-22	32,330
2022-23	32,375
2023-24	32,165

Source: City of Sunnyvale Department of Finance.

The following are the ten largest Solid Waste System customers for Fiscal Year 2023-24, which represent approximately 5.96% of the Solid Waste System service charges received by the City for that Fiscal Year.

Table 9
CITY OF SUNNYVALE
SOLID WASTE SYSTEM
Ten Largest Customers
Fiscal Year 2023-24

<u>Customer</u>	<u>Primary Business Activity</u>	<u>Percent of Total Revenues</u>
Casa De Amigos	Mobile Home Park	0.83%
Plaza Del Rey	Mobile Home Park	0.70
Home Depot USA Inc #640	Retail Hardware	0.68
Lockheed Missiles & Space	Aerospace	0.63
Network Appliance Inc	Network Hardware	0.56
	Manufacturing	
Applied Materials	Computer Hardware	0.55
	Manufacturing	
Adobe Wells	Mobile Home Park	0.53
H & R Christensen	Residential property manager	0.52
Onizuka Air Station	Former naval Air Station	0.48
Fair Oaks West	Multi unit apartment complex	0.48
Top Ten Total:		5.96%

Source: City of Sunnyvale, Department of Finance.

Capital Improvement Program

The City's current Resource Allocation Plan projects capital improvements to the Solid Waste System in the aggregate amount of approximately \$96,000. The City intends to finance these projects with available Solid Waste revenues on a pay-as-you-go basis, and not through the issuance of bonds or other debt instruments.

No Senior or Parity Solid Waste System Obligations

Currently, the Solid Waste System has no outstanding bonds or other obligations payable on a senior or parity basis with the Installment Payments securing the Bonds. However, the City may incur parity debt obligations in the future. See "SECURITY FOR THE BONDS – Parity Debt."

Solid Waste System Reserves

The budgeted contingency reserve fund amount for the Solid Waste Management Fund for Fiscal Year 2025-26 is \$5,973,207. This amount is anticipated to grow in future years in proportion to increases in operating costs. The budgeted rate stabilization reserve amount for the Solid Waste Management Fund for Fiscal Year 2025/26 is \$8,572,391. Amounts in the rate stabilization reserve for each System are anticipated to fluctuate each year.

The following table sets forth the unrestricted reserve balances for the Solid Waste Fund for the last five Fiscal Years.

Table 10
CITY OF SUNNYVALE
SOLID WASTE SYSTEM
Historical Statements of Unrestricted Reserves
As of June 30

Unrestricted Reserve Balances					
	2020	2021	2022	2023	2024
Reserves	\$2,448,334	\$5,106,061	\$7,832,862	\$6,795,869	\$7,610,037

Solid Waste System Revenues, Expenses

Revenues and Expenses. The primary source of revenues for the Solid Waste System is charges for services, which increase from year to year primarily due to higher rates. The largest source of expenses for the Solid Waste System are payments for contractual services, including the collection contract with Specialty, which was approximately \$[28.5] million in Fiscal Year 2023-24. Reimbursements to the General Fund to compensate for expenses related to necessary administrative services for the operation of the Solid Waste System are the second largest annual expense. The third largest annual expense is for personnel services, including payroll and benefit costs for [] employees. Of the \$[468,476,575] in overall pension liability for the City in Fiscal Year 2024-25, []% was attributable to employees of the Solid Waste System.

The following table sets forth the revenues and expenses of the Solid Waste System for the past five Fiscal Years along with projected revenues and expenses for the next five Fiscal Years.

Table 11
CITY OF SUNNYVALE
SOLID WASTE SYSTEM
Revenues and Expenses and Debt Service Coverage
As of June 30

	Audited					Unaudited	Projected				
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Revenues											
Charges for Services	\$52,458,851	\$50,449,548	\$54,106,613	\$57,453,537	\$62,473,344	\$63,645,781	\$65,983,136	\$68,598,382	\$71,318,607	\$74,148,041	\$76,378,812
Investment Income/Interest	792,982	(305,760)	(1,048,419)	10,693	812,041	624,513	559,446	441,836	314,282	300,458	282,509
Total Revenues:	\$53,251,833	\$50,143,788	\$53,058,194	\$57,464,230	\$63,285,385	\$64,270,294	\$66,542,582	\$69,040,218	\$71,632,889	\$74,448,499	\$76,661,321
Maintenance and Operations Costs											
Personnel Services	1,541,492	2,264,479	2,262,072	2,881,847	3,087,871	3,477,852	3,539,336	3,595,537	3,725,616	3,860,436	3,996,892
Solid Waste Collection	24,583,294	22,077,692	24,888,812	28,576,276	31,514,922	28,764,562	31,353,373	32,293,974	33,262,793	34,260,677	35,288,497
Net SMART Expense Share	14,116,461	14,957,060	16,623,206	20,169,360	21,418,540	22,657,797	23,288,110	23,634,138	23,705,459	24,373,257	25,114,482
Materials and Supplies	81,091	24,493	51,818	124,222	54,734	125,000	129,375	133,903	138,590	143,440	148,461
Utilities	56,465	54,436	120,107	110,353	108,783	113,962	118,714	124,649	130,882	137,426	144,297
Taxes, Licenses, and Fees	650,856	1,129,700	1,604,979	507,692	33,036	500,000	517,500	535,613	554,359	573,762	593,843
Equipment and Building Rental	227,527	238,885	238,353	474,700	597,030	617,926	639,553	661,938	685,106	709,084	429,248
Other Operating Expenses	30,710	59,221	62,164	71,655	89,391	92,520	95,758	99,109	102,578	106,168	109,884
General Fund Administration	3,339,591	3,038,719	3,117,392	4,120,387	4,226,607	4,734,573	4,853,345	4,977,970	5,105,709	5,236,641	5,370,846
Depreciation and Amortization	171,006	180,187	180,188	178,784	177,381	175,981	174,581	173,181	171,781	170,381	168,981
Total M&O Costs	\$44,798,493	\$44,024,872	\$49,149,091	\$57,215,276	\$61,308,295	\$61,260,173	\$64,709,645	\$66,230,012	\$67,582,873	\$69,571,272	\$71,365,431
Less General Fund Administration	(3,339,591)	(3,038,719)	(3,117,392)	(4,120,387)	(4,226,607)	(4,734,573)	(4,853,345)	(4,977,970)	(5,105,709)	(5,236,641)	(5,370,846)
Less Depreciation	(171,006)	(180,187)	(180,188)	(178,784)	(177,381)	(175,981)	(174,581)	(173,181)	(171,781)	(170,381)	(168,981)
Net Revenues	\$11,963,937	\$9,337,822	\$7,206,683	\$4,548,125	\$6,381,078	\$7,920,675	\$6,860,863	\$7,961,357	\$9,327,506	\$10,284,249	\$10,835,717
Plus Mountain View Debt Payments	-	-	-	-	-	-	290,000	925,000	925,000	925,000	925,000
Debt Service and Debt Service Coverage *	-	-	-	-	-	-	\$1,030,000	\$3,300,000	\$3,300,000	\$3,300,000	\$3,300,000
2025 Bonds Debt Service	-	-	-	-	-	-	694%	269%	311%	340%	356%
Available Revenues/ Debt Service	-	-	-	-	-	-	223%	118%	156%	181%	194%
Available Revenues Less General Fund Admin / Debt Service	-	-	-	-	-	-	\$1,030,000	\$3,300,000	\$3,300,000	\$3,300,000	\$3,300,000

* Preliminary, subject to change

SOLID WASTE REGULATIONS

Construction, operation and maintenance of the Solid Waste System are subject to federal, state and local regulations. Following are brief descriptions of certain statutes and regulations relating to the Solid Waste System. It is not intended to be an exhaustive list of all applicable regulatory requirements relating to the Solid Waste System.

California Integrated Waste Management Act of 1989 (AB 939)

Integrated Waste Management Plans. Among other requirements, the California Integrated Waste Management Act of 1989, adopted by Assembly Bill 939 ("AB 939"), directs all California cities and counties to maximize all feasible source reduction, recycling and composting options in order to reduce the amount of solid waste that must be disposed of by transformation (through waste-to-energy projects or other processes) and land disposal. As a result of AB 939, solid waste management changed to an integrated solid waste management approach in which source reduction, recycling and composting play an integral role in the waste management strategy.

Under AB 939, each local agency in the State was mandated to achieve a 25% diversion in solid waste disposed of in landfills or by incineration through waste reduction or recycling by January 1, 1995, and a 50% reduction by the year 2000. Local agencies are responsible for these goals whether or not they control disposal of waste generated within their jurisdiction. Local agencies could face monetary fines of up to \$10,000 per day if CalRecycle deems local plans to be inadequate or if localities fail to satisfactorily implement plans to achieve the 25% and 50% reduction goals. The City is responsible for undertaking any recycling or diversion activity required by AB 939. The construction and operation of the SMaRT Station was intended to assist the City in meeting the diversion requirements of AB 939. As of the date of this Official Statement, the City is in compliance with the diversion requirements of AB 939.

AB 939 requires quarterly payments by the City to CalRecycle in an amount adjusted annually for administering AB 939. The current amount is based on \$1.40 per ton of waste buried at the Landfill. The amount for Fiscal Year 2025-26 is budgeted at \$150,000. AB 939 fees payable in the future are included in the financial projections prepared by the City and included in this Official Statement.

Assembly Bill 341 ("**AB 341**") was signed into law in 2011, amending AB 939 to, among other things, establish a Statewide goal of 75% diversion by 2020. AB 341 does not impose a 75% diversion requirement on each local agency. The 50% disposal reduction mandate still stands for cities and counties under AB 939. AB 341 further required all businesses generating four cubic yards of solid waste and all multi-family complexes of five units or more to arrange for recycling services by July 1, 2012. The Solid Waste System's programs and facilities are intended to assist the City with compliance with AB 341.

Assembly Bill 1826 ("**AB 1826**") was signed into law in 2014, further amending AB 939. This amendment requires all businesses generating eight or more cubic yards of compostables to participate in a compostables collection program (food scraps, green waste and wood) by April 1, 2016. Businesses generating four cubic yards of compostables per week were required to participate by January 1, 2017. Businesses generating two cubic yards of solid waste per week are now also required to participate. In addition, multi-family complexes of five or more units were required to participate in a compostables collection program for green waste and wood by April 1, 2016. The City had previously established a process for managing these materials via composting.

California Senate Bill 1383

Senate Bill 1383 (“SB 1383”) enacted in September 2016, establishes targets to achieve a 50% reduction in the level of the statewide disposal of organic waste from the 2014 level by 2020 and a 75% reduction by 2025. SB 1383 grants CalRecycle the regulatory authority required to achieve the organic waste disposal reduction targets and establishes an additional target that not less than 20% of currently disposed edible food is recovered for human consumption by 2025. In September 2020, CalRecycle adopted regulations formalizing implementation responsibilities across the waste sector and includes requirements for generators, industry, local governments, and other entities.

SB 1383 codifies the California Air Resources Board’s Short-Lived Climate Pollutant Reduction Strategy, established pursuant to Senate Bill No. 605 to achieve reductions in the statewide emissions of short-lived climate pollutants. SB 1383 requires a 40% reduction in methane, a 40% reduction on hydrofluorocarbon gases and a 50% reduction in anthropogenic black carbon by 2030 relative to 2013 baseline levels. The Solid Waste System’s programs and facilities are intended to assist the City with compliance with SB 1383.

The SMaRT Station NextGen Project is intended to assist the City to comply with SB 1383. See “THE SMART STATION – The NextGen Project” for additional information regarding the NextGen Project.

Closure and Post-closure Costs

The City’s landfill closed in 1993. For landfills closed on or after January 1988, federal law, as adopted by the State of California, requires landfill owners and/or operators to provide for post-closure maintenance and corrective action costs for their landfills. This may be accomplished through a variety of specified means. Post-closure costs relate to leachate control, groundwater monitoring, drainage control and maintenance, final cover and vegetation. Corrective Action cost estimates cover the expenses of investigating, containing, and remediating a landfill release, including monitoring and contingency costs. New or increased regulations could substantially increase the requirements and costs associated with closure and post-closure of landfills. See “RISK FACTORS – Statutory and Regulatory Impact.” The City’s estimates for closure and post-closure costs are based on current federal regulatory requirements, including Subtitle D of the Resource Conservation and Recovery Act (RCRA), and state regulatory requirements in Title 27 of the California Code of Regulations. There can be no assurance that the actual costs will not be greater or less than the City’s estimated costs that are based upon current regulations and requirements. The City established a Postclosure Maintenance and Corrective Action fund via Resolution 616-13. The City’s post-closure and corrective action cost estimates are prepared and updated every five years by an independent third party. Estimates are approved by CalRecycle and adjusted for inflation annually as required. The balance sheets for the Solid Waste Fund include expenditures for post-closure expenses. See “THE SOLID WASTE SYSTEM – Solid Waste System Historical Net Position.”

The Governmental Accounting Standards Board (“**GASB**”) issued a statement that requires state and local entities which are required by law to incur post-closure liabilities to recognize a prorated portion of those post-closure liabilities as a current expenditure. Although GASB requires the current recognition of pro rata closure and post-closure costs for financial reporting purposes, it does not require the City to reserve post-closure costs in separate trust funds (as is required by state and federal law with respect to closure costs). See “THE SOLID WASTE SYSTEM – Solid Waste System Historical Net Position.”

Federal and Other State Laws Governing Solid Waste Disposal

The Solid Waste System is regulated at the local, state and federal levels. CalRecycle has primary oversight and regulatory responsibilities of the Solid Waste System. The Solid Waste System also must comply with regulatory requirements as set forth by the local Regional Water Quality Control Board, the Bay Area Air I District, the EPA and California Environmental Protection Agency. On October 9, 1991, the EPA promulgated changes to the RCRA. The regulations provide for nationwide minimum standards for landfilling municipal solid waste and became effective on October 9, 1993. The regulations include requirements relating to daily cover, gas control, record keeping, groundwater monitoring, and closure and post-closure maintenance. Individual states must apply to the EPA to become an "Approved State," demonstrating that their state waste management plan is in compliance with federal Subtitle D requirements. After the EPA approves a state plan, the regulations permit discretion on the part of state regulators to grant some flexibility to landfill operators in implementing Subtitle D regulations. California has been designated an "Approved State."

The United States Congress and the State legislature are, at any given time, considering a variety of bills involving solid waste and recycling issues. The City is unable to predict which, if any, of the potential State or federal legislative enactments may be implemented or how any particular proposed legislation might impact the solid waste collection, recycling and disposal services provided by the City. See "RISK FACTORS – Statutory and Regulatory Impact."

Air and Water Quality Regulations

Solid waste management facilities are closely monitored to protect air and water quality. Under the Porter-Cologne Water Quality Control Act ("**Porter-Cologne**"), the City is required to report waste discharges that could affect water quality. Porter-Cologne is administered and enforced by the State Water Resources Control Board and Regional Water Quality Control Boards. The City's landfills are regulated by the Regional Water Quality Control District and the regional Bay Area Air District.

Pursuant to Porter-Cologne, the Regional Water Quality Control Board issues waste discharge requirements ("**WDRs**") containing terms and conditions of permitted discharges for the landfills. The WDRs typically mandate a regular self-monitoring program to detect pollutants. In the event of a violation of a WDR, the Regional Water Quality Control Board may issue either a cease and desist order or a cleanup and abatement order that mandate deadlines for remedial action. A landfill operator's failure to comply with a Regional Water Quality Control Board order or reporting requirements may result in administrative or judicial civil liabilities ranging up to \$27,500 a day. In the previous five years, the City has not had any material violations of any WDRs.

Porter-Cologne also instituted the Solid Waste Assessment Testing program which requires an analysis of surface and groundwater under and near waste management facilities. If contamination outside of the landfill occurs, operators of the facility must notify the State Department of Health Services and CalRecycle. These agencies will impose remedial action upon the facility.

The California Clean Air Act and the Lewis-Presley Air Quality Management Act authorize the adoption of rules and regulations for air quality permits and govern the enforcement of those permits and rules. Such acts are administered and enforced by the regional Bay Area Air District. Various rules apply to landfill operations, including rules which

relate to methane gas monitoring and migration, as well as rules which relate to specific equipment and machinery, above ground fuel tanks and fugitive dust emissions. The Bay Area Air District conducts periodic inspections of the Solid Waste System and, in a fashion similar to the Regional Water Quality Control Board, may impose civil liabilities for permit violations.

Compliance with Current Operating Standards

As of the date of this Official Statement, the City believes it is materially compliant with all significant regulatory requirements, including the laws and regulations described above.

RISK FACTORS

The following discussion of risks is not meant to be an exhaustive list of the risks associated with the purchase of the Bonds and does not necessarily reflect the relative importance of the various risks.

Limited Obligations

Payment of principal of and interest on the Bonds depends upon the City's receipt of Net Revenues of the Solid Waste System and the Mountain View Debt Service Payments. The Bonds are limited obligations of the City and are not secured by a legal or equitable pledge or charge or lien upon any property of the City or any of its income or receipts, except the Net Revenues of the Solid Waste System and the Mountain View Debt Service Payments. The obligation of the City to make the Installment Payments does not constitute an obligation of the City to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation.

The City has covenanted in the Installment Sale Agreement to fix, prescribe, revise and collect charges for solid waste services furnished by such City that are sufficient to yield Net Revenues at least equal to 120% of the Installment Payments and the Debt Service on any Parity Debt and 100% of all debt service for Installment Payments. The Bonds are not issued by and do not constitute a debt or obligation of Mountain View, and are not secured by the pledge of any funds or assets of Mountain View, other than as described in the Memorandum of Understanding.

Sufficiency of Net Revenues

Net Revenues of the Solid Waste System. There can be no assurance that the City can succeed in operating the Solid Waste System such that the Net Revenues of the Solid Waste System in the future amounts projected in this Official Statement will be realized. Specifically, there can be no assurance that the local demand for the services of the Solid Waste System will be maintained at the levels described in this Official Statement, and that the assumptions used in projecting demand for refuse collection services will be realized in the future.

In addition, there can be no assurance that the costs of maintaining and operating the Solid Waste System and the SMaRT Station will be consistent with the levels described in this Official Statement, or that the assumptions used in projecting these costs will be realized in the future. There can be no assurance that changes in regulatory requirements, changes in technology, increased energy costs, or other factors will not increase the costs of maintaining and operating the Solid Waste System and the SMaRT Station with a resulting decrease in Net Revenues of the Solid Waste System.

Reductions in the level of demand, or increases in the costs of maintaining and operating the Solid Waste System, could require an increase in Solid Waste System rates and charges in order to produce Net Revenues of the Solid Waste System sufficient to comply with the City's rate covenant contained in the Indenture, and any such increases could act to further decrease demand.

Mountain View Debt Service Payments. The City's ability to collect Mountain View Debt Service Payments from Mountain View under the Memorandum of Understanding could be

delayed by factors including bankruptcy, legal challenges or other contractual disputes regarding the Memorandum of Understanding. Any such payment delays could lead to a shortfall in funds available to pay debt service on the Bonds.

Limitations on Remedies and Limited Recourse on Default

Limited Remedies Against Sunnyvale. The remedies available to the owners of the Bonds upon the occurrence of an event of default under the Indenture are in many respects dependent upon judicial actions which are often subject to discretion and delay and could prove both expensive and time consuming to obtain.

In addition to the limitations on remedies contained in the Indenture, the rights and obligations under the Indenture may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against cities in the State of California. The opinion to be delivered by Bond Counsel concurrently with the issuance of the Bonds will be subject to such limitations and the various other legal opinions to be delivered concurrently with the issuance of the Bonds will be similarly qualified. See "APPENDIX D – PROPOSED FORM OF BOND COUNSEL OPINION."

If the City fails to comply with its covenants under the Indenture or fails to pay principal of and interest due on the Bonds, there can be no assurance of the availability of remedies adequate to protect the interest of the holders of the Bonds.

No Bond Owner Recourse Against Mountain View. The Bonds are not issued by and do not constitute a debt or obligation of Mountain View. Rather, Mountain View is contractually obligated under the Memorandum of Understanding to make payments to Sunnyvale of its proportionate share of debt service on the Bonds. The Bonds are not secured by the pledge of any funds or assets of Mountain View, and if a default in payment on the Bonds occurs, Bonds owners will have no recourse against Mountain View.

Expiration of Contract with Kirby Canyon

Sunnyvale's contract with Kirby Canyon expires in 2031, which is prior to the maturity of the Bonds. If Sunnyvale is unable to extend their contract with Kirby Canyon, it will be forced to find an alternative site for landfill disposal, which could impose additional costs, and which may adversely affect the ability of the SMaRT Station to pay principal and interest with respect to the Bonds.

Potential Impact of Climate Change

City finances may be negatively impacted by future sea level rise or other negative impacts resulting from climate change. These other impacts may include intensity of severe storms, intensity of flooding, and wildfire, although the overall impact of climate change on the City is not definitive. Any of these factors may adversely impact the operations and/or finances of the Solid Waste System.

Natural Disasters

General. The areas in and surrounding the City, like those in much of California, may be subject to unpredictable seismic activity and other natural disasters, including, without

limitation, landslides, floods, droughts, or fires. One or more natural disasters could occur and could result in damage to improvements of varying seriousness. The damage may entail significant repair or replacement costs and that repair or replacement may never occur either because of the cost, or because repair or replacement will not facilitate habitability or other use, or because other considerations preclude such repair or replacement. Under any of these circumstances there could be significant delinquencies in the payment of property taxes.

Earthquakes. Like many areas of California, the City is subject to seismic activity. According to the City's General Plan, the City is located in close proximity to two known active fault zones, the San Andreas Fault zone 7 miles to the south of the City's Civic Center, and the Hayward fault zones 10 miles to the northeast. The City could be at risk from strong ground motion and secondary effects, including ground failure (such as landslide, liquefaction, lateral spreading, lurching and differential settlement) and seismically induced flooding (such as flooding from a tsunami, seiche or dam failure).

Smoke from Wildfires. Although the Safety and Noise Element of the City's General Plan indicates that the City is a relatively fire-safe community, many areas of northern California have suffered from major wildfires in recent years, including numerous wildfires burning since August 2020. In addition to their direct impact on health and safety and property damage in California, the smoke from these wildfires has impacted the quality of life in the Bay Area, and the City and may have short-term and future impacts on commercial activity in the City. The fires have been driven in large measure by drought conditions and low humidity. Experts expect that California will continue to be subject to wildfire conditions year over year as a result in changing weather patterns due to climate change.

Floods. According to the Seismic Safety and Safety Sub-Element of the Community Development Element of the City's General Plan, the sources of flooding that can threaten the City include excessive precipitation and surface runoff, tidal flooding due to levee breaks, dam failure, and seismically induced flooding. The City does not maintain flood insurance on the Leased Property.

Public Health Emergencies

In recent years, public health authorities have warned of threats posed by outbreaks of disease and other public health threats. Pandemic diseases arising in the future could have significant adverse health and financial impacts throughout the world, leading to loss of jobs and personal financial hardships, and/or actions by federal, State and local governmental authorities to contain or mitigate the effects of an outbreak.

Taxpayer assistance measures may include deferral of due dates of utility rate charges, and with or without a deferral some taxpayers may be unable to make their utility payments. No assurance can be given that the utility payment dates will not be deferred in the future, which may cause a delay in the receipt of Revenues. In addition, solid waste volumes may be affected by a reduction in demand stemming from personal finances, or general widespread economic circumstances resulting from pandemic diseases.

Cybersecurity

The City, like many other public and private entities, relies on computer and other digital networks and systems to conduct its operations. As a recipient and provider of personal, private or other sensitive electronic information, the City is potentially subject to multiple cyber threats, including without limitation hacking, viruses, ransomware, malware and other attacks. No

assurance can be given that the City's efforts to manage cyber threats and attacks will be successful in all cases, or that any such attack will not materially impact the operations or finances of the City. The City is also reliant on other entities and service providers in connection with the administration of the Bonds, including without limitation the County tax collector for the levy and collection of property taxes, and the Trustee. No assurance can be given that the City and these other entities will not be affected by cyber threats and attacks in a manner that may affect the Bond owners.

Environmental Regulation

The City has identified some of the existing and potential environmental issues which could affect the Solid Waste System. See "SOLID WASTE REGULATIONS" for brief discussions of some of these issues.

Statutory and Regulatory Impact

Laws and regulations governing solid waste management are enacted and promulgated by government agencies on the federal, state and local levels. These laws and regulations address the design, construction, operation, maintenance, closure and post-closure maintenance of various types of facilities; acceptable and prohibited waste types; and inspection, permitting, environmental monitoring and solid waste recycling requirements. Laws and regulations at both the State and federal levels impose retroactive liability, particularly with respect to cleanup activities, relating to the SMaRT Station. Thus, the City has potential liability with respect to the SMaRT Station. Compliance with these laws and regulations may be costly, and, as more stringent standards are developed to protect the environment, these costs will likely increase. Claims against the City may be significant. Such claims are payable from assets of the Solid Waste System or from other legally available sources. No assurance can be given that the cost of compliance with such laws and regulations will not materially adversely affect the ability of the City to generate Net Revenues in the amounts required by the Indenture and to pay debt service with respect to the Bonds.

Flow Control

Courts have upheld the right of public agencies to use "flow control" to designate disposal sites to be used by haulers. On September 9, 1995, the United States Court of Appeals for the Second Circuit, in *SSC Corp. v. Town of Smithtown* ("**Smithtown**"), confirmed that a governmental entity had authority to include in a contract for solid waste collection by a private company, a provision requiring such company to deliver solid waste to a facility specified by a governmental entity. The Court ruled that such designation of a disposal site did not violate the Commerce Clause of the United States Constitution, which prevents states from enacting legislation that would impinge on interstate commerce.

In 2006, the United States Supreme Court in *United Haulers Association v. Oneida-Herkimer Solid Waste Management Authority* ("**Oneida-Herkimer**") held that flow control ordinances of two counties, which required trash haulers to deliver waste to government-owned processing facilities, were constitutional. In *Oneida-Herkimer*, the Court determined that the municipal flow control ordinances enacted by the County of Oneida and the County of Herkimer benefitted a "clearly public facility" while treating all private facilities equally. However, because local governments have the responsibility to protect the health, safety, and welfare of their citizens, laws favoring such governmental entities should be judged differently than laws favoring local private entities. In addition, waste disposal historically has been considered a local government function.

This area of law continues to develop and there can be no assurance that the legal arrangement presently exercised by the participants over the flow of solid waste that is delivered to the SMaRT Station might not be challenged in the future. Such a challenge, if successful, could render such flow control unenforceable in whole or in part. In such event, waste generated within the Authority's service area could be transported to alternate transfer facilities and/or disposal sites and the volume of solid waste received by the SMaRT Station, and the revenues received by the Authority, could be reduced.

Certain Limitations on the Ability of Participants to Impose Taxes, Fees and Charges

General. On November 5, 1996, California voters approved Proposition 218, the so-called "Right to Vote on Taxes Act." Proposition 218 added Articles XIIC and XIID to the State Constitution, which affect the ability of local governments to levy and collect both existing and future taxes, assessments, and property-related fees and charges. Proposition 218, which generally became effective on November 6, 1996, limited local governments' authority to impose or increase property-related "fee" or "charge," which is defined as "any levy other than an ad valorem tax, a special tax or an assessment, imposed by a local government upon a parcel or upon a person as an incident of property ownership, including user fees or charges for a property related service" (and referred to in this section as a "property-related fee or charge").

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

- (1) A charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege.
- (2) A charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product.
- [. . .]
- (6) A charge imposed as a condition of property development.
- (7) Assessments and property-related fees imposed in accordance with the provisions of Article XIID.

Property-Related Fees and Charges. Under Article XIID, before a municipality may impose or increase any property-related fee or charge, the entity must give written notice to the record owner of each parcel of land affected by that fee or charge. The municipality must then hold a hearing upon the proposed imposition or increase at least 45 days after the written notice is mailed, and, if a majority of the property owners of the identified parcels present written protests against the proposal, the municipality may not impose or increase the property-related fee or charge.

Further, under Article XIID, revenues derived from a property-related fee or charge may not exceed the funds required to provide the “property-related service” and the entity may not use such fee or charge for any purpose other than that for which it imposed the fee or charge. The amount of a property-related fee or charge may not exceed the proportional cost of the service attributable to the parcel, and no property-related fee or charge may be imposed for a service unless that service is actually used by, or is immediately available to, the owner of the property in question.

Initiative Power. In addition, Article XIIC states that “the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge. The power of initiative to affect local taxes, assessments, fees and charges shall be applicable to all local governments and neither the Legislature nor any local government charter shall impose a signature requirement higher than that applicable to statewide statutory initiatives.”

Judicial Interpretation of Articles XIIC and XIID. After Proposition 218 was enacted in 1996, appellate court cases and an Attorney General’s opinion initially indicated that fees and charges for water and wastewater services, which are based on the amount of services consumed, would not be considered property-related fees and charges, and thus not subject to the requirements of Article XIID. However, three recent cases have held that certain types of water and wastewater charges could be subject to the requirements of Article XIID under certain circumstances.

In *Richmond v. Shasta Community Services District*, 32 Cal.4th 409 (2004), the California Supreme Court addressed the applicability of the notice, hearing and protest provisions of Article XIID to certain charges related to water service. In *Richmond*, the Court held that capacity charges are not subject to Proposition 218. The Court also indicated in dictum that a fee for ongoing water service through an existing connection could, under certain circumstances, constitute a property-related fee and charge, with the result that a local government imposing such a fee and charge must comply with the notice, hearing and protest requirements of Article XIID.

In *Howard Jarvis Taxpayers Association v. City of Fresno*, 127 Cal.App.4th 914 (Cal. App.5th 2005), the California Court of Appeal, Fifth District, concluded that water, sewer and trash fees are property-related fees subject to Proposition 218 and a municipality must comply with Article XIID before imposing or increasing such fees. The California Supreme Court denied the City of Fresno’s petition for review of the Court of Appeal’s decision on June 15, 2005.

In *Bighorn-Desert View Water Agency v. Verjil*, 39 Cal.4th 205 (2006), the California Supreme Court addressed the validity of a local voter initiative measure that would have (a) reduced a water agency’s rates for water consumption (and other water charges), and (b) required the water agency to obtain voter approval before increasing any existing water rate, fee, or charge, or imposing any new water rate, fee, or charge. The court adopted the position indicated by its statement in *Richmond* that a public water agency’s charges for ongoing water delivery are “fees and charges” within the meaning of Article XIID, and went on to hold that charges for ongoing water delivery are also “fees” within the meaning of Article XIIC’s mandate that the initiative power of the electorate cannot be prohibited or limited in matters of reducing or repealing any local tax, assessment, fee or charge. Therefore, the court held, Article XIIC authorizes local voters to adopt an initiative measure that would reduce or repeal a public agency’s water rates and other water delivery charges. (However, the court ultimately ruled in

favor of the water agency and held that the entire initiative measure was invalid on the grounds that the second part of the initiative measure, which would have subjected future water rate increases to prior voter approval, was not supported by Article XIIC and was therefore invalid.)

The court in *Bighorn* specifically noted that it was not holding that the initiative power is free of all limitations; the court stated that it was *not* determining whether the electorate's initiative power is subject to the statutory provision requiring that water service charges be set at a level that will pay for operating expenses, provide for repairs and depreciation of works, provide a reasonable surplus for improvements, extensions, and enlargements, pay the interest on any bonded debt, and provide a sinking or other fund for the payment of the principal of such debt as it may become due.

Conclusion. Each participant is responsible for determining whether the notice and protest provisions of Proposition 218 apply to the charges imposed with respect to waste collection services provided by each participant's hauler and, if such notice and protest provisions do apply, such participant is responsible for compliance therewith and with any other applicable provisions. The Authority is not aware of any pending challenge to any of the participant's solid waste collection fees and charges.

Because the Authority does not set public rates with respect to any waste that is collected curbside by participants, or their franchise haulers, if applicable, the Authority does not believe the fees and charges of the SMaRT Station are subject to Proposition 218.

The Authority has covenanted in the Installment Sale Agreement, to fix, prescribe and collect rates, fees and charges for the use of the SMaRT Station at specified levels. See "SECURITY FOR THE BONDS - Rate Covenants; Collection of Rates and Charges." The ability of the Authority to collect such fees depends in part on the ability of the participants to establish rates, fees and charges for solid waste collection service provided to collection customers within their respective jurisdictions. In the event that proposed increased service charges cannot be imposed by one or more of such participants as a result of a majority protest, such circumstances may adversely affect the ability of the SMaRT Station to generate revenues in the amounts required by the Indenture, and to pay principal and interest with respect to the Bonds.

Tax Exemption of the Bonds

The Authority has covenanted in the Indenture that it will take all actions necessary to assure the exclusion of interest on the Bonds from the gross income of the Owners of the Bonds to the same extent as such interest is permitted to be excluded from gross income under the Internal Revenue Code of 1986. If the Authority fails to comply with this tax covenant, the interest on the Bonds may become includable in the gross income of the Owners thereof for federal tax purposes. See "Tax Matters."

Secondary Market for Bonds

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that any Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being

made will depend upon then-prevailing circumstances. Such prices could be substantially different from the original purchase price.

CONTINUING DISCLOSURE

The City has covenanted for the benefit of owners of the Bonds to provide certain financial information and operating data relating to the Bonds by not later than April 1 in each year (the “**Annual Report**”) commencing with its report for the 2024-25 fiscal year (due April 1, 2026) and to provide notices of the occurrence of certain enumerated events.

These covenants have been made in order to assist the Underwriter in complying with Securities Exchange Commission Rule 15c2-12(b)(5), as amended (the “**Rule**”). The specific nature of the information to be contained in the Annual Report or the notices of listed events is set forth in “APPENDIX E – Form of Continuing Disclosure Certificate.”

The City believes it currently is in material compliance with all of its continuing disclosure undertakings for the last five years.

CERTAIN LEGAL MATTERS

The validity of the Bonds and certain other legal matters are subject to the approving opinion of Jones Hall LLP, as Bond Counsel. Certain matters will be passed upon for the Authority by Jones Hall LLP, as Disclosure Counsel. Certain legal matters will be passed upon for the City by the City Attorney.

NO LITIGATION

There is no action, suit or proceeding known to be pending or threatened, restraining or enjoining the issuance or sale of the Bonds or the execution of the Indenture or Installment Sale Agreement, or in any way contesting or affecting the validity of the foregoing or any proceedings of the City or the Authority taken with respect to any of the foregoing.

TAX MATTERS

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

The opinions set forth in the preceding paragraph are subject to the condition that each of the City and the Authority complies with all requirements of the Internal Revenue Code of 1986, as amended (the “Tax Code”), that must be satisfied subsequent to the issuance of the Bonds. The Authority has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds.

If the initial offering price to the public (excluding bond houses and brokers) at which a Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes "original issue discount" for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public (excluding bond houses and brokers) at which a Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes "original issue premium" for purposes of federal income taxes and State of California personal income taxes. *De minimis* original issue discount and original issue premium is disregarded.

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

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

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

Owners of the Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may have federal or State tax consequences other than as described above. Bond Counsel expresses no opinion regarding any federal or state tax consequences arising with respect to the Bonds other than as expressly described above. See APPENDIX D for the form of the final opinion of Bond Counsel.

RATING

S&P Global Ratings, Inc. (“S&P”) has assigned its municipal bond rating of “_____”

This rating reflects only the views of the rating agency, and an explanation of the significance of this rating should be obtained from the issuing rating agency. There is no assurance that this rating will continue for any given period of time or that the rating will not be revised downward or withdrawn entirely by the issuing rating agency if, in its judgment, circumstances so warrant. Any downward revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

MUNICIPAL ADVISOR

The Authority have retained Ross Financial of San Francisco, California, as municipal advisor (the “**Municipal Advisor**”) in connection with the offering of the Bonds and the preparation of this Official Statement. The Municipal Advisor has not undertaken to make an independent verification nor assumes responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement. The fee of the Municipal Advisor is contingent upon the successful closing of the Bonds.

UNDERWRITING

Stifel, Nicolaus & Company, Incorporated, the Underwriter of the Bonds, has agreed to purchase the Bonds from the Authority at a purchase price of \$_____ (being an amount equal to the principal amount of the Bonds (\$_____), less an underwriter’s discount of \$_____). The purchase contract under which the Underwriter is purchasing the Bonds provides that the Underwriter will purchase all of the Bonds if any are purchased. The obligation of the Underwriter to make such purchase is subject to certain terms and conditions set forth in the contract of purchase.

The public offering prices of the Bonds may be changed from time to time by the Underwriter. The Underwriter may offer and sell Bonds to certain dealers and others at a price lower than the offering price stated on the cover page of this Official Statement.

CONTINGENT FEES

In connection with the issuance of the Bonds, some or all of the fees or other compensation payable to the Authority and certain professionals involved with the offering of the Bonds is contingent upon the issuance and delivery of the Bonds. Those entities include:

- Ross Financial, as municipal advisor to the issuer;
- Stifel, Nicolaus & Company, Incorporated, as the Underwriter;
- Jones Hall LLP, as Bond Counsel and Disclosure Counsel;
- Stradling Yocca Carlson & Rauth LLP, as Underwriter’s Counsel;
- U.S. Bank Trust Company, National Association, as Trustee.

EXECUTION

The Authority has duly authorized the execution and delivery of this Official Statement.

SUNNYVALE FINANCING AUTHORITY

By: _____
Title: _____

APPENDIX A

GENERAL INFORMATION ABOUT THE CITY OF SUNNYVALE AND SANTA CLARA COUNTY

*The following information concerning the City of Sunnyvale (the “**City**”) and the County of Santa Clara (the “**County**”), and surrounding areas is included only for the purpose of supplying general information regarding the community. The Bonds are not a debt of the City, County, the State of California (the “**State**”) or any of its political subdivisions, and none of the City, the County, the State or any of its political subdivisions (other than the District) is liable therefor.*

General

The City. The City is located 44 miles south of San Francisco on the San Francisco Bay peninsula, ten miles northwest of the City of San Jose. The City is home to Silicon Valley high-tech industry leaders in fields ranging from advanced satellite construction to pioneering biotechnology; from semiconductor research, design and manufacturing to leading edge telecommunications systems. The City, originally incorporated on December 24, 1912, became a charter city in 1949 with a Council/Manager form of government. The City is managed by a City Manager, who is appointed by the City Council (the “Council”). All municipal departments operate under the supervision of the City Manager, except for the City Attorney who is appointed by the Council. Seven Council members are elected at-large for numbered seats and serve staggered four-year terms. The Council annually selects one of its members to serve as mayor. Councilmembers may serve any number of terms, but no more than two terms consecutively.

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

Population

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

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

<u>Area</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Campbell	43,461	43,010	43,320	43,377	43,281
Cupertino	59,915	59,464	59,861	59,887	59,831
Gilroy	59,910	59,686	60,860	61,531	62,205
Los Altos	31,383	31,211	31,474	31,523	31,720
Los Altos Hills	8,459	8,389	8,490	8,520	8,548
Los Gatos	33,266	33,056	33,519	33,500	33,355
Milpitas	80,358	80,707	81,980	82,401	81,915
Monte Sereno	3,462	3,488	3,583	3,613	3,637
Morgan Hill	46,267	46,069	46,449	46,573	46,599
Mountain View	83,456	83,848	84,731	86,674	86,513
Palo Alto	67,849	67,791	68,468	68,570	68,794
San José	994,319	970,089	978,546	980,174	979,415
Santa Clara	129,747	130,567	133,469	133,829	134,587
Saratoga	30,878	30,638	30,937	31,020	31,110
Sunnyvale	155,259	155,936	158,006	158,948	159,673
Balance Of County	91,471	85,605	90,878	91,472	91,266
County Total	1,936,259	1,913,594	1,894,827	1,915,165	1,921,406

Source: State Department of Finance estimates.

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Employment and Industry

The District is part of the San José-Sunnyvale-Santa Clara Metropolitan Statistical Area (“MSA”), which is comprised of Santa Clara and San Benito Counties. The unemployment rate in the San Jose-Sunnyvale-Santa Clara MSA was 3.9 percent in April 2025, down from a revised 4.1 percent in March 2025, and above the year ago estimate of 3.8 percent. This compares with an unadjusted unemployment rate of 5.0 percent for California and 3.9 percent for the nation during the same period. The unemployment rate was 6.7 percent in San Benito County, and 3.8 percent in Santa Clara County.

The table below list employment by industry group for the years 2020 through 2024.

SAN JOSÉ-SUNNYVALE-SANTA CLARA MSA
(San Benito and Santa Clara Counties)
Annual Averages Civilian Labor Force, Employment and Unemployment,
Employment by Industry
(March 2024 Benchmark)

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

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

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

(3) Totals may not add due to rounding.

Source: State of California Employment Development Department.

Principal Employers

The following table shows the principal employers in the City, as shown in the Annual Comprehensive Financial Report for fiscal year ending June 30, 2024.

CITY OF SUNNYVALE Principal Employers		
Employer	Number of Employees	Percent of Total Employment
Google	14,426	16.77%
Apple	12,458	14.48
Amazon.com Services	6,578	7.65
Intuitive Surgical Operations	3,836	4.46
Lockheed Martin Space Systems	3,576	4.16
Applied Materials	3,389	3.94
Facebook	3,090	3.59
Cepheid	3,042	3.54
Walmart	2,398	2.79
Synopsys	2,392	N/A

Source: City of Sunnyvale, Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2024.

Major Employers

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

SANTA CLARA COUNTY Major Employers May 2025

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

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

Commercial Activity

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

Total taxable sales during calendar year 2024 in the City were reported to be \$3,184,562,446, a 5.06% increase in the total taxable sales of \$3,031,241,628 reported during the calendar year 2023.

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

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2020	1,735	1,191,196	3,278	1,935,682
2021	1,704	1,333,950	3,243	2,337,541
2022	1,663	1,609,745	3,225	2,926,157
2023	1,636	1,571,300	3,176	3,031,242
2024	1,691	1,664,465	3,269	3,184,562

Source: State Department of Tax and Fee Administration.

Total taxable sales during calendar year 2024 in the County were reported to be \$57,212,355,101, representing a 0.20% decrease in the total taxable transactions of \$57,098,298,396 that were reported in the County during calendar year 2023.

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

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2020	30,969	27,467,410	55,395	46,444,650
2021	28,365	31,393,299	51,015	52,994,694
2022	28,214	33,619,773	51,222	57,738,947
2023	27,227	33,369,250	49,698	57,098,298
2024	27,465	33,757,071	50,447	57,212,355

Source: State Department of Tax and Fee Administration.

Construction Activity

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

CITY OF SUNNYVALE Building Permit Valuation For Calendar Years 2019 through 2023 (Dollars in Thousands)⁽¹⁾

	2019	2020	2021	2022	2023
<u>Permit Valuation</u>					
New Single-family	\$31,108.9	\$40,277.8	\$44,032.4	\$33,544.3	\$11,667.8
New Multi-family	85,545.8	31,733.9	147,362.7	127,522.4	101,161.4
Res. Alterations/Additions	22,600.6	\$3,645.5	8,424.7	445.5	25,078.4
Total Residential	141,274.3	75,657.2	199,819.8	161,512.2	137,907.6
New Commercial	208,591.5	88,715.6	151,888.6	265,790.7	10,045.6
New Industrial	11,875.8	20.0	7,229.3	0.0	0.0
New Other	142.0	22,462.6	80,238.0	49,623.7	3,539.4
Com. Alterations/Additions	297,435.0	14,713.7	32,855.3	44,299.2	387,913.3
Total Nonresidential	\$518,044.3	\$125,911.9	\$272,211.2	\$359,713.6	\$401,498.3
<u>New Dwelling Units</u>					
Single Family	156	170	188	147	50
Multiple Family	403	261	933	875	1,050
TOTAL	559	431	1,121	1,022	1,100

(1) Totals may not add due to rounding.

Source: Construction Industry Research Board, Building Permit Summary.

SANTA CLARA COUNTY Building Permit Valuation For Calendar Years 2019 through 2023 (Dollars in Thousands)⁽¹⁾

	2019	2020	2021	2022	2023
<u>Permit Valuation</u>					
New Single-family	\$693,032.6	\$465,531.8	\$604,388.6	\$558,633.4	\$534,061.1
New Multi-family	567,726.7	384,856.1	488,538.1	1,239,445.8	882,779.3
Res. Alterations/Additions	555,483.1	314,179.3	351,100.6	392,595.4	374,279.1
Total Residential	1,816,242.4	1,164,567.2	1,444,027.3	2,190,674.6	1,791,119.5
New Commercial	2,664,298.3	1,216,184.5	309,537.0	774,988.7	329,197.5
New Industrial	41,875.8	72,481.3	8,982.3	0.0	2,099.0
New Other	273,529.1	145,437.8	451,952.6	623,244.7	192,452.6
Com Alterations/Additions	2,467,939.0	1,382,406.5	812,157.1	1,249,080.3	2,150,379.3
Total Nonresidential	\$5,447,642.2	\$2,816,510.1	\$1,582,629.0	\$2,647,313.7	\$2,674,128.4
<u>New Dwelling Units</u>					
Single Family	1,814	1,329	1,789	1,538	1,210
Multiple Family	3,216	2,245	3,210	6,765	4,776
TOTAL	5,030	3,574	4,999	8,303	5,986

(1) Totals may not foot due to rounding.

Source: Construction Industry Research Board, Building Permit Summary.

Effective Buying Income

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

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

**CITY OF MOUNTAIN VIEW, SANTA CLARA COUNTY,
THE STATE OF CALIFORNIA AND THE UNITED STATES
Effective Buying Income
As of January 1, 2021 through 2025**

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2021	City of Sunnyvale	\$10,024,474	\$117,368
	Santa Clara County	103,006,380	103,458
	California	1,290,894,604	67,956
	United States	9,809,944,764	56,790
2022	City of Sunnyvale	\$10,986,880	\$134,221
	Santa Clara County	113,347,038	118,652
	California	1,452,426,153	77,058
	United States	11,208,582,541	64,448
2023	City of Sunnyvale	\$11,236,110	\$139,271
	Santa Clara County	112,532,636	121,559
	California	1,461,799,662	77,175
	United States	11,454,846,397	65,326
2024	City of Sunnyvale	\$11,448,441	\$142,276
	Santa Clara County	114,948,530	125,048
	California	1,510,708,521	80,973
	United States	11,987,185,826	67,876
2025	City of Sunnyvale	\$11,767,598	\$142,204
	Santa Clara County	118,437,858	128,178
	California	1,557,429,767	82,725
	United States	12,525,577,707	69,687

Source: Claritas, LLC

APPENDIX B

SUNNYVALE AUDITED FINANCIAL STATEMENTS

APPENDIX C
SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

APPENDIX D
PROPOSED FORM OF BOND COUNSEL OPINION

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

\$ _____
SUNNYVALE FINANCING AUTHORITY
SOLID WASTE REVENUE BONDS, SERIES 2025

This Continuing Disclosure Certificate (this “Disclosure Certificate”) is executed and delivered by the City of Sunnyvale (the “City”), on behalf of the Sunnyvale Financing Authority (the “Authority”) and itself, in connection with the issuance by the Authority of the bonds captioned above (the “Bonds”). The Bonds are being issued under an Indenture of Trust dated as of November 1, 2025 (the “Indenture”), by and between the Authority and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”). The City hereby covenants and agrees as follows:

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

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

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

“*Annual Report Date*” means April 1 of each year.

“*Dissemination Agent*” means Digital Assurance Certification LLC or any successor Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation.

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

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

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

“*Participating Underwriter*” means Stifel, Nicholas & Company, Incorporated, as the initial purchase of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

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

Section 3. Provision of Annual Reports.

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

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

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

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

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

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

(a) Audited Financial Statements of the City, which shall include financial statements of the City’s Solid Waste System (the “Solid Waste System”) and the City’s Solid Waste Materials Recovery and Transfer Station (the “SMaRT Station”), prepared in accordance with Generally Accepted Accounting Principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the City’s audited financial statements are not available by the Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official

Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or prior to the Report Date, financial information and operating data with respect to the City, the Solid Waste System and the SMaRT Station for the preceding fiscal year, substantially similar to that provided in the corresponding tables and charts in the Official Statement, updated to include information for the Fiscal Year covered by the respective Annual Report:

- (i) Table 2, SMaRT Station, Historical Revenues and Expenses;
- (ii) Table 7, Solid Waste System, Summary of Accounts and Usage by User Type
- (iii) Table 9, Solid Waste System, Ten Largest Customers
- (ii) Table 11, Solid Waste System, Revenues and Expenses and Debt Service Coverage (including debt service coverage on the Bonds and any future Parity Debt)

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The City shall clearly identify each such other document so included by reference.

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

Section 5. Reporting of Listed Events.

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

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

respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.

- (7) Modifications to rights of security holders, if material.
- (8) Bond calls, if material, and tender offers.
- (9) Defeasances.
- (10) Release, substitution, or sale of property securing repayment of the securities, if material.
- (11) Rating changes (without any obligation to provide any notices of changes in the outlook assigned to or associated with any rating).
- (12) Bankruptcy, insolvency, receivership or similar event of the City.
- (13) The consummation of a merger, consolidation, or acquisition involving the City, or the sale of all or substantially all of the assets of the City (other than in the ordinary course of business), the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
- (14) Appointment of a successor or additional Trustee or the change of name of the Trustee, if material.
- (15) Incurrence of a financial obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City, any of which affect security holders, if material.
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the City, any of which reflect financial difficulties.

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

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

law. If such event is determined to be material, the City will cause a notice to be filed as set forth in paragraph (b) above.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have no duty or obligation to

review any information provided to it hereunder and shall not be deemed to be acting in any fiduciary capacity for the City, the Bond owners or any other party. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

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

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

To the Issuer:	Sunnyvale Financing Authority c/o City of Sunnyvale 456 W. Olive Avenue Sunnyvale, California 94086
To the Dissemination Agent	Digital Assurance Certification LLC 315 East Robinson Street Suite 300 Orlando, Florida 32801 Attention: Mary Wyatt Telephone: (407) 515-1100

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

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

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

[Signature Page Follows]

Date: _____, 2025

CITY OF SUNNYVALE

By: _____
City Manager

AGREED AND ACCEPTED:
DIGITAL ASSURANCE CERTIFICATION LLC
as Dissemination Agent

By: _____
Title: _____

APPENDIX F

BOOK-ENTRY ONLY SYSTEM

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

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

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

DTC, the world's largest 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 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 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, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (respectively, "NSCC", "GSCC", "MBSCC", and "EMCC", also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. 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 Standard & Poor's highest rating: AAA. 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.

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

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

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

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

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

Payments of principal of, premium, if any, and interest evidenced by the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority 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 (nor its nominee), the Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of, premium, if any, and interest evidenced by the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority 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.

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

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

Discontinuance of DTC Services. In the event that (a) DTC determines not to continue to act as securities depository for the Bonds, or (b) the Issuer determines that DTC will no longer so act and delivers a written certificate to the Trustee to that effect, then the Issuer will discontinue the Book-Entry Only System with DTC for the Bonds. If the Issuer determines to replace DTC with another qualified securities depository, the Issuer will prepare or direct the preparation of a new single separate, fully registered Bond for each maturity of the Bonds registered in the name of such successor or substitute securities depository as are not inconsistent with the terms of the Indenture. If the Issuer fails to identify another qualified securities depository to replace the incumbent securities depository for the Bonds, then the Bonds will no longer be restricted to being registered in the Bond registration books in the name of the incumbent securities depository or its nominee, but will be registered in whatever name or names the incumbent securities depository or its nominee transferring or exchanging the Bonds designates.

If the Book-Entry Only System is discontinued, the following provisions would also apply: (i) the Bonds will be made available in physical form, (ii) principal of, and redemption premiums, if any, on, the Bonds will be payable upon surrender thereof at the corporate trust office of the Trustee, (iii) interest on the Bonds will be payable by check mailed by first-class mail or, upon the written request of any Owner of \$1,000,000 or more in aggregate principal amount of Bonds received by the Trustee on or prior to the 15th day of the calendar month immediately preceding the interest payment date, by wire transfer in immediately available funds to an account with a financial institution within the continental United States of America designated by such Owner, and (iv) the Bonds will be transferable and exchangeable as provided in the Indenture.