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

PRELIMINARY OFFICIAL STATEMENT DATED _____________, 2020

NEW ISSUE - FULL BOOK-ENTRY

Moody's: "___"
S&P: "___"
See "RATINGS."

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the 2020 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. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "TAX MATTERS."

[DAC LOGO]

$____________*
SUNNYVALE FINANCING AUTHORITY
2020 Lease Revenue Bonds
(Civic Center Project)(Green Bonds)

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

Authority for Issuance. The bonds captioned above (the "2020 Bonds") are being issued by the Sunnyvale Financing Authority (the "Authority") under a resolution adopted by the Board of Directors of the Authority on October 13, 2020, and an Indenture of Trust dated as of October 1, 2020 (the "Indenture"), by and between the Authority and U.S. Bank National Association, as trustee (the "Trustee"). See "THE 2020 BONDS – Authority for Issuance."

Use of Proceeds. The 2020 Bonds are being issued to (i) finance the first phase of the City of Sunnyvale (the "City") Civic Center Modernization Project, including a portion of the costs of (a) a new City Hall, (b) renovation of the City's Public Safety Building and addition of a new Emergency Operations Center, and (c) a public plaza and open space, and (ii) pay the costs of issuing the 2020 Bonds. See "FINANCING PLAN."

Green Bonds. The City and Authority are designating the Improvements as a "Green Project" and the 2020 Bonds as "Green Bonds." See "GREEN BONDS."

Security for the 2020 Bonds. Under the Indenture, the 2020 Bonds are payable from and secured by a first pledge of and lien on "Revenues" (as defined in this Official Statement) received by the Authority under the Lease Agreement dated as of October 1, 2020 (the "Lease"), by and between the Authority, as lessor, and the City, as lessee, consisting primarily of payments (the "Lease Payments") made by the City under the Lease with respect to the lease of certain real property, as further described in this Official Statement. The leased property includes the parcel on which the Improvements will be constructed. See "THE LEASED PROPERTY." The 2020 Bonds are also secured by certain funds on deposit under the Indenture. See "SECURITY FOR THE 2020 BONDS."

No Reserve Fund. No reserve fund will be established and maintained with respect to the 2020 Bonds.

Bond Terms; Book-Entry Only. The 2020 Bonds will bear interest at the rates shown on the inside cover page, payable semiannually on April 1 and October 1 of each year, commencing on April 1, 2021, and will be issued in fully registered form without coupons in the denomination of $5,000 or any integral multiple of $5,000. The 2020 Bonds will be issued in book-entry only form, initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Purchasers of the 2020 Bonds will not receive certificates representing their interests in the 2020 Bonds. Payments of the principal of, premium, if any, and interest on the 2020 Bonds will be made to DTC, which is obligated in turn to remit such principal, premium, if any, and interest to its DTC Participants for subsequent disbursement to the beneficial owners of the 2020 Bonds. See "THE 2020 BONDS – General Provisions."

Redemption. The 2020 Bonds are subject to optional redemption, mandatory sinking fund redemption and special mandatory redemption from insurance or condemnation proceeds prior to maturity. See "THE 2020 BONDS – Redemption."

NEITHER THE 2020 BONDS, NOR THE OBLIGATION OF THE AUTHORITY TO PAY PRINCIPAL OF OR INTEREST THEREON, NOR THE OBLIGATION OF THE CITY TO MAKE THE LEASE PAYMENTS, CONSTITUTE A DEBT OR A LIABILITY OF THE AUTHORITY, THE CITY, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL LIMITATION ON INDEBTEDNESS, OR A PLEDGE OF THE FULL FAITH AND CREDIT OF THE CITY. THE 2020 BONDS ARE SECURED SOLELY BY THE PLEDGE OF REVENUES AND CERTAIN FUNDS HELD UNDER THE INDENTURE. THE 2020 BONDS ARE NOT SECURED BY A PLEDGE OF THE TAXING POWER OF THE CITY.

MATURITY SCHEDULE
(see inside cover)

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE OF 2020 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 2020 BONDS.

The 2020 Bonds are offered when, as and if issued and received by the Underwriters and subject to the approval as to their legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel. Certain legal matters will also be passed upon for the Authority and the City by Jones Hall, A Professional Law Corporation, as Disclosure Counsel. Certain legal matters will be passed upon for the City by the City Attorney, and for the Underwriters by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California. It is anticipated that the 2020 Bonds will be delivered in book-entry form through the facilities of DTC on or about November 12, 2020.

Stifel
BofA Securities J.P. Morgan Raymond James

The date of this Official Statement is: ______, 2020

** Preliminary; subject to change.*

MATURITY SCHEDULE*

$__________ Serial Bonds
(Base CUSIP†: ______)

Maturity (April 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP†

$______ - ____% Term Bonds due April 1, 20__; Yield ____%; Price ___%;
CUSIP† No. ___

* *Preliminary; subject to change*
† CUSIP Copyright CUSIP Global Services, and a registered trademark of American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, which is managed on behalf of American Bankers Association by S&P Capital IQ. None of the City, the Authority nor the Underwriters assume any responsibility for the accuracy of these CUSIP data.

SUNNYVALE FINANCING AUTHORITY
CITY OF SUNNYVALE
SANTA CLARA COUNTY, CALIFORNIA

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

Larry Klein, *Chairperson and Mayor, Seat #4*
Nancy Smith, *Vice-Chairperson and Vice Mayor, Seat #6*
Gustav Larsson, *Member and Councilmember, Seat #1*
Glenn Hendricks, *Member and Councilmember, Seat #2*
Russ Melton, *Member and Councilmember, Seat #5*
Michael S. Goldman, *Member and Councilmember, Seat #7*
Mason Fong, *Member and Councilmember, Seat #3*

CITY OFFICERS

Kent Steffens, *City Manager*
Teri Silva, *Assistant City Manager*
Tim Kirby, *Director of Finance*

FINANCING SERVICES

BOND COUNSEL AND DISCLOSURE COUNSEL

Jones Hall,
A Professional Law Corporation
San Francisco, California

MUNICIPAL ADVISOR

Ross Financial
San Francisco, California

TRUSTEE

U.S. Bank National Association
Los Angeles, California

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

Use of Official Statement. This Official Statement is submitted in connection with the sale of the 2020 Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not to be construed as a contract with the purchasers of the 2020 Bonds.

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

No Unlawful Offers or Solicitations. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor may there be any sale of the 2020 Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

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

Limited Scope of Information. The City has obtained certain information set forth herein from sources which are believed to be reliable, but such information is neither guaranteed as to accuracy or completeness, nor to be construed as a representation of such by the City.

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

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

Stabilization of Prices. In connection with this offering, the Underwriters may overallot or effect transactions which stabilize or maintain the market price of the 2020 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 Underwriters may offer and sell the 2020 Bonds to certain dealers and others at prices lower than the public offering prices set forth on the cover page hereof and said public offering prices may be changed from time to time by the Underwriter.

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

No Securities Laws Registration. The 2020 Bonds have not been registered under the Securities Act of 1933, as amended, in reliance upon exceptions therein for the issuance and sale of municipal securities. The 2020 Bonds have not been registered or qualified under the securities laws of any state.

Effective Date. This Official Statement speaks only as of its date, and the information and expressions of opinion contained in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the 2020 Bonds will, under any circumstances, give rise to any implication that there has been no change in the affairs of the City, the Authority, the other parties described in this Official Statement.

Website. The City maintains a website; however, the information presented on the website is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the 2020 Bonds.

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OFFICIAL STATEMENT

$______________*
SUNNYVALE FINANCING AUTHORITY
2020 Lease Revenue Bonds
(Civic Center Project) (Green Bonds)

INTRODUCTION

This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the 2020 Bonds to potential investors is made only by means of the entire Official Statement.

Capitalized terms used but not defined in this Official Statement have the meanings set forth in the Indenture (as defined below). See "APPENDIX A – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS."

Authority for Issuance. The Sunnyvale Financing Authority (the "**Authority**") is issuing the bonds captioned above (the "**2020 Bonds**") under the following:

(a) Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with Section 53570 (the "**Law**");

(b) resolutions adopted by the Board of Directors (the "**Board**") of the Authority on October 13, 2020 (the "**Authority Resolution**"), and by the City Council (the "**City Council**") of the City of Sunnyvale (the "**City**") on October 13, 2020 (the "**City Resolution**"); and

(c) an Indenture of Trust (the "**Indenture**") dated as of October 1, 2020, by and between the Authority and U.S. Bank National Association, as trustee (the "**Trustee**").

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 City as Successor Agency to the Former Agency. 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.

* *Preliminary; subject to change.*

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 State adopted ABx1 26 on June 28, 2011, pursuant to which the Former Agency was dissolved and the City acts as the Successor Agency. Pursuant to Section 34178(b)(3) of the Community Redevelopment Law, as amended by ABx1 26, the JPA Agreement is not invalid as a result of the dissolution of the Former Agency.

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 advanced satellite construction to pioneering biotechnology; from semiconductor research, design and manufacturing to leading edge telecommunications systems.

See "APPENDIX D – GENERAL INFORMATION ABOUT THE CITY OF SUNNYVALE AND SANTA CLARA COUNTY."

Form of Bonds; Book-Entry Only**.** The 2020 Bonds will be issued in fully registered form, registered in the name of The Depository Trust Company, New York, New York ("**DTC**"), or its nominee, which will act as securities depository for the 2020 Bonds. Purchasers of the 2020 Bonds will not receive certificates representing the 2020 Bonds that are purchased. See "THE 2020 BONDS - Book-Entry Only System" and "APPENDIX F – DTC AND THE BOOK-ENTRY ONLY SYSTEM."

Purpose of the 2020 Bonds. The 2020 Bonds are being issued to:

- finance the acquisition and construction of the first phase of the City's Civic Center Modernization Project, including a portion of the costs of (a) a new City Hall, (b) renovation of the City's Public Safety Building and addition of a new Emergency Operations Center, and (c) a public plaza and open space (collectively, the "**Improvements**"), and

- to pay the costs of issuing the 2020 Bonds.

See "FINANCING PLAN."

Green Bonds. The City and Authority are designating the Improvements as a "Green Project" and the 2020 Bonds as "Green Bonds." See "GREEN BONDS."

Security for the 2020 Bonds and Pledge of Revenues. Under the Indenture, the 2020 Bonds are payable from and secured by a first pledge of and lien on "**Revenues**" (as defined in this Official Statement) received by the Authority under the Lease Agreement dated as of October 1, 2020, between the Authority, as lessor, and the City, as lessee (the "**Lease**"), consisting primarily of payments (the "**Lease Payments**") made by the City under the Lease. The 2020

Bonds are also secured by certain funds held under the Indenture. See "SECURITY FOR THE 2020 BONDS."

The City and the Authority will enter into a Site Lease dated as of October 1, 2020 (the "**Site Lease**"), under which the City will lease certain real property to the Authority, consisting of the City's civic center (the "**Leased Property**"), as described in "THE LEASED PROPERTY," in return for an upfront payment under the Site Lease. Concurrently, the City and the Authority will enter into the Lease, under which the Authority will lease the Leased Property back to the City in return for the annual Lease Payments. See "SECURITY FOR THE 2020 BONDS."

No Reserve Fund. No reserve fund will be established and maintained with respect to the 2020 Bonds.

Redemption**.** The 2020 Bonds are subject to optional redemption, mandatory sinking fund redemption and special mandatory redemption from insurance or condemnation proceeds prior to their stated maturity dates. See "THE 2020 BONDS – Redemption."

Abatement. The Lease Payments are subject to complete or partial abatement in the event and to the extent that there is substantial interference with the City's use and possession of the Leased Property or any portion thereof. If the Lease Payments are abated under the Lease, the 2020 Bond Owners would receive less than the full amount of principal of and interest on the 2020 Bonds. To the extent proceeds of rental interruption insurance are available, Lease Payments (or a portion thereof) may be made from those proceeds during periods of abatement. See "SECURITY FOR THE 2020 BONDS – Abatement" and "BOND OWNERS' RISKS."

Impact of COVID-19 Pandemic. In its fiscal year 2020-21 adopted budget, the City has budgeted for certain revenue declines, relative to its fiscal year 2018-19 results, including declines in Sales Tax and Transient Occupancy Tax revenues (historically, two of the City's largest sources of revenues), due to the impacts of the COVID-19 pandemic. In addition, the City has incorporated certain cost-savings measures, including expenditure reductions (including freezing vacant positions) and funding reallocations, into its adopted fiscal year 2020-21 budget to offset the anticipated revenue loss and economic uncertainty related to the COVID-19 crisis.

The City currently has four General Fund reserves, which are discussed under the heading "CITY FINANCIAL INFORMATION – General Fund Reserves." In its adopted fiscal year 2020-21 budget, the City has budgeted these reserves to total $75.2 million.

An overview of the City's finances, including its adopted fiscal year 2020-21 budget, is provided under the heading "CITY FINANCIAL INFORMATION."

The spread of the COVID-19 coronavirus pandemic, and responses intended to slow its spread, may result in further negative impacts to the financial results of the General Fund. For a discussion of this risk, and an overview of actions taken by the State and County to limit the spread of COVID-19, see "BOND OWNERS' RISKS – Potential Impact of COVID-19."

Risks of Investment. Debt service on the 2020 Bonds is payable only from Lease Payments and other amounts payable by the City to the Authority under the Lease. For a discussion of some of the risks associated with the purchase of the 2020 Bonds, see "BOND OWNERS' RISKS."

NEITHER THE 2020 BONDS, THE OBLIGATION OF THE AUTHORITY TO PAY PRINCIPAL OF OR INTEREST THEREON, NOR THE OBLIGATION OF THE CITY TO MAKE THE LEASE PAYMENTS, CONSTITUTE A DEBT OR A LIABILITY OF THE AUTHORITY, THE CITY, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL LIMITATION ON INDEBTEDNESS, OR A PLEDGE OF THE FULL FAITH AND CREDIT OF THE CITY. THE 2020 BONDS ARE SECURED SOLELY BY THE PLEDGE OF REVENUES AND CERTAIN FUNDS HELD UNDER THE INDENTURE. THE 2020 BONDS ARE NOT SECURED BY A PLEDGE OF THE TAXING POWER OF THE CITY.

FINANCING PLAN

General

The 2020 Bonds are being issued to finance the Improvements and pay the costs of issuing the 2020 Bonds.

The Improvements: Phase One of the Civic Center Modernization Project

The Improvements form the first phase of the City's Civic Center Modernization Project to guide modernization of the City's Civic Center, in phases over the next 20 years. The Civic Center is located at 456 West Olive Avenue (bounded by West Olive Avenue to the north, South Mathilda Avenue to the east, El Camino Real to the south and South Pastoria Avenue to the west) in the City and houses the City's primary administrative facilities (City Hall), Library and Department of Public Safety Headquarters. The first phase is designed to improve the City's primary administrative facilities, alleviate space constraints for the City's Department of Public Safety Headquarters, provide a new emergency operations center, create a new public plaza and increase open space. The buildings are designed to enhance their energy efficiency. Specifically, phase one includes the following elements.

City Hall. A new, 119,874-square-foot, four-story City Hall (the "**New City Hall**") will be the first building built on the campus. The following elements will be included:

- NOVA Workforce Services Department;
- One-Stop Permit Center;
- City staff offices;
- One level of underground parking below City Hall; and
- Net-zero energy and certified LEED Platinum.

Certain City departments accounted for as enterprise funds are expected to occupy space in the New City Hall, and the City anticipates that the General Fund will receive annual rent from these occupants in the aggregate amount of approximately $6.2 million, beginning in 2024 and escalating at 3% annually thereafter. The rent payable is not pledged as security for the Lease Payments.

Public Safety Headquarters Renovations. Partial renovations of the existing public safety building will include:

- 11,137 square-feet of tenant improvements; and
- New entry and lobby.

Emergency Operations Center Addition. A two-story, 12,946-square-foot Emergency Operations Center will be built next to the existing Department of Public Safety Headquarters building. The addition will:

- Provide dedicated space for a detectives' bureau;
- Relieve overcrowding in the existing Public Safety building; and
- Be designed for LEED Gold with sustainable features such as low flow fixtures and LED lighting. It will be all electric (except for back-up generators).

Overall Site. Following completion of the New City Hall, the existing City Hall complex (as described under "THE LEASED PROPERTY") will be demolished. The overall site will include:

- Approximately 6 acres of open space;
- More walkable Olive Avenue;
- Frontage improvements along Mathilda Ave from W. Olive up to El Camino Real to include a new multiuse pathway and walkways for public use;
- Civic plaza; and
- An outdoor amphitheater.

Later Phases. The second phase, which is not yet in the planning phase, includes the relocation and construction (on the Civic Center Site) of a new Sunnyvale Public Library. Planning for the second phase is anticipated to begin in fiscal year 2022. The third, and final, phase is a new Public Safety Headquarters and is anticipated between fiscal year 2029-30 and 2034-35. The plan of finance for these phases has not been determined but could include long-term financing.

Construction bids for the Improvements were received on September 30, 2020, award of the construction contract for the Improvements is expected to occur on October ___, 2020, and construction is scheduled to start in January 2021. The City Hall and Public Safety structures and renovation are anticipated to be complete by late calendar year 2022 with the entire project to be completed by the end of calendar year 2023.

The overall cost of the Improvements is expected to be approximately $280 million. The City expects to contribute to the project approximately $128 million of funds, primarily generated from property sales of land owned by its former redevelopment agency, which amounts are held outside the General Fund in the City's Infrastructure Fund. The balance of cost of the Improvements is expected to be funded from proceeds of the 2020 Bonds, as shown below under "– Estimated Sources and Uses of Proceeds."

Estimated Sources and Uses of Funds

The estimated sources and uses of funds relating to the 2020 Bonds are as follows:

Sources:	
Principal Amount of 2020 Bonds	$
Plus (Less): Original Issue Premium (Discount)	
TOTAL SOURCES	$
Uses:	
Deposit to Improvement Fund	$
Costs of Issuance [1]	
Underwriters' Discount	
TOTAL USES	$

[1] Represents funds to be used to pay Costs of Issuance, which include legal fees, municipal advisor fees, printing costs, rating agency fees and other costs of issuing the 2020 Bonds.

GREEN BONDS

The City is designating the Improvements as a "Green Project" and the 2020 Bonds as "Green Bonds." The terms "Green Project" and "Green Bonds" are neither defined in nor related to provisions in the Indenture. Owners of the 2020 Bonds do not have any security other than as provided in the Indenture, nor do such owners of the Green Bonds assume any specific project risk related to any of the projects funded thereby. Neither the City nor the Authority assumes any obligation to ensure that those projects it has defined as Green Projects comply with any legal or other standards or principles that relate to Green Projects.

As described under the heading "FINANCING PLAN," the New City Hall will be a net-zero energy facility and has been designed to be LEED Platinum-certified. In addition, the Emergency Operations Center addition has been designed to be LEED Gold-certified with sustainable features such as low flow fixtures and LED lighting. These attributes form the basis of the City's "Green Project" designation.

Once the proceeds of the 2020 Bonds have been spent, no further updates regarding the Improvements will be provided or filed.

THE LEASED PROPERTY

General

The initial Leased Property is described below; however, the City plans to release a portion of the initial Leased Property upon completion of the phase 1 projects and satisfaction of all the conditions of release described under the heading "– Release of Leased Property," as described further below.

Leased Property. Lease Payments will be made by the City under the Lease for the use and occupancy of the Leased Property, which, initially, consists of the facilities described below.

<u>City Hall</u>: The current City Hall is located within the City's Civic Center complex at 456 West Olive Avenue, Sunnyvale, California, on Assessor's Parcel Number 165-03-007. It consists of the following facilities:

- City Hall Building (34,672 square feet, built in 1961, joisted masonry);
- City Hall Annex Building (17,950 square feet, built in 1970, joisted masonry);
- Portable South Annex Building (5,048 square feet, built in 2001, frame construction);

The New City Hall will be constructed on this same parcel and will become part of the Leased Property. Once the New City Hall is completed and occupied, the old City Hall facilities will be demolished.

<u>Public Safety Building</u>: The Public Safety Building is located within the City's Civic Center complex at 456 West Olive Avenue, Sunnyvale, California, on Assessor's Parcel Number 165-02-003. It consists of the following facilities:

- Public Safety Building (40,869 square feet, built in 1985, joisted masonry); and
- DPS Biological Evidence Building (400 square feet, built in 2005, non-combustible construction).

The new Emergency Operations Center addition (and renovation of the Public Safety Building) will be constructed on this same parcel. Upon completion of the Improvements, the Public Safety Building and new Emergency Operations Center are expected to be released from Lease, as described below.

Corporation Yard: The Corporation Yard is located at 221 Commercial Street in the City. It consists of the following facilities:

- Fleet and Shop Building (20,540 square feet, built in 1950, joisted masonry);
- Administration Wing (7,230 square feet, built in 1953, fire resistive construction);
- Warehouse (11,160 square feet, built in 1950, joisted masonry);
- Evidence Storage Building (4,242 square feet, built in 1985, frame construction);
- Portable Office (2,331 square feet, built in 1994, frame construction);
- Exercise Room Building (1,360 square feet, built in 1992, frame construction);
- Landscaping Building (731 square feet, built in 1996, frame construction); and
- Sign Shop (544 square feet, built in 1950, frame construction).

Upon completion of the Improvements, the Corporation Yard is expected to be released from the Lease, as described below.

Estimated Value. The City's estimate of land value and the insured building value of the existing City Hall, Public Safety Building and Corporation Yard as shown in the table below.

Leased Assets
(Dollars in Millions)

	Estimated Land Value	Insured Building Value	Total
City Hall	$71.98	$16.33	$88.31
Public Safety Building	31.67	15.14	46.81
Corporation Yard	40.00	7.94	47.94
Total	$143.65	$39.41	$183.06

Asset Transfer. Upon completion of the Improvements and satisfaction of all the conditions of release described under the heading "– Release of Leased Property," the City expects to release the Public Safety Building (including the new Emergency Operations Center) and underlying land and the Corporation Yard from the Leased Property. The City is not entitled to any reduction, diminution, extension or other modification of the Lease Payments whatsoever as a result of such release.

Changes to Leased Property

Under the Lease, the City has the right, at its own expense, to make additions, modifications and improvements to the Leased Property or any portion thereof. All additions, modifications and improvements to the Leased Property will thereafter comprise part of the Leased Property and become subject to the provisions of the Lease. Such additions, modifications and improvements may not in any way damage the Leased Property, or cause the Leased Property to be used for purposes other than those authorized under the provisions of state and federal law; and the Leased Property, upon completion of any additions, modifications and improvements made thereto, must be of a value which is not substantially less than the value thereof immediately prior to the making of such additions, modifications and improvements.

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

Substitution

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

- The City must file with the Authority and the Trustee, and cause to be recorded in the office of the Santa Clara County Recorder sufficient memorialization of, an amendment of the Site Lease and the Lease that removes the legal description of the Former Property and adds the legal description of the Substitute Property.

- The City must obtain a CLTA policy of title insurance insuring the City's leasehold estate under the Lease in the Substitute Property, subject only to Permitted Encumbrances, in an amount at least equal to the estimated value thereof.

- The City must certify in writing to the Authority and the Trustee that the Substitute Property serves the municipal purposes of the City and constitutes property which the City is permitted to lease under the laws of the State of California, and has been determined to serve a governmental function of the City.

- The City and the Authority must file with the Trustee a written certificate stating that (a) based on the estimated value of the Substitute Property, the remaining Lease Payments constitute fair rental value for the use and occupancy of the Substitute Property, taking into consideration the factors set forth in the Lease and (b) the useful life of the Substitute Property at least extends to April 1, 20__.

See "APPENDIX A – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS."

Release of Leased Property

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

- The City must file with the Authority and the Trustee, and cause to be recorded in the office of the Santa Clara County Recorder sufficient memorialization of, an amendment of the Site Lease and the Lease that removes the Released Property from the Site Lease and the Lease.

- The City and the Authority have filed with the Trustee a written certificate stating that based on the estimated value of the property which remains subject to the Lease following such release, the remaining Lease Payments constitute fair rental value for the use and occupancy of such property, taking into consideration the factors set forth in the Lease.

See "APPENDIX A – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS."

Upon the satisfaction of all the conditions precedent set forth in the Lease, the term of the Lease and the Site Lease will end as to the Released Property. The City is not entitled to any reduction, diminution, extension or other modification of the Lease Payments whatsoever as a result of such release.

Notwithstanding the foregoing, upon the completion of the Improvements, the City shall have the absolute right to release from the Lease, the Site Lease and the Assignment Agreement the portion of the Leased Property consisting of the Public Safety Building and Corporation Yard without meeting the conditions described above and upon satisfaction of the following conditions:

(i) The City will deliver a certificate to the Trustee certifying that the Improvements have been completed and that the City has full use and occupancy of the Improvements.

(ii) The City and the Authority will execute a Notice of Release substantially in the form attached to the Lease, and the City will record the Notice of Release in the real property records of County.

Upon the satisfaction of all such conditions precedent, the Term of the Lease will thereupon end as to the Public Safety Building and Corporation Yard. The City is not entitled to any reduction, diminution, extension or other modification of the Lease Payments whatsoever as a result of such release.

THE 2020 BONDS

This section provides summaries of the 2020 Bonds and certain provisions of the Indenture. See APPENDIX A for a more complete summary of the Indenture. Capitalized terms used but not defined in this section have the meanings given in APPENDIX A.

Authority for Issuance

The 2020 Bonds are being issued under the Law, the Authority Resolution (which was adopted by the Board of the Authority on October 13, 2020), the City Resolution (which was adopted by the City Council on October 13, 2020), and the Indenture. Under the Authority Resolution and the City Resolution, the 2020 Bonds may be issued in a principal amount not to exceed $__________________.

General Provisions

Bond Terms. The 2020 Bonds will be dated their date of delivery and issued in fully registered form without coupons in denominations of $5,000 or any integral multiple of $5,000, so long as no 2020 Bond has more than one maturity date. The 2020 Bonds will mature in the amounts and on the dates, and bear interest (calculated on the basis of a 360-day year of twelve 30-day months) at the annual rates, set forth on the inside cover page of this Official Statement.

Calculation of Interest. Interest on the 2020 Bonds is payable from the Interest Payment Date next preceding the date of its authentication unless:

(a) a 2020 Bond is authenticated on or before an Interest Payment Date and after the close of business on the preceding Record Date, in which event it will bear interest from such Interest Payment Date,

(b) a 2020 Bond is authenticated on or before the first Record Date, in which event interest thereon will be payable from the Closing Date, or

(c) interest on any Bond is in default as of the date of authentication thereof, in which event interest thereon will be payable from the date to which interest has been paid in full, payable on each Interest Payment Date.

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

Payments of Principal and Interest. Interest on the 2020 Bonds will be payable on April 1 and October 1 in each year, beginning April 1, 2021 (each an "**Interest Payment Date**").

While the 2020 Bonds are subject to the book-entry system, the principal, interest and any redemption premium with respect to the 2020 Bonds will be paid by the Trustee to DTC for subsequent disbursement to beneficial owners of the 2020 Bonds. See "– Book-Entry Only System" below.

Interest is payable on each Interest Payment Date to the persons in whose names the ownership of the 2020 Bonds is registered on the Registration Books at the close of business on the immediately preceding Record Date, except as provided below. Interest on any 2020 Bond which is not punctually paid or duly provided for on any Interest Payment Date is payable to the person in whose name the ownership of such 2020 Bond is registered on the Registration Books at the close of business on a special record date for the payment of such defaulted interest to be fixed by the Trustee, notice of which is given to such Owner by first-class mail not less than 10 days prior to such special record date.

The Trustee will pay interest on the 2020 Bonds by check of the Trustee mailed by first class mail, postage prepaid, on each Interest Payment Date to the Owners of the 2020 Bonds at their respective addresses shown on the Registration Books as of the close of business on the preceding Record Date. At the written request of the Owner of 2020 Bonds in an aggregate principal amount of at least $1,000,000, which is on file with the Trustee as of any Record Date, the Trustee will pay interest on such 2020 Bonds on each succeeding Interest Payment Date by wire transfer in immediately available funds to such account of a financial institution within the United States of America as specified in such written request, which written request will remain in effect until rescinded in writing by the Owner.

The Trustee will pay principal of the 2020 Bonds in lawful money of the United States of America by check of the Trustee upon presentation and surrender thereof at the Office of the Trustee.

Transfer, Registration and Exchange

The following provisions regarding the exchange and transfer of the 2020 Bonds apply only during any period in which the 2020 Bonds are not subject to DTC's book-entry system. While the 2020 Bonds are subject to DTC's book-entry system, their exchange and transfer will be effected through DTC and the Participants and will be subject to the procedures, rules and requirements established by DTC. See "APPENDIX F – DTC AND THE BOOK-ENTRY ONLY SYSTEM."

Bond Register. The Trustee will keep or cause to be kept, at the Office of the Trustee, sufficient records for the registration and transfer of ownership of the 2020 Bonds, which will upon reasonable notice as agreed to by the Trustee, be open to inspection during regular business hours by the Authority; and, upon presentation for such purpose, the Trustee will, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on such records, the ownership of the 2020 Bonds as provided in the Indenture.

Transfer. Any 2020 Bond may, in accordance with its terms, be transferred, upon the Registration Books, by the person in whose name it is registered, in person or by a duly authorized attorney of such person, upon surrender of such 2020 Bond to the Trustee at its Office for cancellation, accompanied by delivery of a written instrument of transfer in a form acceptable to the Trustee, duly executed. The Trustee will collect any tax or other governmental charge on the transfer of any 2020 Bonds under this provision of the Indenture.

Whenever any 2020 Bond is or 2020 Bonds are surrendered for transfer, the Authority will execute and the Trustee will authenticate and deliver to the transferee a new 2020 Bond or 2020 Bonds of like series, interest rate, maturity and aggregate principal amount. The Authority will pay the cost of printing 2020 Bonds and any services rendered or expenses incurred by the Trustee in connection with any transfer of 2020 Bonds.

Prior to any transfer of the 2020 Bonds outside the book-entry system (including, but not limited to, the initial transfer outside the book-entry system) the transferor will be required to provide or cause to be provided to the Trustee all information necessary to allow the Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis report obligations under Section 6045 of the Internal Revenue Code of 1986, as amended. The Trustee will conclusively rely on the information provided to it and will have no responsibility to verify or ensure the accuracy of such information.

Exchange. The 2020 Bonds may be exchanged at the Office of the Trustee for a like aggregate principal amount of 2020 Bonds of other authorized denominations and of the same series, interest rate and maturity. The Trustee will collect any tax or other governmental charge on the exchange of any 2020 Bonds under this provision of the Indenture. The Authority will pay the cost of printing 2020 Bonds and any services rendered or expenses incurred by the Trustee in connection with any exchange of 2020 Bonds.

Limitations. The Trustee may refuse to transfer or exchange, under the provisions of the Indenture described above, any 2020 Bonds selected by the Trustee for redemption under the Indenture, or any 2020 Bonds during the period established by the Trustee for the selection of 2020 Bonds for redemption.

Redemption

Optional Redemption. The 2020 Bonds maturing on or before April 1, 20__, are not subject to optional redemption prior to their respective stated maturity dates.

The 2020 Bonds maturing on or after April 1, 20__, 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 April 1, 20__, from any available source of funds, at a redemption price of the principal amount of the 2020 Bonds to be redeemed plus accrued interest to the date of redemption, without premium.

The Authority shall give the Trustee written notice of its intention to redeem the 2020 Bonds under this provision of the Indenture, and the manner of selecting such 2020 Bonds for redemption from among the maturities thereof, at least 45 days prior to the proposed redemption date.

Mandatory Sinking Fund Redemption of Term Bonds. The 2020 Bonds maturing on April 1, 20__ (the "**20__ Term Bonds**") are subject to mandatory redemption in whole, or in part by lot, from sinking fund payments made under the Indenture, at a redemption price equal to the principal amount thereof to be redeemed, without premium, plus accrued interest to the date of redemption, in the aggregate respective principal amounts and on April 1 in the years as set forth in the following table:

20__ Term Bonds

Payment Date (April 1)	Payment Amount
(maturity)	

If some but not all of the 20__ Term Bonds have been redeemed through optional or special mandatory redemption, the total amount of all future sinking fund payments will be reduced by the aggregate principal amount of the 20__ Term Bonds so redeemed, to be allocated among such sinking fund payments on a pro rata basis as determined by the Authority, which will notify the Trustee in writing of such determination.

Special Mandatory Redemption From Insurance or Condemnation Proceeds. The 2020 Bonds are subject to redemption as a whole, or in part by lot on a pro rata basis among maturities, on any date, from any Net Proceeds required to be used for such purpose as provided in the Indenture, at a redemption price equal to 100% of the principal amount thereof plus interest accrued thereon to the date fixed for redemption, without premium.

Selection of Bonds for Redemption. Whenever provision is made in this Indenture for the redemption of less than all of the 2020 Bonds of a single maturity, the Trustee will select the 2020 Bonds of that maturity to be redeemed by lot in any manner which the Trustee in its sole discretion deems appropriate. For purposes of such selection, the Trustee will treat each 2020 Bond as consisting of separate $5,000 portions and each such portion will be subject to redemption as if such portion were a separate 2020 Bond.

Notice of Redemption. The Trustee will mail notice of redemption of the 2020 Bonds by first class mail, postage prepaid, not less than 20 nor more than 60 days before any redemption date, to the respective Owners of any 2020 Bonds designated for redemption at their addresses appearing on the Registration Books and to one or more Securities Depositories. In addition, the Trustee shall file a copy of each redemption notice electronically with the Information Services.

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 2020 Bonds shall be given by the Trustee, at the expense of the Authority, for and on behalf of the Authority.

However, while the 2020 Bonds are subject to DTC's book-entry system, the Trustee will be required to give notice of redemption only to DTC as provided in the letter of representations executed by the Authority and received and accepted by DTC. DTC and the Participants will have sole responsibility for providing any such notice of redemption to the beneficial owners of the 2020 Bonds to be redeemed. Any failure of DTC to notify any Participant, or any failure of Participants to notify the Beneficial Owner of any Bonds to be redeemed, of a notice of redemption or its content or effect will not affect the validity of the notice of redemption, or alter the effect of redemption set forth in the Indenture.

Rescission of Redemption. The Authority has the right to rescind any notice of the optional redemption of 2020 Bonds under the Indenture by written notice to the Trustee on or prior to the dated fixed for redemption. Any notice of optional redemption will 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 2020 Bonds then called for redemption, and such cancellation will not constitute an Event of Default. The Authority and the Trustee will have no liability to the Owners or any other party related to or arising from such rescission of redemption. The Trustee shall cause notice of such rescission to be given to the respective Owners of any 2020 Bonds designated for redemption, at their addresses appearing on the Registration Books, and to the Municipal Securities Rulemaking Board and the Securities Depositories.

***Partial Redemption*.** Upon surrender of any 2020 Bonds redeemed in part only, the Authority will execute and the Trustee will authenticate and deliver to the Owner thereof, at the expense of the Authority, a new 2020 Bond or 2020 Bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of the 2020 Bonds surrendered.

***Effect of Redemption*.** Notice of redemption having been duly given as aforesaid, and moneys for payment of the redemption price of, together with interest accrued to the date fixed for redemption on the 2020 Bonds (or portions thereof) so called for redemption being held by the Trustee, on the redemption date designated in such notice, the 2020 Bonds (or portions thereof) so called for redemption will become due and payable, interest on the 2020 Bonds so called for redemption will cease to accrue, said 2020 Bonds (or portions thereof) will cease to be entitled to any benefit or security under the Indenture, and the Owners of said 2020 Bonds will have no rights in respect thereof except to receive payment of the redemption price thereof.

Book-Entry Only System

The 2020 Bonds will be issued as fully registered bonds in book-entry only form, registered in the name of Cede & Co. as nominee of DTC, and will be available to ultimate purchasers in the denomination of $5,000 or any integral multiple of $5,000, under the book-entry system maintained by DTC. While the 2020 Bonds are subject to the book-entry system, the principal, interest and any redemption premium with respect to a 2020 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 2020 Bonds. Purchasers of the 2020 Bonds will not receive certificates representing their interests therein, which will be held at DTC.

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

DEBT SERVICE SCHEDULE

The table below shows annual debt service payments on the 2020 Bonds, assuming no optional or special mandatory redemption prior to maturity.

Year Ending April 1	Principal	Interest	Total Debt Service
Total:			

SECURITY FOR THE 2020 BONDS

The principal of and interest on the 2020 Bonds are not a debt of the Authority or the City, nor a legal or equitable pledge, charge, lien or encumbrance, upon any of their respective property, or upon any of their income, receipts, or revenues except the Revenues and other amounts pledged under the Indenture.

This section provides summaries of the security for the 2020 Bonds and certain provisions of the Indenture, the Lease and the Site Lease. See "APPENDIX A – Summary of Principal Legal Documents" for a more complete summary of the Indenture, the Lease and the Site Lease. Capitalized terms used but not defined in this section have the meanings given in APPENDIX A.

Revenues; Pledge of Revenues

Pledge of Revenues and Other Amounts. Under the Indenture, subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth herein, all of the Revenues and all amounts (including proceeds of the sale of the 2020 Bonds) held in any fund or account established under the Indenture are pledged to secure the payment of the principal of and interest on the 2020 Bonds in accordance with their terms and the provisions of the Indenture. This pledge constitutes a lien on and security interest in the Revenues and such amounts and will attach, be perfected and be valid and binding from and after the Closing Date, without the need for any physical delivery thereof or further act.

Definition of Revenues. "**Revenues**" are defined in the Indenture as follows:

(a) all amounts received by the Authority or the Trustee under or with respect to the Lease, including, without limiting the generality of the foregoing, all of the Lease Payments (including both timely and delinquent payments, any late charges, and whether paid from any source); and

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

Assignment to Trustee

Under the Assignment Agreement, the Authority will transfer to the Trustee all of the rights of the Authority in the Lease (other than the rights of the Authority under the provisions of the Lease regarding Additional Rental Payments, repayment of advances, indemnification, and the payment of attorneys' fees). The Trustee will be entitled to collect and receive all of the Revenues, and any Revenues collected or received by the Authority will be deemed to be held, and to have been collected or received, by the Authority as the agent of the Trustee and will immediately be paid by the Authority to the Trustee. The Trustee is also entitled to and will, subject to the provisions of the Indenture regarding duties of the Trustee, take all steps, actions and proceedings which the Trustee determines to be reasonably necessary in its judgment to enforce, either jointly with the Authority or separately, all of the rights of the Authority and all of the obligations of the City under the Lease.

Allocation of Revenues by Trustee; Application of Funds

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

All Revenues deposited with the Trustee will be held, disbursed, allocated and applied by the Trustee only as provided in the Indenture. Any surplus remaining in the Bond Fund, after payment in full of (i) the principal of and interest on the 2020 Bonds, or provision therefore under the Indenture, and (ii) any applicable fees and expenses to the Trustee, will be withdrawn by the Trustee and remitted to the City.

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

(a) *Deposit to Interest Account*. The Trustee will deposit in the Interest Account an amount required to cause the aggregate amount on deposit in the Interest Account to be at least equal to the amount of interest becoming due and payable on such Interest Payment Date on all 2020 Bonds then Outstanding.

(b) *Deposit to Principal Account*. The Trustee will deposit in the Principal Account an amount required to cause the aggregate amount on deposit in the Principal Account to equal the principal amount of the 2020 Bonds coming due and payable on such Interest Payment Date, including the principal amount of any Term Bonds which are subject to mandatory sinking fund redemption on such Interest Payment Date.

Application of Accounts.

Application of Interest Account. All amounts in the Interest Account will be used and withdrawn by the Trustee solely for the purpose of paying interest on the 2020 Bonds as it comes due and payable (including accrued interest on any 2020 Bonds purchased or redeemed prior to maturity).

Application of Principal Account. All amounts in the Principal Account will be used and withdrawn by the Trustee solely to pay the principal amount of the 2020 Bonds at their respective maturity dates, including the principal amount of any Term Bonds which are subject to mandatory sinking fund redemption.

Lease Payments

Requirement to Make Lease Payments. Under the Lease, subject to the provisions of the Lease concerning rental abatement and prepayment of Lease Payments, the City agrees to pay to the Authority, its successors and assigns, the Lease Payments in the respective amounts specified in the Lease, to be due and payable in immediately available funds on the Interest Payment Dates immediately following each of the respective Lease Payment Dates specified in the Lease, and to be deposited by the City with the Trustee on each of the Lease Payment Dates specified in the Lease (defined as the 5th Business Day immediately preceding each Interest Payment Date).

Any amount held in the Bond Fund, the Interest Account and the Principal Account on any Lease Payment Date (other than amounts required for payment of past due principal or interest on any 2020 Bonds not presented for payment) will be credited towards the Lease Payment then required to be paid under the Lease.

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

Rate on Overdue Payments. If the City fails to make any of the payments of Lease Payments required in the Lease, the payment in default will continue as an obligation of the City until the amount in default has been fully paid, and the City agrees to pay the same with interest thereon, from the date of default to the date of payment at the highest rate of interest on any Outstanding 2020 Bond.

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

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

Limited Obligation

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

Source of Payments; Covenant to Budget and Appropriate Funds for Lease Payments

The Lease Payments are payable from any source of available funds of the City, subject to the provisions of the Lease regarding abatement.

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

Additional Rental Payments

Under the Lease, in addition to the Lease Payments, the City is required to pay when due the following amounts of Additional Rental Payments in consideration of the lease of the Leased Property by the City from the Authority thereunder:

(a) all fees and expenses incurred by the Authority in connection with or by reason of its leasehold estate in the Leased Property, when due;

(b) compensation to the Trustee for its services rendered under the Indenture and for all expenses, charges, costs, liabilities, legal fees and other disbursements incurred by the Trustee in and about the performance of its powers and duties under the Indenture;

(c) all fees and expenses of such accountants, consultants, attorneys and other experts as may be engaged by the Authority or the Trustee to prepare audits, financial statements, reports, opinions or provide such other services required under the Lease or the Indenture;

(d) all amounts coming due and payable as Excess Investment Earnings in accordance with the Lease; and

(e) all out-of-pocket expenses of the Authority in connection with the execution and delivery of the Lease or the Indenture, or in connection with the issuance of the 2020 Bonds, including but not limited to any and all expenses incurred in connection with the authorization, sale and delivery of the 2020 Bonds, or incurred by the Authority in connection with any litigation which may at any time be instituted involving the Lease, the 2020 Bonds, the Indenture or any of the other documents contemplated hereby or thereby, or otherwise incurred in connection with the administration of the Lease.

Abatement

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

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

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

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

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

Notwithstanding the foregoing, the Lease Payments may be paid with proceeds of rental interruption insurance during any period in which the Lease Payments would otherwise be subject to abatement, it being hereby declared in the Lease that such proceeds constitute a special fund for the payment of the Lease Payments.

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

Property Insurance

Liability and Property Damage Insurance. Under the Lease, the City is required to maintain or cause to be maintained throughout the Term of the Lease, but only if and to the extent available from reputable insurers at reasonable cost in the reasonable opinion of the City, a standard commercial general liability insurance policy or policies in protection of the Authority, the City, and their respective members, officers, agents, employees and assigns.

Such policy or policies must provide for indemnification of said parties against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the operation of the Leased Property. Such policy or policies must provide coverage in such liability limits and be subject to such deductibles as the City deems adequate and prudent.

Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City, and may be maintained in whole or in part in the form of self-insurance by the City, subject to the provisions of the Lease regarding self-insurance, or in the form of the participation by the City in a joint powers agency or other program providing pooled insurance. The proceeds of such liability insurance must be applied toward extinguishment or satisfaction of the liability with respect to which paid.

Casualty Insurance. Under the Lease, the City is required to procure and maintain, or cause to be procured and maintained, throughout the Term of the Lease, casualty insurance against loss or damage to all buildings situated on the Leased Property, in an amount at least equal to the lesser of (a) 100% of the replacement value of the insured buildings, or (b) 100% of the aggregate principal amount of the Outstanding 2020 Bonds.

Such insurance must, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance; provided that earthquake insurance shall not be required under any circumstances. Such insurance may be subject to such deductibles as the City deems adequate and prudent.

Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City, and may be maintained in whole or in part in the form of the participation by the City in a joint powers agency or other program providing pooled insurance;

provided that such insurance may not be maintained by the City in the form of self-insurance. The Net Proceeds of such insurance must be applied as provided in the Lease.

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

Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City, and may be maintained in whole or in part in the form of the participation by the City in a joint powers agency or other program providing pooled insurance; provided that such insurance may not be maintained by the City in the form of self-insurance. The Net Proceeds of such insurance, if any, must be paid to the Trustee and deposited in the Bond Fund, to be applied as a credit towards the payment of the Lease Payments allocable to the insured improvements as they become due and payable.

Insurance Net Proceeds; Form of Policies. Each policy of casualty insurance, rental interruption insurance and title insurance maintained under the Lease must name the Trustee as loss payee so as to provide that all proceeds thereunder are payable to the Trustee. The City shall pay or cause to be paid when due the premiums for all insurance policies required by the Lease. All such policies shall provide that the Trustee is given 30 days' notice of each expiration, any intended cancellation thereof or reduction of the coverage provided thereby.

The City is required to file with the Trustee, upon the written request of the Trustee, a certificate of the City stating that all policies of insurance required under the Lease are then in full force and effect. The Trustee has no responsibility for the sufficiency, adequacy or amount of any insurance or self-insurance required under the Lease and is fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss.

If any liability and property damage insurance maintained under the Lease is provided in the form of self-insurance, the City must file with the Trustee annually, within 90 days following the close of each Fiscal Year, a statement of the risk manager of the City or an independent insurance adviser engaged by the City identifying the extent of such self-insurance and stating the determination that the City maintains sufficient reserves with respect thereto. If any such insurance is provided in the form of self-insurance by the City, the City has no obligation to make any payment with respect to any insured event except from those reserves.

Amendment of Lease to Provide for Additional Rental

Under the Lease, the City has the right to amend the Lease for the purpose of providing for the payment of additional amounts of rental for the use and occupancy of the Leased Property, but only if

(a) such additional rent payments are pledged or assigned for the payment of any bonds, notes or other obligations the proceeds of which are applied to finance or refinance the acquisition or construction of any real or personal property for which the City is authorized to expend funds subject to its control,

(b) the City has filed with the Trustee a Written Certificate of the City stating that the estimated value of the Leased Property is, or following the completion of the acquisition and construction of any improvements to be financed from the proceeds of such bonds, notes or other obligations will be, at least equal to the aggregate original principal amount of the 2020 Bonds and all such other bonds, notes or other obligations, and

(c) the City has filed with the Trustee written evidence that the amendments made under this provision of the Lease will not of themselves cause a reduction or withdrawal of any rating then assigned to the 2020 Bonds.

Issuance of Additional Bonds

The Authority has the right to issue Additional Bonds pursuant to a Supplemental Indenture, which are payable from and secured by a pledge of and lien on the Revenues on a parity with the pledge and lien which secure the Bonds, subject to the following conditions precedent:

(a) no Event of Default (or no event with respect to which notice has been given and which, once all notice of grace periods have passed, would constitute an Event of Default) has occurred and is continuing;

(b) the City and the Authority have entered into an amendment or supplement to the Lease, pursuant to which the City has agreed to pay Supplemental Lease Payments for the use and occupancy of the Leased Property under the Lease, which provide additional Revenues sufficient to pay the principal of and interest on such Additional Bonds when due;

(c) the City has filed with the Trustee a Written Certificate of the City stating that, based on the estimated value of the Leased Property at the time of such amendment or following the completion of the acquisition and construction of any improvements to be financed from the proceeds of such Additional Bonds, the Lease Payments and the Supplemental Lease Payments together constitute fair rental value for the use and occupancy of such property, taking into consideration the factors set forth in the Lease;

(d) interest on such Additional Bonds shall be payable solely on April 1 and October 1, and the principal of such Additional Bonds shall be payable solely on April 1; and

(e) the Authority shall deliver to the Trustee a Written Certificate of the Authority certifying, and an opinion of Bond Counsel stating, that the conditions precedent to the issuance of such Additional Bonds set forth in this Section have been satisfied.

No Reserve Fund

No reserve fund will be established and maintained with respect to the 2020 Bonds.

CITY FINANCIAL INFORMATION

General

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 advanced satellite construction to pioneering biotechnology; from semiconductor research, design and manufacturing to leading edge telecommunications systems.

The City operates under a Council-Manager form of government. The City is managed by a City Manager, who is appointed by the City Council (the "**City Council**"). All municipal departments operate under the supervision of the City Manager, except for the City Attorney who is appointed by the Council. Seven Councilmembers are elected at-large for numbered seats and serve staggered four-year terms. The City Council elects one of its members to serve as mayor. The City Charter limits members of the Council to serving two consecutive terms. See "APPENDIX D - GENERAL INFORMATION ABOUT THE CITY OF SUNNYVALE AND SANTA CLARA COUNTY."

The City is a full-service city and has 11 operating departments, the heads of which are appointed by the City Manager.

City Budgeting and Planning Process

General. Budgeting and planning for the General Fund occurs within the framework of the City's Performance Based Budgeting and Planning and Management process. Key elements include:

- Long-term financial planning (includes projections over a Twenty-Year Resource Allocation Plan for revenues, operations, projects, debt and reserves);
- Short-term allocation of resources (the two-year action budget); and
- Performance measurement of service delivery.

The City's integrated framework has enabled the City, over time, to accomplish the long-range strategic goals established by the City Council in the General Plan and through City Council Policy. This framework has assisted the City in maintaining, and even expanding, services during times of numerous federal/State mandates and revenue restrictions or reductions because the focus is on long-term fiscal management. The City's performance-based approach has also served as a valuable tool in producing and capturing remarkable gains in efficiency and productivity. It supports the City's mission of building community trust by providing excellent services.

The City uses long-term financial planning to ensure stability through ups and downs in economic cycles. The City Charter requires that the City Manager annually submit a budget that is balanced for 10 years, and City Council fiscal policy requires that the budget be balanced for the entire Twenty-Year Resource Allocation Plan. A Twenty-Year Resource Allocation Plan is developed each year for each of the City's major funds, most notably the General Fund.

The long-term nature of the City's financial planning system allows decision-makers to better understand the true effect of policy decisions and effectively requires that decisions made today guarantee that the resources will be available to provide quality services in the future. This long-term planning horizon prevents wild swings in service levels during the upturns and downturns of economic cycles by enabling the recognition of trends over time. The long-term financial planning process also includes an update of the 20-year project budget. This also includes a review of project operating costs, which are those ongoing costs that will need to be included in future years upon completion of a given project.

The long-term financial planning process provides the opportunity to begin consideration of the necessary steps to alter the long-term forecasted position of a particular fund should that appear necessary.

The performance-based management system is an important part of the City's budgeting and planning process. The City began to implement this management concept in the late 1970s and has consistently refined the system over the years. In recognition of the tremendous effort needed to develop operating budgets under a performance management system, the City implemented a two-year operating budget concept in the early 1980s. The City's two-year operating budget focuses on identifying and quantifying the value created from the efficient and effective provision of City services. This allows decisions to be made by Council on levels of service desired and allows staff to measure and evaluate performance. Annual results of the City's efforts are reported to Council and the citizens, so they are aware of what they are receiving for their tax dollars.

Budget Calendar. The City's annual budget development process begins in September each year with the initial planning of the development cycle and culminates with the adoption of the budget by the City Council in June. In January, the City Council specifically discusses important fiscal issues which may have short- term or long-term effects on how the City provides and maintains services to its citizens and customers. Consistent with the City Charter, no later than 35 days prior to June 30, the City Manager submits a recommended budget to the City Council. The City Council holds a workshop on the recommended budget, which is open to the public. In June of each year, the City Council also holds a public hearing, required by the City Charter. Prior to June 30 of each year, the budget as modified by the City Council is legally enacted by adoption of a budget resolution.

Adopted Fiscal Year 2020-21 Budget. In the City's adopted fiscal year 2020-21 budget (the "**2020-21 Adopted Budget**"), the City has budgeted General Fund revenues at approximately $195.1 million for fiscal year 2020-21 (including in lieu charges and transfers from other City funds). This represents a 5.2% decrease from the prior fiscal year's estimated actual amount of approximately $205.9 million (including in lieu charges and transfers from other City funds). The decrease is primarily due to a one-time sale of property for $9 million in fiscal year 2019-20 and the impacts of the COVID-19 pandemic.

The City expects continued growth in assessed values but is budgeting for a reduction in Property Tax revenues, the City's largest source of revenue, in fiscal year 2020-21 due to a potential reduction in excess Educational Revenue Augmentation Fund (also known as "ERAF") revenue and a moderating of property tax revenues derived from unsecured property. The City has budgeted for declines in Sales Tax and Transient Occupancy Tax revenues, as these revenues have been reduced and are expected to continue to be negatively impacted in fiscal year 2020-21 as a result of the COVID-19 pandemic. An overview of the City's major revenue sources is provided below under the heading "Major Revenues." Further detail on the City's revenues sources and, as applicable, the impacts of the COVID-19 pandemic are provided under the headings "Property Tax," "Sales and Use Tax," "Transient Occupancy Tax," "Utility Users Tax" and "Other Sources of Revenue."

In the 2020-21 Adopted Budget, General Fund operational expenditures are budgeted at approximately $173.4 million. This represents a 7.1% decrease from the prior fiscal year's estimated actual amount of approximately $186.7 million. Cost-savings measures including expenditure reductions and funding reallocations have been incorporated into the 2020-21 Adopted Budget to offset the anticipated revenue loss and economic uncertainty related to the COVID-19 crisis.

Employee compensation makes up the largest portion of the City's operating expenditures. For fiscal year 2020-21, total compensation for Public Safety employees is budgeted at $74.7 million (a 3.2% increase from the prior fiscal year's estimated actual amount of $72.4 million) and includes savings from freezing five vacant sworn positions. Miscellaneous Total compensation for Miscellaneous employees is budgeted at $62.7 million (a 0.3% increase from the prior fiscal year's estimated actual amount of $62.5) and includes savings from vacant positions.

Information regarding the City's employee relations, pension system and other post-employment benefits is provided under the headings "Employee Relations," "Employee Pension System" and "Other Post-Employment Benefits," respectively.

Other operating costs include purchased goods and services as well as overhead charges. In the 2020-21 Adopted Budget, the City has budgeted these expenditures at $35.9 million.

Major Revenues

Taxes and other sources of revenue received by the City are listed in the table below. Certain general taxes currently imposed by the City are affected by Proposition 218. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS – Articles XIIIC and XIIID of the State Constitution."

The following table presents the City's General Fund tax revenues by source for the last five fiscal years.

TABLE 1
CITY OF SUNNYVALE
General Fund Tax Revenues By Source

	2015-16 Actual	2016-17 Actual	2017-18 Actual	2018-19 Actual	2019-20 Estimated	% of Total 2019-20 Estimated
Revenues						
Property Tax	$62,390,637	$66,608,795	$74,349,897	$84,827,810	$91,838,996	49.97%
Sales Tax*	32,909,169	31,029,332	33,011,138	33,968,111	27,697,831	15.07
Transient Occupancy Tax	16,295,589	16,589,743	17,741,915	21,248,918	15,093,335[(2)]	8.21
Utility Users Tax and Franchises	13,957,590	14,452,223	15,014,559	15,279,421	15,671,292	8.53
Service Fees	6,163,323	6,573,727	7,034,234	7,827,763	5,473,049	2.98
Other Revenue	4,947,280	4,214,237	7,530,994	6,859,936	5,349,940	2.91
Construction Tax	3,298,178	4,718,733	4,960,540	6,346,224	4,775,825	2.60
Rents and Concessions	2,464,256	2,481,504	2,676,784	3,301,506	3,320,321	1.81
Real Property Transfer Tax	1,971,841	1,770,333	2,075,141	2,001,631	1,949,035	1.06
Permits and Licenses	1,296,765	1,286,572	1,698,986	1,938,313	1,864,135	1.01
Business License Tax	1,871,848	1,818,751	1,837,527	1,952,881	1,749,343	0.95
Subtotal Excluding In Lieus/Transfers	$147,566,476	$151,543,950	$167,931,715	$185,552,514	$174,783,103	95.10%
Sale of Property[(1)]	13,925,365	4,762	21,000,000	72,920	9,000,000	4.90
Subtotal with Sale of Property	$161,491,841	$151,548,714	$188,931,715	$185,625,434	$183,783,103	100.00%

(1) See "Other Sources of Revenue – Sale of Property."
(2) Collections remained strong through March 2020, after which hotel occupancy and TOT revenues declined sharply due to the restrictions associated with the COVID-19 pandemic.
* Includes Public Safety Sales Tax
Source: City of Sunnyvale 2020-21 Adopted Budget.

Property Tax

General. In fiscal year 2019-20, Property Tax represented the largest source of tax revenue to the City. This section describes property tax levy and collection procedures and certain information regarding historical assessed values and major property taxpayers in the City. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS" and "RISK FACTORS – Property Taxes" for a description of risks associated with the levy and collection of property tax revenues.

Article XIIIA of the State Constitution provides that the combined maximum property tax rate on any given property may not exceed 1% of its assessed value unless an additional amount has been approved by voters. The County assesses properties and bills and collects these property taxes. The City's share including all penalties and interest is remitted by the County. For more detailed information on Article XIIIA of the State Constitution, "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS – Article XIIIA of the State Constitution."

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

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

Property taxes on the unsecured roll are due as of the January 1 lien dates and become delinquent on August 31. A 10% penalty attaches to delinquent unsecured taxes. If unsecured taxes are unpaid at 5:00 p.m. on October 31, an additional penalty of 1% attaches to them on the first day of each month until paid. The County has four ways of collecting delinquent unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a judgment in the office of the County Clerk specifying certain facts in order to obtain a lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the County Recorder's office in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee.

Beginning in 1978-79, Proposition 13 and its implementing legislation shifted the function of property tax allocation to the counties, except for levies to support prior voted debt, and prescribed how levies on county-wide property values are to be shared with local taxing entities within each county. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS – Article XIIIA of the State Constitution" for further description of Proposition 13.

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

Future assessed valuation growth allowed under Article XIIIA (new construction, certain changes of ownership, 2% inflation) will be allocated on the basis of "situs" among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies and schools will share the growth of "base" revenues from the tax rate area. Each year's growth allocation becomes part of each agency's allocation in the following year.

Assessed Valuation History. The table below presents a recent history of the assessed value of property within the City.

TABLE 2
CITY OF SUNNYVALE
Assessed Valuation
Fiscal Years 2009-10 through 2020-21

Fiscal Year Ended June 30	Residential Property	Commercial Property	Industrial Property	Other Property[(1)]	Unsecured Property	Total Assessed Value	Less: Exemptions	Total Taxable Assessed Value
2009-10	$14,129,616,998	$2,848,229,899	$5,641,227,308	$952,386,638	$2,624,854,504	$26,196,312,347	$296,867,486	$25,899,444,861
2010-11	14,187,052,958	3,593,110,296	5,306,337,209	387,154,668	2,540,352,066	25,924,007,197	303,969,181	25,620,038,016
2011-12	14,491,247,756	3,438,645,488	5,341,788,549	340,366,939	2,608,683,037	26,220,731,769	301,649,177	25,919,082,592
2012-13	15,103,665,793	3,600,587,226	5,432,266,156	340,524,870	2,759,360,948	27,236,404,993	341,463,372	26,894,941,621
2013-14	16,609,382,728	3,770,159,047	6,028,000,066	432,398,085	2,893,032,074	29,732,972,000	485,541,786	29,247,430,214
2014-15	17,767,517,570	4,169,748,259	6,064,429,240	525,692,456	3,301,086,598	31,828,474,123	398,883,418	31,429,590,705
2015-16	19,451,693,480	5,263,186,637	7,068,520,319	611,867,808	2,842,769,440	35,238,037,684	438,314,393	34,799,723,291
2016-17	21,132,236,511	6,245,020,580	7,582,898,635	777,478,976	2,941,677,250	38,679,311,952	479,970,823	38,199,341,129
2017-18	23,081,956,452	7,201,345,311	7,551,341,687	875,789,104	3,467,249,797	42,177,682,351	494,892,657	41,682,789,694
2018-19	25,156,372,680	8,856,076,181	8,267,965,238	788,203,756	3,882,340,213	46,950,958,068	599,128,346	46,351,829,722
2019-20	--	--	--	--	--	--	--	49,675,754,955
2020-21	--	--	--	--	--	--	--	54,828,905,431

(1) Other Property includes government, institution, irrigated and vacant lands, State Board of Equalization (SBE) nonunitary utilities, and miscellaneous and unclassified properties.

Source: *City of Sunnyvale Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2019; County of Santa Clara. For fiscal years 2019-20 and 2020-21, HdL.*

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

Property Tax Levies and Collections. Collection of property tax is the responsibility of the County. The City has elected not to participate in the "Teeter Plan" offered by the County; therefore, the City receives only property taxes actually collected and retains the right to any interest and penalties collected on the related delinquent taxes. Set forth below is a table showing property taxes levied and collected on the City's behalf for fiscal years 2009-10 through 2018-19.

TABLE 3
CITY OF SUNNYVALE
Property Tax Levies and Collections

		Collected within the Fiscal Year of Levy		Collections in Subsequent Years(1)
Fiscal Year	Total Property Tax Levied(2)	Amount	Percent of Levy	
2009-10	$31,042,522	$29,014,601	93.5%	$1,163,549
2010-11	30,669,200	28,655,299	93.4	792,078
2011-12	30,870,190	29,149,449	94.4	727,856
2012-13	32,150,043	30,419,797	94.6	529,530
2013-14	35,217,352	33,392,365	94.8	378,053
2014-15	38,246,494	36,235,979	94.7	425,532
2015-16	42,533,731	40,482,214	95.2	354,245
2016-17	46,861,407	44,324,329	94.6	287,855
2017-18	50,889,271	48,209,420	94.7	214,185
2018-19	56,393,298	53,630,229	95.1	258,976
2019-20				

(1) Collections in subsequent years represent total delinquent amounts received during the fiscal year, regardless of the fiscal year of the tax levy. Data for delinquent tax collections by levy year is not available from the Santa Clara County Assessor's Office.
(2) Property tax levy and collections represent General Fund secured and unitary taxes and do not include the VLF (motor vehicle license fees) swap, supplemental, or the City share of the former tax increment.
Source: City of Sunnyvale Comprehensive Annual Financial Report Fiscal Year Ending June 30, 2019.

Suspension of Penalties, Costs, and Interest on Overdue Property Taxes due to COVID-19. On May 6, 2020, the Governor issued Executive Order N-61-20, which suspended the imposition of penalties, costs, and interest on overdue property taxes where the taxes owed were not delinquent prior to the March 4, 2020, and the taxpayer demonstrates to the tax collector that the taxpayer has suffered economic hardship due to the COVID-19 pandemic.

In accordance with Executive Order N-61-20, the County Treasurer and Tax Collector announced that property owners affected by COVID-19 could have late penalties cancelled if they were unable to pay their property taxes by April 10, 2020, and that the office of the Treasurer and Tax Collection had begun accepting requests for penalty cancellation related to COVID-19.

Executive Order N-61-20 has not materially impacted the City's collection of Property Tax. The extent of the impact of Executive Order N-61-20 and the current practices of the County Treasurer and Tax Collector on the City's property tax collections, and the date Executive Order N-61-20 might be modified or rescinded, are currently unknown.

Major Property Taxpayers. The following table shows the top 10 local property taxpayers for fiscal year 2020-21.

TABLE 4
CITY OF SUNNYVALE
Top 10 Local Property Taxpayers
Fiscal Year 2020-21

Taxpayer	Primary Use	Taxable Assessed Value	Percentage of Total Taxable Assessed Value
Google LLC/Inc	Industrial	$3,400,500,676	6.20%
Apple Inc	Unsecured	1,059,560,119	1.93
Lockheed Martin Corporation	Industrial	902,841,547	1.65
Intuitive Surgical Inc.	Industrial	844,615,170	1.54
Applied Materials Inc.	Industrial	793,595,978	1.45
Menlo & Juniper Networks LLC	Commercial	792,293,621	1.45
CW SPE LLC	Commercial	771,596,716	1.41
Moffett Place LLC	Commercial	498,975,714	0.91
441 Real Estate LLC	Industrial	423,110,048	0.77
STC Venture LLC	Commercial	404,950,603	0.74
Total		$9,892,040,192	18.04%[1]

(1) Fiscal year 2020-21 Local Secured Assessed Value: $54,828,905,431.
Source: Urbics; HdL.

Sales and Use Tax

General. Sales and Use Tax (Sales Tax) represents the second largest source of revenue to the General Fund. Sales and Use Tax also represents one of the General Fund's most volatile revenue sources, with drastic swings over the past decade. Sales Tax Revenues began to recover in fiscal year 2010-11 after the great recession hit in fiscal year 2008-09. Since that time, returns have been somewhat volatile.

Most sectors are relatively stable and experience swings within a narrow band; however, the business and industry sector is highly volatile. This makes revenues very unpredictable and forecasting future revenues challenging. In the business and industry sector, recent challenges to the categorization of certain tax receipts has caused some volatility in the last three years.

AB 147, which was signed into law in April 2019, will expand the collection of sales and use taxes from out-of-state sales via the implementation of the landmark U.S. Supreme Court decision in *South Dakota v. Wayfair*. It is expected to bring a small boost to the City's Sales Tax revenue. Out-of-state vendors selling more than $100,000 or 200 separate transactions into the state will be required to collect sales tax, except those small businesses with less than $500,000 total annual taxable sales transactions in the State.

When transactions occur online for Sales Tax-eligible purchases, the 1% share received by cities instead goes into a County pool for distribution. The County pool is distributed based on each jurisdiction's share of total taxable sales. For the last reporting period, the City's share of the pool was about 5.7%. This shifting paradigm not only makes Sales Tax revenue increasingly difficult to project, but it also means that a larger part of this significant revenue source has less to do with brick and mortar sales activity in the City and instead reflects the volume of internet sales within the County. Sales Tax revenues from the County pool are expected to increase as a percentage of the City's overall Sales Tax revenue as e-commerce continues to become a larger part of the economy.

The estimated Sales Tax revenue for fiscal year 2019-20 was $25.5 million, down from the original estimate of $28.9 million, due to the impacts of the COVID-19 pandemic as shelter-in-place orders shut down bars, restaurants, entertainment, auto dealerships, and traditional retail. Online sales mitigated some of the loss. In addition, the California Department of Tax and Fee Administration ("**CDTFA**") has provided a 12-month, no-interest deferral of Sales Tax remittance of up to $50,000 and a payment plan if needed. The City anticipates that the impact of COVID-19 on Sales Tax revenues from small businesses will continue in fiscal year 2020-21 with estimated remittances of $25.5 million.

Sales Tax Rate. As of July 1, 2020, taxable transactions in the City are subject to sales and use tax at a total rate of 9%, of which the City receives 1%; however, see the discussion above regarding pooled revenues under the "- General."

Sales Tax Collection Procedures. Collection of the sales and use tax is administered by the CDTFA. This process was formerly administered by the State Board of Equalization. The Taxpayer Transparency and Fairness Act of 2017, which took effect July 1, 2017, restructured the State Board of Equalization and separated its functions among three separate entities: the State Board of Equalization, the CDTFA, and the Office of Tax Appeals. The State Board of Equalization will continue to perform the duties assigned to it by the state Constitution, while all other duties will be transferred to the newly established CDTFA and the Office of Tax Appeals. CDTFA will handle most of the taxes and fees previously collected by the State Board of Equalization, including sales and use tax.

Under the Sales and Use Tax Law, all sales and use taxes collected by the CDTFA under a contract with any city, city and county, redevelopment agency, or county are required to be transmitted by the CDTFA to such city, city and county, redevelopment agency, or county periodically as promptly as feasible. These transmittals are required to be made at least twice in each calendar quarter.

Under its procedures, the CDTFA projects receipts of the sales and use tax on a quarterly basis and remits an advance of the receipts of the sales and use tax to the City on a monthly basis. The amount of each monthly advance is based upon the CDTFA's quarterly projection. During the last month of each quarter, the CDTFA adjusts the amount remitted to reflect the actual receipts of the sales and use tax for the previous quarter.

According to the CDTFA, it distributes quarterly tax revenues to cities, counties, and special districts using the following method:

Using the prior year's quarterly tax allocation as a starting point, the CDTFA first eliminates nonrecurring transactions such as fund transfers, audit payments, and refunds, and then adjusts for growth, in order to establish the estimated base amount. The CDTFA disburses 90% to each local jurisdiction in three monthly installments (advances) prior to the final computation of the quarter's actual receipts. Ten percent is withheld as a reserve against unexpected occurrences that can affect tax collections (such as earthquakes, fire, or other natural disaster) or distributions of revenue such as unusually large refunds or negative fund transfers. The first and second advances each represent 30% of the 90% distribution, while the third advance represents 40%. One advance payment is made each month, and the quarterly reconciliation payment (clean-up) is distributed in conjunction with the first advance for the subsequent quarter. Statements showing total collections, administrative costs, prior advances, and the current advance are provided with each quarterly clean-up payment.

The CDTFA receives an administrative fee based on the cost of services provided by the CDTFA to the City in administering the City's sales tax, which is deducted from revenue generated by the sales and use tax before it is distributed to the City.

Transient Occupancy Tax

Transient Occupancy Tax ("**TOT**") revenues were the General Fund's third largest source of revenue in fiscal year 2019-20. At the General Municipal Election held on November 6, 2018, voters approved Measure K updating the existing TOT ordinance, increasing the TOT from 10.5% to 12.5%, effective January 1, 2019. This change helped bolster the strong TOT returns through the third quarter of fiscal year 2019-20, before the County issued its shelter-in-place order to control the COVID-19 pandemic. For more information on the recent actions the County has taken with respect to the COVID-19 pandemic, see "BOND OWNERS' RISKS – Potential Impact of COVID-19." The City has budgeted TOT revenues at $10.6 million in fiscal year 2020-21, which amount is half of actual revenue received in fiscal year 2018-19.

The City has approximately 3,755 rooms offered in a range of hotels. Short-term rentals are also subject to TOT. An agreement with AirBnB to remit TOT on behalf of their hosts resulted in almost $700,000 in new revenues in fiscal year 2018-19 and over $560,000 through the third quarter of fiscal year 2019-20; however, only modest revenues are estimated through fiscal year 2021-22 while the City further assesses the reliability of this revenue source. The economic uncertainty related to COVID-19 and changing business model of the short-term rental industry has not yet demonstrated the reliability needed for long-term planning.

Utility Users Tax

Utility Users Tax ("**UUT**") and Franchise Fees represent the fourth largest source of General Fund revenue. Historically, these two revenue categories have been combined because the primary sources of revenue for both is the sale of electricity and gas. The City's UUT rate is 2% on electricity, gas, and intrastate telephone providers, which is lower than the UUT rate for the County when weighted by population and significantly lower than the statewide average of 5.4%. Approximately 60% of UUT revenue is derived from the sale of electricity, 30% is related to telecommunications, and 10% is derived from the sale of gas.

The single largest component of UUT revenue is against the electric rates charged by Pacific Gas and Electric ("**PG&E**"). Despite the commercial development over recent years, UUT on electricity has declined. The anticipated growth from new development is being offset by the fact that many new buildings are more energy-efficient than prior uses. Also, a portion of UUT related to electricity is derived from Silicon Valley Clean Energy, which generates energy at a lower cost than PG&E. Utility User's Tax is estimated at $8.3 million in fiscal year 2020-21 and expected to stay flat in the short term.

Other Sources of Revenue

Other Taxes. Other Taxes consist of Construction Tax, Business License Tax, and Real Property Transfer Tax. The COVID-19 shelter-in-place orders interrupted economic activity beginning in the third quarter of fiscal year 2019-20. To that end, the City's long-term financial plan assumes that some projects that are in the development pipeline and close to completion will continue, but that new development activity will slow due to the economic uncertainty and market volatility.

Permits & Service Fees. This category includes revenue collections from fees charged for services provided by City operations. Most of the revenue in this category comes from the Department of Public Safety, the Recreation Division in the Department of Library and Community Services, the Community Development Department, and the Department of Public Works. Revenues associated with many of the City's services have been interrupted as a result of the COVID-19 shelter-in-place orders due to closures of senior centers, cancellation of recreation activities, etc. Therefore, these revenues were revised to reflect fiscal year 2019-20 actuals as of the third quarter of the fiscal year. Assuming some level of continued restrictions related to social gathering, such as limits to the number of attendees for an event or social distancing requirements, recreation fees are projected at 50% of fiscal year 2018-19 actuals for fiscal year 2020-21 and 25% for fiscal year 2021-22 before returning to pre-pandemic levels in fiscal year 2022-23.

Sale of Property. This revenue item reflects the sale of some of the City's property and revenues from the sale of property. As one-time funds, receipts from property sale transactions are best utilized for one-time capital needs. No property sales are budgeted for fiscal year 2020-21. Prior years' property sales have funded the equity portion of the Civic Center Project in the amount of $128 million.

In-Lieu Charges and Transfers. In-Lieu Charges and Transfers are primarily funds transferred into the General Fund from other City funds to pay for projects and the cost of Citywide administration, including the cost of the Department of Finance, the Human Resources Department, the Office of the City Manager, and the Office of the City Attorney.

Inter-Fund Revenues. Inter-Fund Revenues are loan repayments to the General Fund from other funds, including the utility funds. Year-to-year fluctuations in this revenue source are expected, as loan repayment schedules are not always on fixed amortization periods and often change based on cash considerations.

Employee Relations

The City has 936 authorized full-time equivalent positions for fiscal year 2020-21, of which 201 are sworn public safety personnel and 870 are filled. There have been no strikes, work stoppages or other similar incidents by City employees in the past 25 years.

All regular full-time City employees are covered under negotiated agreements and are represented by the labor groups set forth below.

Labor Group	Number of Employees	Expiration Date
Communication Officers Association		December 31, 2021
Public Safety Managers Association		December 31, 2021
Public Safety Officers Association		December 31, 2020[(1)]
Service Employees International Union, Local 521		June 30, 2021
Sunnyvale Employees Association		June 30, 2022
Sunnyvale Managers Association		June 30, 2023

(1) Upon expiration, would remain in effect unless and until renegotiated.

Risk Management and Self-Insurance

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has established various self-insurance programs and maintained contracts with various insurance companies to manage excessive risks.

The City has $40,000,000 in excess general liability coverage, subject to $500,000 self-insured retention ("**SIR**") for each occurrence, through the California Joint Powers Risk Management Authority ("**CJPRMA**"), a risk-sharing pool. CJPRMA is a joint powers authority created by certain California cities and other joint powers authorities to provide a pooled approach for liability coverage. The CJPRMA is governed by a board of directors composed of officials appointed by each member agency. The activities of the CJPRMA include setting and collecting premiums, administering and paying claims and related expenses and investing assets. Each member is assessed a contribution based on actuarially determined rates, which is intended to cover the CJPRMA's claims, operating costs and claim settlement expenses. Additional cash contributions may be assessed on the basis of adverse loss experiences. The CJPRMA maintains members' equity accounts for each pool member. Losses and expenses are paid from these pools up to the limit of coverage subject to the self-insured retention. Most recent financial statements for CJPRMA for the fiscal year ended June 30, 2018 may be obtained from the CJPRMA website.

The City's excess workers' compensation coverage is provided through the California State Association of Counties Excess Insurance Authority ("**CSAC-EIA**"), with statutory limits subject to a $500,000 self-insured retention. The excess workers' compensation coverage is structured by the limits of indemnity as described below:

- $4,500,000 excess of $500,000: Coverage provided by CSAC-EIA and reinsured by Wesco Insurance Company.
- $45,000,000 excess of $5,000,000: Coverage provided by CSAC-EIA and reinsured by ACE American Insurance Company.

- Statutory excess of $50,000,000: Coverage provided by Liberty Insurance Corporation

The California State Association of Counties ("**CSAC**") Excess Insurance Authority ("**EIA**") is a member-directed joint powers insurance authority, operating since 1979. The EIA has been providing California's counties, and more recently other public entities, including cities, schools and special districts, with stable cost-effective insurance alternatives and quality risk management services. The City is currently a member of the EIA Excess Workers Compensation Insurance Program. The EIA is governed by a board of directors composed of officials appointed by member agencies. Each participating member is required to share all costs of that program, including development charges, premiums, premium surcharge, and administrative costs. Losses and expenses are paid from these pools up to the limit of coverage subject to the self-insured retention. Financial statements for the CSAC - EIA for the fiscal year ended June 30, 2019, may be obtained from the CSAC Excess Insurance Authority website.

The City's risk management activities are accounted for in the internal service funds. Charges to the General Fund and other insured funds are determined from an analysis of claims costs. Estimated liabilities are recorded in the internal service funds when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Claims that have been incurred but not reported are also included in the liability estimates.

Unemployment claims paid by the State are reimbursed dollar-for-dollar by the City.

Employee Retirement System

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

The comprehensive annual financial reports of PERS are available on its Internet website at www.calpers.ca.gov. The PERS website also contains PERS' most recent actuarial valuation reports and other information concerning benefits and other matters. Such information is not incorporated by reference in this Official Statement. None of the Authority, City or Underwriters can guarantee the accuracy of such information. Actuarial assessments are "forward-looking" statements that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may not materialize or may be changed in the future. Actuarial assessments will change with the future experience of the pension plans.

General. The City contributes to the California Public Employees' Retirement System ("**PERS**") for two defined benefit pension plans: Miscellaneous and Safety. A total of 2,573 employees are enrolled in the Miscellaneous plan and 657 employees are enrolled in the Safety plan. The plan members are predominantly inactive.

Benefits Provided. PERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. The benefit formulas are set forth in the table below.

Retirement Benefit Formulas

	Formula Name	Minimum Retirement Age	Normal Retirement Age	Minimum Retirement Age	Final Compensation	Contract Effective Date
Miscellaneous Tier 1	2.7% @55	50	55	55	1 year	New classic hire before 12/23/2012
Miscellaneous Tier 2	2.0% @60	50	55	63	1 year	New classic hire from 12/23/2012
Reformed Miscellaneous	2.0% @62	52	62	67	3 years	New PERS member 1/1/2013
Safety Tier 1	3.0% @50	50	50	50	1 year	Classic sworn before 2/19/2012
Safety Tier 2	3.0% @55	50	50	55	1 year	Classic sworn from 2/19/2012
Reformed Safety	2.7% @67	50	57	57	3 years	New PERS member from 1/1/2013

Contributions. The City is required to contribute at an actuarially determined rate of annual covered payroll for normal cost and an actuarially determined dollar amount to amortize the unfunded liability. A recent history of the City's annual contributions to PERS is provided in the table below.

Fiscal Year	Miscellaneous	Safety	Total
2017-18	$16,854,299	$14,914,181	$31,768,480
2018-19	18,629,140	16,607,279	35,236,419
2019-20	21,159,596	19,688,125	40,847,721
2020-21	23,234,605	21,630,582	44,865,187

Source: City of Sunnyvale.

The actuarially determined rates and contribution amounts for each plan for the fiscal years ended June 30, 2021, and June 30, 2022, are as follows: [**TO BE UPDATED WITH 2020 REPORT**]

Safety Plan

Fiscal Year 2021-22			**Projected Fiscal Year 2022-23**		
Employer Normal Cost Rate	Employer Payment of Unfunded Liability	Employee PEPRA Rate	Employer Normal Cost Rate	Employer Payment of Unfunded Liability	Employee PEPRA Rate

Source: PERS Actuarial Reports Dated _____________ 2020.

Miscellaneous Plan

Fiscal Year 2021-22			**Projected Fiscal Year 2022-23**		
Employer Normal Cost Rate	Employer Payment of Unfunded Liability	Employee PEPRA Rate	Employer Normal Cost Rate	Employer Payment of Unfunded Liability	Employee PEPRA Rate

Source: PERS Actuarial Reports Dated _____________ 2020.

Funded Status. The following tables set forth the schedule of funding for the City's pension plans for the fiscal years ended June 30, 2016, 2017, and 2018. [**TO BE UPDATED WITH 2020 REPORT**]

Safety Plan

Valuation Date (June 30)	Accrued Liability	Market Value of Assets	Unfunded Liability	Funded Ratio (1)	Annual Covered Payroll
2016	$522,935,597	$342,489,688	$180,445,909	65.5%	$32,045,120
2017	548,980,355	371,122,390	177,857,965	67.6	31,316,468
2018	590,160,674	391,733,755	198,426,919	66.4	32,800,360

(1) Based on the market value of assets.
Source: CalPERS Actuarial Report Dated July 2019.

Miscellaneous Plan

Valuation Date (June 30)	Accrued Liability	Market Value of Assets	Unfunded Liability	Funded Ratio (1)	Annual Covered Payroll
2016	$541,874,130	$366,643,154	$175,230,976	67.7%	$55,923,254
2017	575,267,420	401,301,674	173,965,746	69.8	59,471,742
2018	624,489,623	428,747,179	195,742,444	68.7	62,647,667

(1) Based on the market value of assets.
Source: CalPERS Actuarial Report Dated July 2019.

Pension Trust. In July 2018, the City established a Section 115 irrevocable trust (the "**Pension Trust**") to stabilize contribution rates during their projected peak and bridge the gap to normalizing pension costs and paying down unfunded liability.

The Pension Trust is owned and monitored by the City but externally managed by investment professionals. The City plans to contribute $1 million annually to the Pension Trust over the next eight years, split equally between the Miscellaneous and Safety plans, and expects to begin to draw funds in fiscal year 2025-26 to reduce projected peak rates. The City estimates that the Pension Trust had a balance of $4.8 million as of June 30, 2020.

Recent Actions Taken by PERS. Changes made by PERS to its actuarial assumptions or methods can influence the amount of the City's pension benefit liability. An overview of recent actions taken by PERS in this regard is provided below.

On February 18, 2014, the PERS Board (the "**PERS Board**") approved new demographic actuarial assumptions based on a 2013 study of recent experience. The largest impact, applying to all benefit groups, is a new 20-year mortality projection reflecting longer life expectancies and that longevity will continue to increase. Because retirement benefits will be paid out for more years, the cost of those benefits will increase as a result. The PERS Board also assumed earlier retirements for Police 3%@50, Fire 3%@55, and Miscellaneous 2.7%@55 and 3%@60, which will increase costs for those groups. As a result of these changes, rates increased beginning in fiscal year 2016-17 (based on the June 30, 2014 valuation) with full impact in fiscal year 2020-21.

On November 18, 2015, the PERS Board adopted a funding risk mitigation policy intended to incrementally lower its discount rate – its assumed rate of investment return – in years of good investment returns, help pay down the pension fund's unfunded liability, and provide greater predictability and less volatility in contribution rates for employers. The policy established a mechanism to reduce the discount rate by a minimum of 0.05 percentage points to a maximum of 0.25 percentage points in years when investment returns outperform the existing discount rate, currently 7.0%, by at least four percentage points. PERS staff modeling anticipates the policy will result in a lowering of the discount rate to 6.5% in about 21 years, improve funding levels gradually over time and cut risk in the pension system by lowering the volatility of investment returns. More information about the funding risk mitigation policy can be accessed through PERS' web site at the following website address:

https://www.calpers.ca.gov/docs/funding-risk-mitigation-policy.pdf

The reference to this Internet website is provided for reference and convenience only. The information contained within the website may not be current, has not been reviewed by the City, and is not incorporated in this Official Statement by reference.

On December 21, 2016, the PERS Board voted to lower its discount rate from 7.5% to 7.0% over the next three years according to the following schedule.

Valuation Date	Fiscal Year Required Contribution	Discount Rate
June 30, 2016	2018-19	7.375%
June 20, 2017	2019-20	7.250
June 30, 2018	2020-21	7.000

For public agencies like the City, the new discount rate began increasing contribution costs in fiscal year 2018-19. Lowering the discount rate means employers that contract with PERS to administer their pension plans will see increases in their normal costs and unfunded actuarial liabilities and that active members hired after January 1, 2013, under PEPRA will see their contribution rates rise.

On February 13, 2018, the PERS Board voted to shorten the period over which PERS will amortize actuarial gains and losses from 30 years to 20 years for new pension liabilities, effective for the June 30, 2019, actuarial valuations. Amortization payments for all unfunded accrued liability bases will be computed to remain a level dollar amount throughout the amortization period, and certain five-year ramp-up and ramp-down periods will be eliminated. As a result of the shorter amortization period, the contributions required to be made by employers may increase beginning in fiscal year 2021-22.

Other Post-Employment Benefits

Plan Description. The City of Sunnyvale Retiree Healthcare Plan (the "**Plan**") is a single-employer defined benefit retiree healthcare plan administered by the City.

Benefits Provided. The Plan provides healthcare benefits to eligible retirees and their dependents through the California Public Employees' Retirement System healthcare program ("**PEMHCA**"). PEMHCA requires that medical insurance contributions for retired annuitants paid for by a contracting agency be equal to the medical contributions paid for its active employees. Benefit provisions are established and may be amended through agreements and memorandums of understanding between the City, its non-represented employees, and the unions representing City employees.

Contributions/Funding Policy. On July 20, 2010, City Council approved the City's entering into an Investment Advisory Agreement with PFM Asset Management, LLC ("**PFM**") to establish and administer the City's retiree medical trust, a tax-qualified irrevocable trust organized under Internal Revenue Code Section 115 to pre-fund retiree healthcare benefits (the "**OPEB Trust**"). On December 7, 2010, the Council approved a Trust Agreement among the City (Employer), PFM (Trust Administrator), and U.S. Bank National Association (as the Trustee of Trust assets).

For the measurement period ended June 30, 2018, aside from the implied subsidy of $1,510,000, the City prefunded $4,059,000 to the OPEB Trust while contributing $5,763,886 outside of OPEB Trust on a pay-as-you-go basis for current benefit payments and PEMHCA administration expenses. The City estimates that the OPEB Trust had a balance of approximately $115.6 million.

Based an actuarial valuation as of July 1, 2018, the City's total other post-employment benefit ("**OPEB**") liability as of June 30, 2019, was $166,022,735 and for the measurement period ended June 30, 2018, the City recognized an OPEB expense of $8,047,126.

For more information regarding the City's OPEB, see Note 17 of the City's Comprehensive Annual Financial Report, which is attached as APPENDIX B to the Official Statement.

City Policies and Practices for Managing Pension and OPEB Costs

The City has adopted certain policies and practices for managing its pension and OPEB costs, which are described above under the headings "– Employee Retirement System" and "– Other Post-Employment Benefits." Such policies and practices include the following:

- Independent actuarial review at least biennially for both pension and OPEB liabilities;
- Priority use of one-time savings to pay down unfunded pension and OPEB liabilities;
- Completion of regular Asset Liability and Experience studies;
- Preparation of annual twenty-year projections for miscellaneous and safety plans;
- Accounting for compounding effect from salary increases during labor negotiations and providing 20-year impact to City Council of bargaining decisions, assuming a steady reduction down to a 6% discount within the twenty-year planning period; and
- No rolling amortization of gains or losses – 5-year ramp.

The City has also undertaken several cost mitigation strategies including the following:

- Establishing the Pension Trust in 2018;
- Prepaying the annual unfunded actuarial liability payment to PERS to yield savings;
- Contributing savings to pay down the City's unfunded liability directly to PERS to the Pension Trust;
- Holding current cash reserves in an internal service fund for cost volatility;
- "Fresh Start" on both Miscellaneous and Safety pension liabilities:
    - Closed amortization period for significant portion of liabilities;
    - Miscellaneous Fresh Start paid off in FY 2030/31 ($10M/year savings), fully funded by FY 2039/40;
    - Safety Fresh Start paid off in FY 2040/41 (additional $10M/year in savings), fully funded FY 2041/42

The City believes these policies and practice position it well for managing the incremental changes in pension costs over time and ensuring the proper funding of these employee benefits.

Outstanding General Fund Long-Term Obligations

The City's only long-term obligations that are payable from the General Fund (other than lease payments related to the 2020 Bonds) are the lease obligations related to the series of outstanding certificates of participation shown in the table below; however, the City intends to pay off the outstanding amount of the Variable Rate demand Refunding Certificates of Participation, Series 2009A (Government Center Site Acquisition Project) ("**2009 COPs**") from cash on hand, which will remove the lease encumbrance from a portion of the City's Civic Center Campus. The City has no current plans to enter into additional long-term obligations payable from the General Fund other than the 2020 Bonds.

Long-Term Obligation	Outstanding Principal Amount as of October 1, 2020
$17,525,000 Certificates of Participation (Parking Facility Refunding) Series 1998A(1)	$2,400,000
$15,865,000 Variable Rate demand Refunding Certificates of Participation, Series 2009A (Government Center Site Acquisition Project)(2)	9,650,000

(1) Final maturity is October 1, 2022.
(2) Final maturity is April 1, 2031; however, as noted above, the City intends to pay off the outstanding amount prior to the issuance of the 2020 Bonds from cash on hand.

Direct and Overlapping Bonded Debt

Set forth following is a direct and overlapping debt report (the "**Debt Report**") prepared by California Municipal Statistics, Inc. and effective September 1, 2020. The Debt Report is included for general information purposes only. The City has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

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

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

TABLE 5
CITY OF SUNNYVALE
Statement of Direct and Overlapping Debt
As of September 1, 2020

2020-21 Assessed Valuation: $54,828,635,431

OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 9/1/20
Santa Clara County	9.952%	$ 80,878,411
Foothill-De Anza Community College District	24.937	147,651,264
West Valley-Mission Community College District	4.189	24,676,561
Santa Clara Unified School District	9.075	90,780,855
Fremont Union High School District	52.902	265,031,131
Mountain View-Los Altos Union High School District	4.056	8,410,723
Cupertino Union School District	14.551	39,261,261
Los Altos School District	0.002	3,331
Mountain View School District	11.965	542,015
Mountain View-Whisman School District	7.480	19,983,942
Sunnyvale School District	99.380	208,196,946
El Camino Hospital District	38.515	44,789,094
Midpeninsula Regional Open Space Park District	15.874	13,715,136
City of Sunnyvale Community Facilities District No. 1	100.000	13,315,000
Santa Clara Valley Water District Benefit Assessment District	9.952	6,518,062
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		$963,753,732
DIRECT AND OVERLAPPING GENERAL FUND DEBT:		
Santa Clara County General Fund Obligations	9.952%	$ 96,188,578
Santa Clara County Pension Obligation Bonds	9.952	33,976,048
Santa Clara County Board of Education Certificates of Participation	9.952	346,330
Santa Clara County Vector Control Certificates of Participation	9.952	200,035
Foothill Community College District Certificates of Participation	24.937	5,865,182
West Valley Mission Community College District General Fund Obligations	4.189	2,127,174
Santa Clara Unified School District Certificates of Participation	9.075	1,221,041
Mountain View-Los Altos Union High School District Certificates of Participation	4.056	100,993
Los Altos School District Certificates of Participation	0.002	42
City of Sunnyvale Certificates of Participation	**100.000**	**13,145,000**[(1)]
Midpeninsula Regional Open Space Park District General Fund Obligations	15.874	16,826,535
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		$169,996,958
Less: Santa Clara County supported obligations		3,177,810
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		$166,819,148
OVERLAPPING TAX INCREMENT DEBT (Successor Agency):	100.000%	$1,145,000
GROSS COMBINED TOTAL DEBT		$1,134,895,690[(2)]
NET COMBINED TOTAL DEBT		$1,131,717,880

Ratios to 2020-21 Assessed Valuation:
Total Overlapping Tax and Assessment Debt 1.76%
Total Direct Debt ($13,145,000) 0.02%
Gross Combined Total Debt 2.07%
Net Combined Total Debt 2.06%

Ratios to Redevelopment Successor Agency Incremental Valuation ($1,957,142,278):
Total Overlapping Tax Increment Debt.. 0.06%

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

Source: California Municipal Statistics, Inc.

General Fund Reserves

The General Fund currently has four major reserves:

- Contingencies Reserve. By City Council policy, the Contingencies Reserve must equal 15% of the operating budget in the first year of the long-term plan, currently fiscal year 2020-21, and then grow by the estimated change in the Consumer Price Index in each subsequent year. This reserve is not intended for normal unanticipated expenditures and is instead to be used for non-fiscal emergencies or disasters as determined by Council. Accordingly, in fiscal year 2019-20, this reserve was used to fund $1 million in assistance to the community to mitigate the economic hardships associated with COVID-19. The City estimates that as of June 30, 2020, the Contingencies Reserve balance was $23,558,898 and has budgeted the Contingencies Reserve at $26,266,632 (15% of operations) for fiscal year 2020-21.

- Reserve for Capital Improvement Projects. Originally entitled the Land Acquisition Reserve, the Reserve for Capital Improvement Projects was established in fiscal year 1994-95 for the purpose of purchasing land or property in the downtown area with an emphasis on future income generation through economic development. In fiscal year 2006-07, the reserve name was changed to Reserve for Capital Improvement Projects to reflect its expanded purpose. The City estimates that as of June 30, 2020, the Reserve for Capital Improvement Projects balance was $9,105,612 and has budgeted the Reserve at $4,824,822 for fiscal year 2020-21.

- Budget Stabilization Fund. The Budget Stabilization Fund functions to normalize service levels through economic cycles. The intent is for this fund to increase during periods of economic growth and to be drawn down during the low points of economic cycles to maintain stable service levels.

  City Council policy requires that the Budget Stabilization Fund be maintained at no less than 15% of total projected revenues for the first two years of the 20-year plan and that it never goes below $0 in any year. The City estimates that as of June 30, 2020, the Budget Stabilization Fund balance was $49,092,300 (24% of estimated revenues for fiscal year 2020-21) and has budgeted the Budget Stabilization Fund at $44,098,046 (23% of total budgeted revenues) for fiscal year 2020-21.

- Equipment & Project Carryover Reserve. The Equipment & Project Carryover Reserve accounts for actual fiscal year 2018-19 available project balances (and related revenues) that have carried forward to fiscal year 2019-20 for ongoing project costs. Since a significant portion of the current budgeted project costs are from the prior year carryover, it was prudent to separate out this reserve to increase transparency of unspent project funds. Additionally, accounting for this reserve separately helps ensure that the available balance in the Budget Stabilization Fund is not overstated. This reserve had and is budgeted to have a $0 balance in fiscal year 2019-20 and fiscal year 2020-21, respectively, as projects are anticipated to be completed from a budgetary perspective.

A five-year history of the General Fund reserves discussed above is presented in the following table:

	Actual 2015-16	Actual 2016-17	Actual 2017-18	Actual 2018-19	Estimated 2019-20
Contingencies Reserve	$20,081,497	$21,557,443	$22,734,647	$24,208,511	$23,558,898
Reserve for Capital Improvement Projects	22,726,502	18,438,631	23,597,462	5,975,574	9,105,612
Budget Stabilization Fund	60,527,864	60,086,990	56,472,561	70,388,115	49,092,300
Equipment & Project Carryover Reserve	16,136,893	25,963,762	28,833,284	22,616,820	0
Total	$119,472,756	$126,046,826	$131,637,954	$123,189,020	$81,756,810

Financial Statements

Accounting Policies. The basic financial statements of the City are prepared in conformity with accounting principles generally accepted in the United States ("U.S. GAAP") as applied to governmental agencies. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

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 by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. City resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

See "APPENDIX B – AUDITED FINANCIAL STATEMENTS OF THE CITY FOR THE FISCAL YEAR ENDED JUNE 30, 2019" for a full presentation of the City's accounting policies.

Management's Discussion and Analysis. GASB Statement No. 34 requires the inclusion of management's discussion and analysis as required supplementary information. See "APPENDIX B – AUDITED FINANCIAL STATEMENTS OF THE CITY FOR THE FISCAL YEAR ENDED JUNE 30, 2019" for a full presentation of management's discussion and analysis for the most recent Fiscal Year.

Audited Financial Statements. The City's most recent audited financial statements for the Fiscal Year ending June 30, 2019, are attached as "APPENDIX B – AUDITED FINANCIAL STATEMENTS OF THE CITY FOR THE FISCAL YEAR ENDED JUNE 30, 2019" to this Official Statement, which were prepared by the City and audited by Macias Gini & O'Connell LLP, Walnut Creek, California (the "**Auditor**").

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 performed any post-audit review of the financial condition or operations of the City or the General Fund. In addition, the Auditor has not reviewed this Official Statement.

General Fund Financial Data

The following tables provide a five-year history of the City's Comparative Balance Sheet, and summarize General Fund revenues, expenditures, transfers, and ending fund balances for the City for fiscal years 2015-16 through 2018-19 (audited) and 2019-20 (unaudited).

TABLE 6
CITY OF SUNNYVALE
GENERAL FUND BALANCE SHEET
Fiscal Years Ending June 30, 2016, through June 30, 2019 (Audited), and June 30, 2020 (Unaudited)

	2015-16	2016-17	2017-18	2018-19	2019-20 (Unaudited)
Assets					
Deposits and investments held by City	$111,155,821	$122,676,762	$129,575,584	$122,117,756	$120,737,913
Deposits and investments held by Fiscal Agent	1,309,525	1,298,742	1,295,923	1,294,315	1,316,192
Receivables, current	14,261,214	9,716,277	9,679,743	11,267,880	8,292,544
Intergovernmental receivables	1,694,014	1,588,936	1,566,819	1,577,462	1,744,017
Due from other funds	263,379	48,694	175,120	214,950	2,305,763
Advances to other funds	34,579,519	31,636,150	27,244,962	22,935,108	18,941,986
Advances to redevelopment Successor Agency Trust Fund	25,450,746	27,216,679	--	--	
Inventories and prepaid items	1,153,443	609,871	663,706	611,164	614,267
Long-term receivables from employees	3,646,662	5,490,937	3,680,299	3,606,505	1,730,251
Housing deficits receivable	--	--	--	--	
Housing loans receivable	--	--	--	--	
Assets held for resale	1,101,077	1,101,077	1,101,077	1,101,077	1,101,077
Total assets	194,615,400	201,384,125	174,983,233	164,726,217	156,784,730
Liabilities					
Accounts payable and accrued liabilities	2,082,960	2,158,367	2,758,666	4,197,867	2,555,265
Payable to redevelopment successor Agency Trust Fund	--	--	--	--	
Refundable deposits	1,016,821	1,449,875	2,420,715	1,508,419	1,749,346
Due to other funds	--	--	--	--	
Unearned revenue	8,122,208	8,001,925	7,030,001	6,951,917	6,865,557
Total liabilities	11,221,989	11,610,167	12,209,382	12,658,203	11,170,168
Deferred Inflows of Resources	61,915,761	60,771,873	29,886,850	25,709,817	25,908,858
Fund balances:					
Nonspendable	6,260,493	7,553,852	5,860,620	5,518,496	3,796,702
Restricted	2,553,902	2,723,856	2,808,189	2,913,578	3,073,388
Committed	55,240,555	57,745,582	60,532,035	46,896,418	46,896,418
Assigned/Reserved	--	--	--	--	
Unassigned/Unreserved	57,422,700	60,978,795	63,686,157	71,029,705	65,939,196
Total fund balances	121,477,650	129,002,085	132,887,001	126,358,197	119,705,704
Total Liabilities and Fund Balances	**$194,615,400**	**$201,384,125**	**$174,983,233**	**$164,726,217**	**$156,784,730**

Source: City of Sunnyvale, audited financial statements.

The General Fund is the general operating fund of the City and is used to account for all financial resources except those required to be accounted for in another fund.

TABLE 7
CITY OF SUNNYVALE
GENERAL FUND REVENUES, EXPENDITURES AND FUND BALANCES
Fiscal Years Ending June 30, 2016, through June 30, 2019 (Audited), and June 30, 2020 (Unaudited)

	2015-16	2016-17	2017-18	2018-19	2019-20 (Unaudited)
Revenues					
Property taxes	$62,390,637	$66,608,795	$74,349,897	$84,827,809	$93,302,288
Sales and use taxes	32,914,114	31,016,980	33,147,530	33,829,197	28,826,695
Other taxes	30,338,338	32,232,050	34,469,506	39,852,986	33,059,182
Franchise fees	7,056,709	7,117,732	7,160,176	6,976,089	7,179,493
Intergovernmental revenues	1,665,707	1,479,933	1,219,046	1,591,769	1,708,550
Licenses and permits	1,296,765	1,286,572	1,698,986	1,938,313	2,150,662
Fines and forfeitures	1,259,048	1,205,543	1,104,312	1,251,697	1,100,195
Special assessments	6,422	6,056	6,055	6,055	6,055
Service fees	6,283,374	6,699,211	7,120,221	7,892,123	5,595,281
Rents and concessions	1,462,021	1,476,854	1,403,753	1,653,302	1,220,458
Interest received from interfund advances	5,363,934	5,363,936	4,786,640	4,786,640	4,786,640
Investment earnings	962,032	612,734	1,747,134	5,742,596	6,713,139
Other Revenues	1,596,315	880,892	1,723,382	790,460	495,510
Total Revenues	152,595,416	155,987,288	169,936,638	191,139,036	184,874,254
Expenditures					
Current:					
Planning and management	9,079,666	11,612,375	10,801,900	10,888,602	22,082,945
Public safety	88,056,056	91,798,276	97,776,924	103,921,860	106,993,566
Community Development	11,418,074	13,111,738	14,423,487	15,595,572	16,005,375
Transportation	7,998,577	8,127,166	8,445,694	8,892,611	9,631,845
Socioeconomic	1,306,973	1,414,079	1,343,778	1,485,936	2,052,415
Cultural	16,314,242	16,995,562	16,708,543	17,611,478	17,747,669
Environmental Management	1,795,497	1,154,362	1,336,815	2,867,431	3,142,369
Capital Outlay	5,922,215	1,344,519	1,423,130	1,879,939	7,799,280
Debt Service:					
Principal retirement	820,000	860,000	905,000	950,000	1,035,000
Interest	382,750	340,000	296,625	250,000	200,625
Fiscal charges	2,860	3,160	7,162	5,967	3,613
Total expenditures	143,096,910	146,761,987	153,469,058	164,349,646	186,694,701
Excess of revenues over expenditures	9,498,506	9,225,301	16,467,580	26,789,390	(1,820,446)
Other financing sources (uses):					
Proceeds from sale of assets	13,925,365	--	21,000,000	72,920	--
Transfers in	2,675,335	2,677,938	3,504,842	9,767,879	17,056,875
Transfers out	(3,215,789)	(4,378,804)	(37,087,506)	(43,158,993)	(21,888,921)
Total other financing sources (uses)	13,384,911	(1,700,866)	(12,582,664)	(33,318,194)	(4,832,046)
Change in fund balance	22,883,417	7,524,435	3,884,916	(6,528,804)	(6,652,492)
Fund balances, July 1	98,594,233	121,477,650	129,002,085	132,887,001	126,358,197
Fund balances, June 30	$121,477,650	$129,002,085	$132,887,001	$126,358,197	$119,705,704

Source: City of Sunnyvale.

City's Budgeted and Actual Figures

The table below sets forth (i) a comparison of the City's general fund budget to the actual figures for fiscal years 2018-19 and estimated figures for fiscal year 2019-20 and (ii) the City's adopted general fund budget for fiscal year 2020-21.

TABLE 8
CITY OF SUNNYVALE
General Fund Budgeted and Actual Figures, Fiscal Year 2018-19, 2019-20, and General Fund Budget, Fiscal Year 2020-21

	2018-19 Adopted Budget	2018-19 Actual	2019-20 Adopted Budget	2019-20 Estimated	2020-21 Adopted Budget
Reserves/Fund Balance, July 1	$90,193,261	$131,637,954	$87,743,380	$123,189,020	$81,756,810
Current Resources					
Property tax	75,105,869	84,827,810	88,427,248	91,838,996	90,750,445
Sales tax	30,366,206	32,219,912	29,002,150	26,006,336	25,491,316
Public safety sales tax	1,547,223	1,748,198	1,566,329	1,691,495	1,671,905
Other taxes	8,258,497	10,300,736	8,141,859	8,474,204	7,391,664
Transient occupancy tax	16,541,424	21,248,918	21,861,049	15,093,335	10,617,327
Utility users taxes	8,297,656	8,303,333	8,326,918	8,354,190	8,318,788
Franchises	7,368,207	6,976,089	7,553,943	7,317,101	7,442,089
Rents	3,118,316	3,301,506	3,434,888	3,320,321	3,113,967
Federal, State and Intergovernmental Revenue	710,140	1,446,313	599,403	1,467,850	645,724
Permits and licenses	1,415,807	1,938,313	1,483,745	1,864,135	1,634,631
Fines and forfeitures	908,667	1,197,979	925,148	946,880	757,221
Service fees	6,091,270	7,827,763	6,635,463	5,473,049	3,626,133
Interest income	1,165,614	3,230,055	1,793,306	2,007,840	1,579,060
Interest from sale of property	605,948	327,753	262,757	227,014	106,170
Inter-fund revenues	5,750,302	5,750,302	5,434,132	5,434,132	4,419,817
Miscellaneous revenues	589,259	657,837	583,070	700,355	734,338
Sale of property(1)	17,600,000	72,920	9,000,000	9,000,000	0
Transfer from gas tax fund	1,500,000	1,539,702	1,500,000	1,500,000	1,500,000
In-lieu charges	12,413,249	12,277,543	13,204,101	13,204,101	13,116,395
Transfer from other funds	15,584,992	7,101,835	414,651	2,019,271	12,211,739
Total Current Resources	$214,938,645	$212,294,815	$210,150,160	$205,940,607	$195,128,729
Total Available Resources	$305,131,907	$343,932,769	$297,893,539	$329,129,626	$276,885,539
Current Requirements					
Operations-total compensation-safety	69,073,820	71,299,985	72,396,962	72,423,193	74,738,879
Operations-total compensation-miscellaneous	58,994,934	54,565,289	62,265,530	62,455,530	62,773,050
Operations-other	35,985,642	35,524,800	36,062,183	36,552,690	35,932,286
Equipment	918,345	931,288	1,867,340	1,855,238	481,694
Public safety recruitment	12,654,430	9,041,563	13,201,957	15,394,032	9,112,480
Projects	5,052,119	3,125,419	7,121,249	23,248,533	6,214,374
Project operating	0	29,360	580,701	499,386	0
Council service level set aside	100,000	0	100,000	70,000	17,500
Lease payments	1,200,250	1,200,250	1,235,625	1,235,625	1,241,250
Budget supplements	707,500	0	582,000	0	70,000
Total expenditures	$184,687,041	$175,717,954	$195,413,546	$213,734,227	$190,582,638
Total Transfers to Other Funds	57,660,736	45,025,795	18,76,536	33,638,590	11,113,401
Total Current Requirements	242,347,777	220,743,749	214,180,082	247,372,816	201,696,040
Total Reserves	$62,784,130	$123,189,020	$83,713,457	$81,756,810	$75,189,500

(1) See "Other Sources of Revenue – Sale of Property."
Source: City of Sunnyvale 2018-19, 2019-20 and 2020-21 Adopted Budgets.

State Budget

Although the City does not receive a significant portion of its annual revenues directly from the State, the State's financial condition and budget policies affect communities and local public agencies throughout the State. At various times, the State has experienced significant financial and budgetary stress.

Recent State budgets have been balanced and balanced budgets are projected for the foreseeable future, but there can be no certainty that budget-cutting strategies such as those used in prior years will not be used in the future should the State budget again experience stresses. To the extent that the State budget process results in reduced revenues to the City in the future, the City could be required to make adjustments to its budget.

Investment Policy

Under Section 53600 et seq. of the California Government Code, the City is required to present an annual investment policy (the "**Investment Policy**") for confirmation by the City Council. The City Council adopted its most recent Investment Policy on October 13, 2020. The Investment Policy is intended to provide guidelines for the prudent investment of City funds and to outline the policies for maximizing the efficiency of the City's cash management. A full copy of the current Investment Policy is attached as APPENDIX G.

The City Treasurer provides quarterly investment reports to the City Council (the "**Treasurer's Report**"). The Treasurer's Report includes an investment schedule summarizing the type of investment, date of purchase, custodian (if applicable), institution, date of maturity, amount of deposit or purchase price, and current market value and rate of interest for all securities. The monthly Treasurer's Report clearly states compliance to, or manner of noncompliance if any divergence from, or violation of the Investment Policy exists, by including a detailed statement on this matter.

According to the City Treasurer's Report for the quarter ended June 30, 2020, the City has invested funds as set forth in the table below.

TABLE 11
CITY OF SUNNYVALE
Investment Portfolio Summary
(as of June 30, 2020)

Investment Type	Amount	Par	Maturity Date	Interest Rate	Weighted Rate
Local Agency Investment Fund	$74,299,671	$74,299,671	N/A	1.15%	0.11%
U.S. Treasury Securities	174,006,594	165,000,000	2.33	1.72	0.39
Corporate Notes	163,371,383	155,954,000	2.41	2.87	0.60
Federal Agency Issues	214,832,355	203,670,000	2.84	2.16	0.60
Municipal Bonds	13,810,473	13,475,000	1.63	2.05	0.04
Supranational	19,254,122	19,000,000	0.86	2.40	0.06
Asset Backed Securities	46,675,837	45,856,753	2.86	2.06	0.12
Collateralized Mortgage Obligations	43,942,798	41,421,440	2.85	2.50	0.14
Money Market	25,511,889	25,511,889	N/A	0.01	0.00
Subtotal	$775,705,123	$744,688,754			2.06%

Source: City of Sunnyvale.

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS

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

Article XIIIA of the State Constitution

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

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

Legislation Implementing Article XIIIA

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

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

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

Article XIIIB of the State Constitution

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

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

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

The City has never exceeded its appropriations limit.

Articles XIIIC and XIIID of the State Constitution

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

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

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

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

Property-Related Fees and Charges. Article XIIID also adds several provisions making it generally more difficult for local agencies to levy and maintain property-related fees, charges, and assessments for municipal services and programs. These provisions include, among other things, (i) a prohibition against assessments which exceed the reasonable cost of the proportional special benefit conferred on a parcel, (ii) a requirement that assessments must confer a "special benefit," as defined in Article XIIID, over and above any general benefits conferred, (iii) a majority protest procedure for assessments which involves the mailing of notice and a ballot to the record owner of each affected parcel, a public hearing and the tabulation of ballots weighted according to the proportional financial obligation of the affected party, and (iv) a prohibition against fees and charges which are used for general governmental services, including police, fire or library services, where the service is available to the public at large in substantially the same manner as it is to property owners.

Reduction or Repeal of Taxes, Assessments, Fees and Charges. Article XIIIC also removes limitations on the initiative power in matters of reducing or repealing local taxes, assessments, fees or charges. No assurance can be given that the voters of the City will not, in the future, approve an initiative or initiatives which reduce or repeal local taxes, assessments, fees or charges currently comprising a substantial part of the City's General Fund. If such repeal or reduction occurs, the City's ability to pay debt service on the 2020 Bonds could be adversely affected.

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

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

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

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

Proposition 1A; Proposition 22

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

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

Current Constitutional Initiatives Relating to Changes in Property Taxation

There are currently two initiative measures that will be presented to State voters at the November 3, 2020, election that, if passed, will result in certain changes to Article XIIIA and other State laws governing property taxation.

- Proposition 15 is a proposed State constitutional amendment entitled the "Tax on Commercial and Industrial Properties for Education and Local Government Funding Initiative," commonly known as the "split roll" initiative. If approved by State voters by majority vote, it would amend the State Constitution to change to a "split roll" approach to determine property values for purposes of property taxation, whereby certain commercial and industrial real properties will be reassessed at fair market value of every three years (with certain exceptions for small businesses and personal property), overriding the current 2% limitation on annual assessed value increases until a property changes ownership. The resulting increases in property tax revenues would be allocated among local public agencies.

- Proposition 19 is a proposed State constitutional amendment that would change the manner of assessment of property when it is transferred between parents and children. Under current law, reassessment is not triggered by such transfers, but Proposition 19 generally would result in a reassessment.

There can be no assurance that either initiative measure will be approved and enacted. If approved, the City cannot predict the impacts either initiative measure might have on assessed values or property tax revenues in the City, the level of commercial building activity within the City and the relationship of the assessed value between land use types (i.e. residential versus commercial) in the City, or any other impacts on the local economy or the City's financial condition.

Split Roll Initiative

On May 29, 2020, a proposed voter initiated ballot initiative became eligible and subsequently qualified for the November 2020 Statewide ballot (the "**Proposition 15**"). If approved by a majority of voters casting a ballot at the November 2020 Statewide election, Proposition 15 would amend Article XIIIA such that the "full cash value" of commercial and industrial real property, for each lien date, would be equal to the fair market value of that property. If approved, Proposition 15 would not affect the "full cash value" of residential property, real property used for commercial agricultural production, or commercial and industrial real property with combined value of $3 million or less, which would continue to be subject to annual increases not to exceed 2%. In addition, Proposition 15 would eliminate the business tangible personal property tax on equipment and fixtures for small businesses and provide a $500,000 per year exemption for all other businesses. After compensating the State General Fund for resulting reductions in State personal income tax and corporate tax revenues, and compensating cities, counties and special districts for the cost of implementing Proposition 15, approximately 40% of the remaining additional tax revenues generated as a result of Proposition 15 would be deposited into a fund created pursuant to Proposition 15 called the Local School and Community College Property Tax Fund, with such funds being used to supplement, and not replace, existing funding school districts and community college districts receive under the State's constitutional minimum funding requirement. With respect to the tax revenues deposited into the Local School and Community College Property Tax Fund, 11% would be allocated by the Board of Governors of the California Community Colleges to community college districts and 89% of such tax revenues would be allocated by the Superintendent of Public Instruction to school districts, charter schools and county offices of education.

On July 1, 2020, a legislatively referred constitutional amendment was filed with the Secretary of State and subsequently qualified for the November 2020 Statewide ballot ("**Proposition 19**"). If approved by a majority of voters casting a ballot at the November 2020 Statewide election, Proposition 19 would amend Article XIIIA to: (i) expand special rules that give property tax savings to homeowners that are over the age of 55, severely disabled, or whose property has been impacted by wildfire or natural disaster, when they buy a different home; (ii) narrow existing special rules for inherited properties; and (iii) dedicate most of the potential new State revenue generated from Proposition 19 toward fire protection.

The City cannot predict whether either Proposition 15 or Proposition 19 will be approved by a majority of voters casting a ballot. If approved, the City cannot make any assurance as to what effect the implementation of either Proposition 15 or Proposition 19 will have on Pledged Tax Revenues or the assessed valuation of real property in the Project Areas.

Possible Future Initiatives

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

BOND OWNERS' RISKS

The following describes certain special considerations and risk factors affecting the payment of and security for the 2020 Bonds. The following discussion is not meant to be an exhaustive list of the risks associated with the purchase of any 2020 Bonds and does not necessarily reflect the relative importance of the various risks. Potential investors in the 2020 Bonds are advised to consider the following special factors along with all other information in this Official Statement in evaluating the 2020 Bonds. There can be no assurance that other considerations will not materialize in the future.

Potential Impact of COVID-19

The spread of the COVID-19 coronavirus pandemic, and responses intended to slow its spread, may result in negative impacts to the financial results of the General Fund.

In response to the increasing number of cases of COVID-19 and fatalities, health officials and experts have recommended, and some governments have mandated, a variety of responses ranging from travel bans and social distancing practices, to complete shut-downs of certain services and facilities. On March 4, 2020, as part of the State's response to address the outbreak, the Governor declared a state of emergency. On March 19, 2020, the Governor issued Executive Order N-33-20, a mandatory statewide shelter-in-place order applicable to all non-essential services.

In May 2020, the Governor outlined a phased approach to re-opening businesses in California. As a result of State and local actions taken to slow the spread of COVID-19, a number of businesses have had to close and other businesses, such as restaurants, have been permitted to stay open subject to certain conditions. These circumstances, among other market factors, have led to increased unemployment since the beginning of the COVID-19 outbreak in the United States. In addition to increased unemployment, financial markets in the United States and globally have been volatile, with significant declines attributed to coronavirus concerns.

On July 13, 2020, the Governor issued another order requiring all counties within the State to close indoor operations in certain sectors, including dine-in restaurants, wineries and tasting rooms, movie theatres, family entertainment centers, zoos and museums and cardrooms. The Governor's July 13, 2020 order also required certain counties on the Governor's Monitoring List, including the County, to shut down additional industries and activities, including gyms and fitness centers, places of worship and cultural ceremonies (such as wedding and funerals), offices for non-critical infrastructure sectors, personal care services (such as nail salons, body waxing and tattoo parlors) and shopping malls.

On August 28, 2020, the State released further guidance regarding re-opening certain types of businesses based on a county-by-county approach where each county is assigned a tier based on COVID-19 case rates within each County. Based on the initial assessment from the State, the County was in Tier 1 ("Widespread"). As of September 8, 2020, the County had been moved to Tier 2 ("Substantial"), and its current tier assignment remains at Tier 2 as of October 6, 2020. For counties in Tier 2, previously re-opened indoor businesses (such as retail stores, shopping malls, hair salons and grocery stores) may remain open, with certain modifications and increased capacity, and certain additional indoor business (such as gyms and personal care) may open with modifications, such as limitations on capacity. While the State allows counties in Tier 2 to re-open indoor dining and movie theaters, the County's local health order requires these indoor operations to remain closed. The State also permit K-12 schools to re-open for in-person instruction with certain restrictions, but the decision to re-open resides with local school officials.

While the effects of COVID-19 may be temporary, the outbreak and governmental actions responsive to it are altering the behavior of businesses and people in a manner that is having significant negative impacts on global and local economies. In addition, stock markets in the U.S. and globally have seen significant volatility attributed to coronavirus concerns, , which could result in a significant increase in the City's unfunded pension liability and future pension costs, commencing in fiscal year 2022-23. The outbreak has resulted in increased pressure on State finances, as budgetary resources are directed towards containing the pandemic and tax revenues sharply decline. In addition, Governor Newsom extended the deadline to file and pay first quarter sales and use tax returns by 90 days for all but the very largest taxpayers, and up to 361,000 California businesses with less than $5 million in taxable annual sales will be allowed to defer up to $50,000 in sales tax and enter into 12-month payment plans at zero interest. This will result in delays in the receipt by the City of its portion of the delayed payments.

Since the onset of the COVID-19 pandemic, the County Health Officer has issued a series of orders regulating activities throughout the County, including within the City. The County's orders have been stricter in certain respects than federal guidelines and state orders related to COVID-19. The County's July 2, 2020 order continues to urge all County residents to stay home as much as possible, requires workers to do their jobs from home whenever possible, and prohibits indoor dining and bars, but permits certain indoor gatherings (up to 20 people) and outdoor gatherings (up to 60 people). A Revised Risk Reduction Order, issued October 5, 2020, which generally allows all business in the County to operate if the State allows them to be open, will go into effect when the County moves into Tier 3 ("Moderate").

The COVID-19 Pandemic is materially adversely affecting the local, state and world economies. The City cannot currently predict the extent or duration of the outbreak or what ultimate impact it may have on the City's financial condition or operations, although the City believes it will be material and adverse.

No Pledge of Taxes

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

The City currently has other obligations payable from general revenues, which are described above under "CITY FINANCIAL INFORMATION – Outstanding General FundLong-Term Obligations."

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

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

Additional Obligations of the City

The City is permitted to enter into obligations which constitute additional charges against its revenues, including General Fund revenues, without the consent of Owners of the 2020 Bonds. To the extent that additional obligations are incurred by the City, the funds available to pay Lease Payments may be decreased.

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

No Reserve Fund

No reserve fund will be established and maintained with respect to the 2020 Bonds. As a result, in the event on non-appropriation or non-payment of the Lease Payments in full when due, no other source of funds will be available to make payments of debt service 2020 Bonds while remedial actions are taken with respect to such non-appropriation or non-payment.

Default

Whenever any event of default referred to in the Lease happens and continues, the Authority is authorized under the terms of the Lease to exercise any and all remedies available under law or granted under the Lease. See "APPENDIX A – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS" for a detailed description of available remedies in the case of a default under the Lease.

If a default occurs, there is no remedy of acceleration of the total Lease Payments due over the term of the Lease. The Trustee is not empowered to sell the Leased Property and use the proceeds of such sale to prepay the 2020 Bonds or pay debt service on the 2020 Bonds.

The City will be liable only for Lease Payments on an annual basis and, in the event of a default, the Trustee would be required to seek a separate judgment each year for that year's defaulted Lease Payments. Any such suit for money damages would be subject to limitations on legal remedies against municipalities in the State, including a limitation on enforcement of judgments against funds of a fiscal year other than the fiscal year in which the Lease Payments were due and against funds needed to serve the public welfare and interest.

Abatement

Under certain circumstances related to damage, destruction, condemnation or title defects which cause a substantial interference with the use and possession of the Leased Property, the City's obligation to make Lease Payments will be subject to full or partial abatement and could result in the Trustee having inadequate funds to pay the principal and interest on the 2020 Bonds as and when due. See "SECURITY FOR THE 2020 BONDS – Abatement" and "APPENDIX A – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS."

Although the City is required under the Lease to maintain property and liability insurance with respect to the Leased Property, the required insurance coverage is subject to certain conditions and restrictions. See "SECURITY FOR THE 2020 BONDS – Property Insurance."

In addition, the City is required to use the proceeds of rental interruption insurance maintained under the Lease to make debt service payments on the 2020 Bonds during any period of abatement. See "SECURITY FOR THE 2020 BONDS – Property Insurance." However, there is no assurance that the City will receive proceeds of rental interruption insurance in time to make debt service payments on the 2020 Bonds when due.

Property Taxes

Levy and Collection. The City does not have any independent power to levy and collect property taxes. Any reduction in the tax rate or the implementation of any constitutional or legislative property tax decrease could reduce the City's property tax revenues, and accordingly, could have an adverse impact on the ability of the City to make Lease Payments. Likewise, delinquencies in the payment of property taxes could have an adverse effect on the City's ability to pay principal of and interest on the 2020 Bonds when due.

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

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

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

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

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

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

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

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

Limitations on Remedies Available to Bond Owners

The ability of the City to comply with its covenants under the Lease may be adversely affected by actions and events outside of the control of the City, and may be adversely affected by actions taken (or not taken) by voters, property owners, taxpayers or payers of assessments, fees and charges. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS" above. Furthermore, any remedies available to the owners of the 2020 Bonds upon the occurrence of an event of default under the Lease or the Indenture are in many respects dependent upon judicial actions, which are often subject to discretion and delay and could prove both expensive and time consuming to obtain.

In addition to the limitations on Bondowner remedies contained in the Lease and the Indenture, the rights and obligations under the 2020 Bonds, the Lease and the Indenture may be subject to the following: the United States Bankruptcy Code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equity principles which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of

America of the powers delegated to it by the Federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or state government, if initiated, could subject the Owners of the 2020 Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation or modification of their rights.

The opinion to be delivered by Bond Counsel, concurrently with the issuance of the 2020 Bonds, will include a qualification that the rights of the owners of the 2020 Bonds and the enforceability of the 2020 Bonds and the Indenture, the Lease and the Site Lease may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and may also be subject to the exercise of judicial discretion in accordance with principles of equity or otherwise in appropriate cases. See "APPENDIX E — FORM OF OPINION OF BOND COUNSEL."

Pension Expenses

Many factors influence the amount of the City's pension benefit liability, including, without limitation, inflationary factors, changes in the statutory provisions of Section 20000 et seq. of the State Government Code, changes in the levels of benefits provided or in the contribution rates of the City, increases or decreases in the number of covered employees, changes in actuarial assumptions or methods, and differences between actual and anticipated investment performance of PERS. Any of these factors could give rise to additional liability of the City to PERS as a result of which the City would be obligated to make additional payments to PERS over the amortization schedule for full funding of the City's obligation to PERS.

Loss of Tax-Exemption

As discussed under the caption "TAX MATTERS," interest on the 2020 Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date the 2020 Bonds were issued, as a result of future acts or omissions of the City or the City in violation of their respective covenants in the Lease and the Indenture. Should such an event of taxability occur, the 2020 Bonds are not subject to special redemption and will remain Outstanding until maturity or until redeemed under other provisions set forth in the Indenture.

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 property values of homes and businesses in the City and therefore property taxes collected by the City, as well as sales taxes and TOT collected by the City from visitors.

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.

Certain Risks Associated with Sales Tax and Other Local Tax Revenues

Sales tax revenues are based upon the gross receipts of retail sales of tangible goods and products by retailers with taxable transactions in the City, which could be impacted by a variety of factors.

For example, in times of economic recession, the gross receipts of retailers often decline, and such a decline would cause the sales tax revenues received by the City to also decline. There has been tremendous volatility in the markets in the United States and globally associated with the COVID-19 outbreak, resulting in significant declines and speculation of a national and global recession.

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

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

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 2020 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.

Secondary Market for Bonds

There can be no guarantee that there will be a secondary market for the 2020 Bonds or, if a secondary market exists, that any 2020 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.

IRS Audit of Tax-Exempt Bond Issues

The Internal Revenue Service (the "**IRS**") has a program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the 2020 Bonds will be selected for audit by the IRS. It is also possible that the market value of such 2020 Bonds might be affected as a result of such an audit of such 2020 Bonds (or by an audit of similar bonds or securities).

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

Future legislative proposals, if enacted into law, clarification of the Tax Code (defined herein) or court decisions may cause interest on the 2020 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent 2020 Bond owners from realizing the full current benefit of the tax status of such interest.

TAX MATTERS

Federal Tax Status. In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the 2020 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.

The opinions set forth in the preceding paragraph are subject to the condition that the Authority comply with all requirements of the Internal Revenue Code of 1986, as amended (the "**Tax Code**") that must be satisfied subsequent to the issuance of the 2020 Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The Authority has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the 2020 Bonds.

Tax Treatment of Original Issue Discount and Premium. If the initial offering price to the public at which a 2020 Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes "original issue discount" for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public at which a 2020 Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes "bond premium" for purposes of federal income taxes and State of California personal income taxes.

Under the Tax Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the 2020 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 2020 Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such 2020 Bond. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the 2020 Bonds who purchase the 2020 Bonds after the initial offering of a substantial amount of such maturity. Owners of such 2020 Bonds should consult their own tax advisors with respect to the tax consequences of ownership of 2020 Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering to the public at the first price at which a substantial amount of such 2020 Bonds is sold to the public.

Under the Tax Code, bond premium is amortized on an annual basis over the term of the 2020 Bond (said term being the shorter of the 2020 Bond's maturity date or its call date). The amount of bond premium amortized each year reduces the adjusted basis of the owner of the 2020 Bond for purposes of determining taxable gain or loss upon disposition. The amount of bond premium on a 2020 Bond is amortized each year over the term to maturity of the 2020 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 2020 Bond premium is not deductible for federal income tax purposes. Owners of premium 2020 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 2020 Bonds.

California Tax Status. In the further opinion of Bond Counsel, interest on the 2020 Bonds is exempt from California personal income taxes.

Other Tax Considerations. Current and future legislative proposals, if enacted into law, clarification of the Tax Code or court decisions may cause interest on the 2020 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Tax Code or court decisions may also affect the market price for, or marketability of, the 2020 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, such legislation would apply to bonds issued prior to enactment.

The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of such opinion, and Bond Counsel has expressed no opinion with respect to any proposed legislation or as to the tax treatment of interest on the 2020 Bonds, or as to the consequences of owning or receiving interest on the 2020 Bonds, as of any future date. Prospective purchasers of the 2020 Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Owners of the 2020 Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the 2020 Bonds may have federal or state tax consequences other than as described above. Other than as expressly described above, Bond Counsel expresses no opinion regarding other federal or state tax consequences arising with respect to the 2020 Bonds, the ownership, sale or disposition of the 2020 Bonds, or the amount, accrual or receipt of interest on the 2020 Bonds.

CERTAIN LEGAL MATTERS

Jones Hall, A Professional Law Corporation, Bond Counsel, will render an opinion with respect to the validity of the 2020 Bonds, the form of which is set forth in “APPENDIX E — FORM OF OPINION OF BOND COUNSEL.” Certain legal matters will also be passed upon for the City and the Authority by Jones Hall, as Disclosure Counsel. Certain legal matters will be passed upon for the City by the City Attorney, and for the Underwriters by Stradling Yocca Carlson & Rauth, a Professional Corporation.

LITIGATION

To the best knowledge of the City, there is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state, municipal or other governmental authority pending and notice of which has been served on and received by the City or, to the knowledge of the City, threatened against or affecting the City or the assets, properties or operations of the City which, if determined adversely to the City or its interests, would have a material and adverse effect upon the consummation of the transactions contemplated by or the validity of the Lease, the Site Lease or the Indenture, or upon the financial condition, assets, properties or operations of the City, and the City is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default might have consequences that would materially adversely affect the consummation of the transactions contemplated by the Lease, the Site Lease or the Indenture, or the financial conditions, assets, properties or operations of the City, including but not limited to the payment and performance of the City's obligations under the Lease.

RATINGS

Moody's Investors Service Inc. ("**Moody's**") and S&P Global Ratings, a division of Standard & Poor's Financial Services LLC ("**S&P**") have assigned the 2020 Bonds ratings of "___" and "___," respectively. Such ratings reflects only the views of such organizations and any explanation of the meaning and significance of such ratings, including the methodology used and any outlook thereon, should be obtained from rating agency furnishing the same, at the following addresses, which are current as of the date of this Official Statement: Moody's Investors Service, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007; and S&P Global Ratings, 55 Water Street, New York, New York 10041. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. The ratings are not a recommendation to buy, sell or hold the 2020 Bonds. There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the respective rating agency, if in the judgment of the respective rating agency, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the 2020 Bonds.

CONTINUING DISCLOSURE

The City (on behalf of the Authority and itself) will covenant for the benefit of owners of the 2020 Bonds to provide certain financial information and operating data relating to the City (the "**Annual Report**") by not later than nine months after the end of the City's fiscal year (presently June 30), commencing March 31, 2021, with the report for the fiscal year ending June 30, 2020, and to provide notices of the occurrence of certain listed events.

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

The City has entered into a number of prior continuing disclosure undertakings under the Rule in connection with the issuance of long-term obligations and has provided annual financial information and event notices in accordance with those undertakings. Based on a review of the City's continuing disclosure filings for the prior five years, the City has determined that ____________________________. [**SUMMARY OF PRIOR CONTINUING DISCLOSURE COMPLIANCE TO COME**]

The City has taken steps intended to ensure compliance with its continuing disclosure undertakings going forward.

MUNICIPAL ADVISOR

The City and the Authority have retained Ross Financial of San Francisco, California, as municipal advisor (the "**Municipal Advisor**") in connection with the offering of the 2020 Bonds and the preparation of this Official Statement. The Municipal Advisor has not undertaken to make an independent verification and does not assume 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 2020 Bonds.

UNDERWRITING

The 2020 Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated, on behalf of itself and several underwriters listed on the front cover of this Official Statement (collectively, the "**Underwriters**"). The Underwriters will purchase the 2020 Bonds from the Authority at an aggregate purchase price of $__________ (representing the principal amount of the 2020 Bonds, plus/less $________ of net original issue premium/discount and less $______ of Underwriters' discount).

The 2020 Bonds are offered for sale at the initial prices stated on the inside cover page of this Official Statement, which may be changed from time to time by the Underwriters. The 2020 Bonds may be offered and sold to certain dealers at prices lower than the public offering prices.

BofA Securities, Inc., one of the Underwriters of the 2020 Bonds, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated ("**MLPF&S**"). As part of this arrangement, BofA Securities, Inc. may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial network of MLPF&S. As part of this arrangement, BofA Securities, Inc. may compensate MLPF&S as a dealer for their selling efforts with respect to the 2020 Bonds.

PROFESSIONAL SERVICES

In connection with the issuance of the 2020 Bonds, fees payable to the following professionals involved in the offering are contingent upon the issuance and delivery of the 2020 Bonds: Jones Hall, A Professional Law Corporation, as Bond Counsel and Disclosure Counsel; Ross Financial, San Francisco, California, as municipal advisor to the Authority and the City; and U.S. Bank National Association, as Trustee.

EXECUTION

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

SUNNYVALE FINANCING AUTHORITY

By:____
Chair

CITY OF SUNNYVALE

By:____
City Manager

APPENDIX A

SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

The following is a brief summary of the provisions of the Site Lease, Lease and the Indenture of Trust relating to the 2020 Bonds. Such summary is not intended to be definitive, and reference is made to the complete documents for the complete terms thereof.

APPENDIX B

AUDITED FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDING JUNE 30, 2019

APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

CONTINUING DISCLOSURE CERTIFICATE

$____________
SUNNYVALE FINANCING AUTHORITY
2020 Lease Revenue Bonds
(Civic Center Project)

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 October 1, 2020 (the "Indenture"), by and between the Authority and U.S. Bank 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 March 31 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 dated _____________, 2020, executed by the City and the Authority in connection with the issuance of the Bonds.

"*Participating Underwriters*" means any of the original purchasers of the 2020 Bonds required to comply with the Rule in connection with the offering of the 2020 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 March 31, 2021, with the report for the 2019-20 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 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 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 Annual 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) The following information with respect to the City for the Fiscal Year to which the Annual Report relates, which information may be provided by its inclusion in the audited financial statements of the City for the prior Fiscal Year described in subsection (a) above:

(i) The principal amount of Bonds outstanding, including principal amounts and years of maturity of Bonds, if any, called for redemption in advance of maturity;

(ii) General Fund tax revenues by source in the form of Table 1.

(iii) Assessed valuation in the form of Table 2.

(iv) Levies and collections in the form of Table 3.

(v) Top 10 local property taxpayers in the form of Table 4.

(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.

(d) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission. The City shall clearly identify each such other document so included by reference.

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.

Date: ________________, 2020

CITY OF SUNNYVALE

By: __________________________________
City Manager

AGREED AND ACCEPTED:
DIGITAL ASSURANCE CERTIFICATION LLC
as Dissemination Agent

By: _________________________________
Title: _______________________________

APPENDIX D

GENERAL INFORMATION ABOUT THE CITY OF SUNNYVALE AND THE COUNTY OF SANTA CLARA

*The following information concerning the City of Sunnyvale (the **"City"**) and the County of Santa Clara (the **"County"**) is included only for the purpose of supplying general information regarding the area in and around the City. The 2020 Bonds are not a debt of the City, the County, the State of California (the "**State**") or any of its political subdivisions (other than the Authority), and none of the City, the County, the State or any of its political subdivisions (other than the Authority) is liable therefor.*

General

***City of Sunnyvale*.** 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 advanced satellite construction to pioneering biotechnology; from semiconductor research, design and manufacturing to leading edge telecommunications systems.

The City operates under 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 elects one of its members to serve as mayor. The City Charter limits members of the Council to serving two consecutive terms.

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

Population

Population figures for the City, County and State for the last five years are shown in the following table.

**CITY OF SUNNYVALE, COUNTY OF SANTA CLARA,
and STATE OF CALIFORNIA
Population Estimates
As of January 1**

Year	City of Sunnyvale	County of Santa Clara	State of California
2016	152,036	1,931,565	39,131,307
2017	152,583	1,942,176	39,398,702
2018	154,345	1,951,088	39,586,646
2019	155,766	1,954,833	39,695,376
2020	156,503	1,961,969	39,782,870

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

Employment and Industry

The City 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 José-Sunnyvale-Santa Clara MSA was 9.4% in July 2020, down from a revised 10.8% in June 2020, and above the year- ago estimate of 2.8%. This compares with an unadjusted unemployment rate of 13.7% for California and 10.5% for the nation during the same period. The unemployment rate was 11.9% in San Benito County, and 9.3% in Santa Clara County.

The table below list employment by industry group for the years 2015 through 2019.

SAN JOSÉ-SUNNYVALE-SANTA CLARA MSA
(San Benito and Santa Clara Counties)
Annual Average Civilian Labor Force, Employment and Unemployment,
Employment by Industry
Calendar Years 2015 through 2019
(March 2019 Benchmark)

	2015	2016	2017	2018	2019
Civilian Labor Force (1)(2)	1,042,000	1,058,200	1,069,300	1,074,900	1,085,200
Employment	997,700	1,017,400	1,034,100	1,045,600	1,057,400
Unemployment	44,200	40,800	35,200	29,300	27,800
Unemployment Rate	4.2%	3.9%	3.3%	2.7%	2.6%
Wage and Salary Employment: (3)					
Agriculture	5,500	6,100	5,800	5,800	5,500
Mining and Logging	200	300	200	200	200
Construction	43,900	48,300	49,300	49,900	52,500
Manufacturing	164,800	166,700	166,900	172,100	173,000
Wholesale Trade	35,800	35,500	33,500	32,200	31,700
Retail Trade	86,600	85,800	85,800	85,700	83,600
Transportation, Warehousing, Utilities	14,600	15,500	15,400	15,800	16,200
Information	68,800	75,200	85,200	92,200	100,800
Finance and Insurance	21,100	21,500	21,600	21,600	21,900
Real Estate and Rental and Leasing	13,500	14,200	14,500	15,200	15,800
Professional and Business Services	223,700	232,600	236,600	237,000	242,900
Educational and Health Services	156,600	162,900	169,200	173,400	175,500
Leisure and Hospitality	96,800	100,600	103,400	105,700	106,500
Other Services	26,900	27,600	28,900	28,900	29,200
Federal Government	9,900	10,000	10,200	9,900	10,000
State Government	6,700	6,700	6,800	7,100	6,900
Local Government	76,400	77,400	78,600	79,700	80,300
Total all Industries	1,051,900	1,086,700	1,111,900	1,132,300	1,152,300

(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.

Largest Employers

The following tables show the major employers in the City and the County.

CITY OF SUNNYVALE
Principal Employers
June 30, 2019

Employer	Number of Employees	% of Total Employment
Google	10,695	12.13%
Juniper Networks	5,130	5.82
Apple	4,000	4.54
Lockheed Martin Space Systems	3,973	4.51
LinkedIn	3,261	3.70
A2Z Development Center	3,091	3.51
Walmart	2,288	2.60
NetApp	1,680	1.91
Intuitive Surgical	1,526	1.73
Microsoft	1,409	1.60

Source: City of Sunnyvale, Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2019.

COUNTY OF SANTA CLARA
Major Employers (Listed Alphabetically)
August 2020

Employer Name	Location	Industry
Adobe Inc	San José	Publishers-Computer Software (mfrs)
Advanced Micro Devices Inc	Santa Clara	Semiconductor Devices (mfrs)
Alphabet Inc	Mountain View	Internet Search Engines
Apple Inc	Cupertino	Computers-Electronic-Manufacturers
Applied Materials Inc	Santa Clara	Semiconductor Manufacturing Equip (mfrs)
California's Great America	Santa Clara	Amusement & Theme Parks
Christopher Ranch LLC	Gilroy	Garlic (mfrs)
Cisco Systems Inc	San José	Computer Peripherals (mfrs)
Ebay Inc	San José	E-Commerce
Flextronics International	Milpitas	Semiconductor Devices (mfrs)
Fujitsu Laboratories of Amer	Sunnyvale	Laboratories-Research & Development
HP Inc	Palo Alto	Computers-Electronic-Manufacturers
Intel Corp	Santa Clara	Semiconductor Devices (mfrs)
Intuitive Surgical Inc	Sunnyvale	Physicians & Surgeons Equip & Supls-Mfrs
Lockheed Martin Corp	San José	Aerospace Industries (mfrs)
Lockheed Martin Space Systems	Sunnyvale	Satellite Equipment & Systems-Mfrs
Lucile Packard Children's Hosp	Palo Alto	Hospitals
Lumileds Lighting Co	San José	Lighting Fixtures-Supplies & Parts-Mfrs
Maxim Integrated Products Inc	San José	Printed & Etched Circuits-Mfrs
NASA	Mountain View	Federal Government-Space Research/Tech
Netapp Inc	Sunnyvale	Computer Storage Devices (mfrs)
Prime Materials	San José	Semiconductors & Related Devices (mfrs)
SAP Center	San José	Stadiums Arenas & Athletic Fields
Stanford School of Medicine	Stanford	Schools-Medical
Super Micro Computer Inc	San José	Computers-Electronic-Manufacturers

Source: State of California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database, 2019 1st Edition.

Effective Buying Income

"Effective Buying Income" is defined as personal income less personal tax and nontax 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), nontax 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 median household effective buying income for the City, the County, the State and the United States for the period 2016 through 2020.

CITY OF SUNNYVALE AND COUNTY OF SANTA CLARA
Effective Buying Income
As of January 1, 2016 through 2020

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2016	Sunnyvale	$6,539,580	$85,185
	Santa Clara County	73,637,380	79,345
	California	981,231,666	53,589
	United States	7,757,960,399	46,738
2017	Sunnyvale	$7,104,322	$88,797
	Santa Clara County	77,917,425	81,466
	California	1,036,142,723	55,681
	United States	8,132,748,136	48,043
2018	Sunnyvale	$7,981,315	$96,567
	Santa Clara County	85,859,495	88,243
	California	1,113,648,181	59,646
	United States	8,640,770,229	50,735
2019	Sunnyvale	$8,520,077	$100,028
	Santa Clara County	91,332,099	92,773
	California	1,183,264,399	62,637
	United States	9,017,967,563	52,841
2020	Sunnyvale	$9,300,576	$109,532
	Santa Clara County	97,710,060	98,882
	California	1,243,564,816	65,870
	United States	9,487,165,436	55,303

Source: The Nielsen Company (US), Inc for years 2016 through 2018; Claritas, LLC for 2019 and 2020.

Commercial Activity

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

Total taxable sales during the first quarter of calendar year 2020 in the City were reported to be $456,168,144, a 26.73% decrease over the total taxable sales of $622,608,530 reported during the first quarter of calendar year 2019.

CITY OF SUNNYVALE
Taxable Transactions
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
2015(1)	1,842	$1,533,135	3,248	$2,606,920
2016	1,785	1,523,886	3,190	2,646,577
2017	1,802	1,522,188	3,203	2,478,940
2018	1,745	1,673,244	3,261	2,660,488
2019	1,716	1,579,346	3,209	2,439,438

(1) Permit figures for calendar year 2015 are not comparable to that of prior years due to outlet counts in these reports including the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers.
Source: State Department of Tax and Fee Administration.

Total taxable sales during the first quarter of calendar year 2020 in the County were reported to be $9,987,528,166, a 4.23% decrease over the total taxable sales of $10,428,981,423 reported during the first quarter of calendar year 2019.

SANTA CLARA COUNTY
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
2015(1)	20,057	$23,700,907	50,573	$41,231,759
2016	30,146	24,158,590	50,519	41,831,669
2017	30,263	24,862,883	50,812	42,805,399
2018	30,266	26,885,138	52,994	45,353,074
2019	30,024	27,836,133	53,312	46,887,483

(1) Permit figures for calendar year 2015 are not comparable to that of prior years due to outlet counts in these reports including the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers.
Source: State Department of Tax and Fee Administration.

Construction Activity

Provided below are the building permits and valuations for the City and the County during the past five years in which data is available.

CITY OF SUNNYVALE
Total Building Permit Valuations
(Valuations in Thousands)
Calendar Years 2015 through 2019

	2015	2016	2017	2018	2019
Permit Valuation					
New Single-family	$39,308.4	$54,469.0	$89,057.9	$60,833.3	$31,108.9
New Multi-family	129,326.9	416.4	8,565.8	91,357.5	85,545.8
Res. Alterations/Additions	75,182.7	64,799.4	26,832.8	73,182.3	22,600.6
Total Residential	243,818.0	119,684.8	124,456.5	225,373.1	139,255.3
New Commercial	71,552.8	521,582.9	176,269.3	437,103.3	208,591.5
New Industrial	0.0	0.0	36.5	80.0	11,875.8
New Other	31,923.3	378.0	575.4	10.0	142.0
Com. Alterations/Additions	341,798.5	417,194.3	154,994.3	509,655.0	297,435.0
Total Nonresidential	445,274.6	939,155.2	333,875.5	946,848.3	518,044.3
New Dwelling Units					
Single Family	183	242	415	280	156
Multiple Family	670	2	71	520	403
TOTAL	853	244	486	800	559

Source: Construction Industry Research Board, Building Permit Summary.

SANTA CLARA COUNTY
Total Building Permit Valuations
(Valuations in Thousands)
Calendar Years 2015 through 2019

	2015	2016	2017	2018	2019
Permit Valuation					
New Single-family	$653,970.2	$660,301.6	$732,652.1	$728,590.6	$693,032.6
New Multi-family	706,781.1	564,761.0	1,027,651.8	1,098,643.3	567,726.7
Res. Alterations/Additions	505,844.7	484,820.1	547,991.7	588,024.6	555,483.1
Total Residential	1,866,596.0	1,709,882.7	2,308,295.6	2,415,258.5	1,816,242.4
New Commercial	1,258,808.7	2,327,643.2	1,301,723.2	1,1962,366.5	2,664,298.3
New Industrial	100,301.2	44,268.9	118,567.1	32,080.0	41,875.8
New Other	533,644.5	282,966.1	152,176.4	120,557.4	273,529.1
Com. Alterations/Additions	1,697,046.2	2,072,862.8	1,786,849.8	2,017,142.2	2,467,939.0
Total Nonresidential	3,589,800.6	4,727,741.0	3,359,316.5	14,132,146.1	5,447,642.2
New Dwelling Units					
Single Family	1,710	1,608	2,022	2,011	1,814
Multiple Family	3,906	3,297	6,629	6,342	3,216
TOTAL	5,616	4,905	8,651	8,353	5,030

Source: Construction Industry Research Board, Building Permit Summary.

APPENDIX E

FORM OF OPINION OF BOND COUNSEL

APPENDIX F

DTC AND THE BOOK-ENTRY ONLY SYSTEM

The following description of the Depository Trust Company ("DTC"), the procedures and record keeping with respect to beneficial ownership interests in the 2020 Bonds, payment of principal, interest and other payments on the 2020 Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the 2020 Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Neither the issuer of the 2020 Bonds (the "Issuer") nor the trustee, fiscal agent or paying agent appointed with respect to the 2020 Bonds (the "Agent") take any responsibility for the information contained in this Appendix.

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the 2020 Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the 2020 Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the 2020 Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

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

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

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

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

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

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

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

possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

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

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

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

APPENDIX G

INVESTMENT POLICY