

PRELIMINARY OFFICIAL STATEMENT DATED JUNE 6, 2023

NEW ISSUE—FULL BOOK ENTRY

RATING:
S&P: “___”
See “RATING” herein.

In the opinion of Quint & Thimmig LLP, Larkspur, California, Bond Counsel, subject to compliance by the Authority and the City with certain covenants, under present law, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals under the Internal Revenue Code of 1986, as amended. For tax years beginning after December 31, 2022, interest on the Bonds may affect the corporate alternative minimum tax for certain corporations. In addition, in the opinion of Bond Counsel, interest on the Bonds is exempt from personal income taxation imposed by the State of California. See “TAX MATTERS” herein.



\$ _____ *

BRISBANE/GUADALUPE VALLEY MUNICIPAL IMPROVEMENT DISTRICT FINANCING AUTHORITY

(San Mateo County, California)
Lease Revenue Bonds, Series 2023

Dated: Date of Delivery

Due: May 1, as shown on the inside cover

The \$ _____ * Brisbane/Guadalupe Valley Municipal Improvement District Financing Authority Lease Revenue Bonds, Series 2023 (the “Bonds”), are being issued by the Brisbane/Guadalupe Valley Municipal Improvement District Financing Authority, a joint exercise of powers entity organized and existing under the laws of the State of California (the “Authority”), pursuant to the provisions of Article 4 (commencing with section 6584) of Chapter 5 of Division 7 of Title 1 of the California Government Code, resolutions adopted by the Authority and the City of Brisbane (the “City”) and an Indenture of Trust, dated as of June 1, 2023 (the “Indenture”), by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”). The Bonds are being issued to (a) finance the costs of tenant improvements to, and related equipment and furnishings for, a building at 25 Park Place leased by the City and used for municipal purposes, and (b) pay the costs of issuance of the Bonds. See “THE PROJECT” and “ESTIMATED SOURCES AND USES OF FUNDS” herein. The Bonds are secured by a pledge of and lien on the Revenues (as defined herein), consisting primarily of Lease Payments (as defined herein).

The City will lease certain real property and the improvements thereon (collectively, the “Property”) from the Authority pursuant to a Lease Agreement, dated as of June 1, 2023 (the “Lease Agreement”), by and between the Authority and the City. Under the Lease Agreement, the City is required to make Lease Payments from legally available funds in amounts calculated to be sufficient to pay principal of and interest on the Bonds. All of the Authority’s right, title and interest in and to the Lease Agreement (except for the right to receive any Additional Payments (as defined herein) to the extent payable to the Authority and certain rights to indemnification), including the right to receive Lease Payments under the Lease Agreement, will be assigned to the Trustee under the Indenture for the benefit of the Bondholders. See “SECURITY FOR THE BONDS” herein. The obligation of the City to make Lease Payments and Additional Payments is subject to abatement during any period in which, by reason of damage, destruction or a taking by eminent domain, there is substantial interference with the use and occupancy by the City of any portion of the Property. A reserve fund will not be funded for the Bonds.

The Bonds are subject to redemption as described herein. See “THE BONDS—Redemption” herein.

The Bonds are issuable in denominations of \$5,000 and any integral multiple thereof. Interest on the Bonds is payable on May 1 and November 1 of each year, commencing November 1, 2023. See “THE BONDS” herein. The Bonds will be delivered in fully registered form only, and, when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository of the Bonds. Ownership interests in the Bonds may be purchased in book-entry form only. Principal of and interest on the Bonds will be paid by the Trustee to DTC or its nominee, which will in turn remit such payment to its participants for subsequent disbursement to the beneficial owners of the Bonds. See “THE BONDS” herein and APPENDIX E—BOOK-ENTRY ONLY SYSTEM.

THE BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE AUTHORITY, PAYABLE SOLELY FROM AND SECURED SOLELY BY CERTAIN PROCEEDS OF THE BONDS HELD IN CERTAIN FUNDS AND ACCOUNTS PURSUANT TO THE INDENTURE AND THE REVENUES DERIVED FROM LEASE PAYMENTS AND OTHER PAYMENTS MADE OR CAUSED TO BE MADE BY THE CITY PURSUANT TO THE LEASE AGREEMENT. THE CITY HAS COVENANTED IN THE LEASE AGREEMENT TO TAKE SUCH ACTIONS AS MAY BE NECESSARY TO INCLUDE ALL LEASE PAYMENTS DUE THEREUNDER IN ITS ANNUAL GENERAL FUND BUDGETS AND TO MAKE THE NECESSARY ANNUAL APPROPRIATIONS THEREFOR. NEITHER THE BONDS NOR THE OBLIGATION OF THE CITY TO MAKE LEASE PAYMENTS CONSTITUTES AN INDEBTEDNESS OF THE AUTHORITY, THE CITY, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION, OR A PLEDGE OF THE FAITH AND CREDIT OF THE CITY. THE AUTHORITY HAS NO TAXING POWER. THE OBLIGATION OF THE CITY TO MAKE LEASE PAYMENTS DOES NOT CONSTITUTE AN OBLIGATION OF THE CITY FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION.

MATURITY SCHEDULE

SEE INSIDE COVER

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

The Bonds will be offered when, as and if issued, and received by the Underwriter, subject to the approval as to their validity by Quint & Thimmig LLP, Larkspur, California, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the Authority and the City by the City Attorney, and by Quint & Thimmig LLP, Larkspur, California, as Disclosure Counsel. It is anticipated that the Bonds will be available for delivery through DTC on or about June 29, 2023.



Dated: June __, 2023

*Preliminary, subject to change.

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

\$ _____ *

**BRISBANE/GUADALUPE VALLEY MUNICIPAL
IMPROVEMENT DISTRICT FINANCING AUTHORITY**
(San Mateo County, California)
Lease Revenue Bonds, Series 2023

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND PRICES OR YIELDS*

CUSIP† Prefix: _____

Maturity May 1	Principal Amount	Interest Rate	Yield	CUSIP† Suffix
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\$ _____ % Term Bonds maturing April 1, _____; Price: _____%, to yield _____%; CUSIP† _____

*Preliminary, subject to change.

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For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission, as amended (“Rule 15c2-12”), this Preliminary Official Statement constitutes an “official statement” of the Authority with respect to the Bonds that has been deemed “final” by the Authority and the City as of its date except for the omission of no more than the information permitted by Rule 15c2-12.

No dealer, broker, salesperson or other person has been authorized by the Authority, the City or the Underwriter to give any information or to make any representations other than as set forth herein and, if given or made, such other information or representation must not be relied upon as having been authorized by the Authority, the City or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Statements contained in this Official Statement that involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of facts.

The information set forth in this Official Statement has been obtained from official sources and other sources that are believed to be reliable, but it is not guaranteed as to accuracy or completeness, and is not to be construed as a representation of the Underwriter. 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 create any implication that there has been no change in the affairs of the Authority or the City since the date hereof. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “budget” or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. No assurance is given that actual results will meet the Authority’s or the City’s forecasts in any way, regardless of the level of optimism communicated in the information. The Authority is not obligated to issue any updates or revisions to the forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based occur. See “CONTINUING DISCLOSURE” herein.

THE UNDERWRITER MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGE OF THIS OFFICIAL STATEMENT, AND SUCH PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

The execution, sale and delivery of the Bonds has not been registered under the Securities Act of 1933 or the Securities Exchange Act of 1934, both as amended, in reliance upon exemptions provided thereunder by Sections 3(a)(2) and 3(a)(12), respectively, for the issuance and sale of municipal securities.

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

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**BRISBANE/GUADALUPE VALLEY MUNICIPAL
IMPROVEMENT DISTRICT FINANCING AUTHORITY**

CITY OF BRISBANE

50 Park Place
Brisbane, CA 94005-1310
(415) 508-2100
<https://www.brisbaneca.org>

AUTHORITY BOARD AND CITY COUNCIL MEMBERS

Madison Davis, *Chair/Mayor*
Terry O'Connell, *Vice Chair/Mayor Pro Tem*
Karen Cunningham, *Boardmember/Councilmember*
Cliff Lentz, *Boardmember/Councilmember*
Coleen Mackin, *Boardmember/Councilmember*

AUTHORITY AND CITY OFFICIALS

Clayton L. Holstine, *Executive Director/City Manager*
Carolina Yuen, *Finance Director/Treasurer*
Randy Breault, *Public Works Director*
Ingrid Padilla, *Secretary/City Clerk*
Manatt, Phelps & Phillips, LLP, *Agency Counsel/City Attorney*

PROFESSIONAL SERVICES

JNA Consulting Group, LLC
Boulder City, Nevada
Municipal Advisor

The Bank of New York Mellon Trust Company, N.A.
Los Angeles, California
Trustee

Quint & Thimmig LLP
Larkspur, California
Bond Counsel and Disclosure Counsel

\$ _____ *

**BRISBANE/GUADALUPE VALLEY MUNICIPAL
IMPROVEMENT DISTRICT FINANCING AUTHORITY
(San Mateo County, California)
Lease Revenue Bonds, Series 2023**

INTRODUCTION

The following introduction presents a brief description of certain information in connection with the Bonds (as defined below) and is qualified in its entirety by reference to the entire Official Statement and the documents summarized or described herein. References to, and summaries of, provisions of the Constitution and the laws of the State of California (the “State”) and any documents referred to herein do not purport to be complete and such references are qualified in their entirety by reference to the complete provisions thereof. Capitalized terms used in this Official Statement and not defined elsewhere herein have the meanings given such terms in the Indenture. See APPENDIX D—SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS—Definitions.

General Description

This Official Statement, including the cover page, the inside cover page and the attached appendices (this “Official Statement”), provides certain information concerning the issuance of \$ _____ * aggregate principal amount of Brisbane/Guadalupe Valley Municipal Improvement District Financing Authority Lease Revenue Bonds, Series 2023 (the “Bonds”), by the Brisbane/Guadalupe Valley Municipal Improvement District Financing Authority, a joint exercise of powers entity organized under the laws of the State (the “Agency”). The Bonds are being issued pursuant to Article 4, Chapter 5, Division 7, Title 1 (commencing with section 6584) of the California Government Code, a resolution of the Authority authorizing the issuance of the Bonds, adopted on June 1, 2023 (the “Authority Resolution”), and an Indenture, dated as of June 1, 2023 (the “Indenture”), by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”).

The Bonds are being issued to (a) finance the costs of tenant improvements to, and related equipment and furnishings for, a building at 25 Park Place leased by the City and used for municipal purposes (the “2023 Project”), and (d) pay the costs of issuance of the Bonds. See “ESTIMATED SOURCES AND USES OF FUNDS” and “THE PROJECT.”

Terms of the Bonds

The Bonds will mature on the dates and in the principal amounts set forth on the inside cover page of this Official Statement. Interest on the Bonds is payable semiannually on each May 1 and November 1 (each, an “Interest Payment Date”), commencing November 1, 2023, computed at the respective rates of interest set forth on the inside cover page of this Official Statement. The Bonds will be issuable in denominations of \$5,000 or any integral multiple thereof. The Bonds are subject to optional and mandatory redemption as described herein. See “THE BONDS.”

* Preliminary, subject to change.

Book-Entry Only

The Bonds will be issuable in fully registered form only and, when issued and delivered, will be registered in the name of Cede & Co., as nominee of the Depository Trust Company, New York, New York (“DTC”). DTC will act as the depository of the Bonds and all payments due on the Bonds will be made to DTC or its nominee. Ownership interests in the Bonds may be purchased in book-entry form only. See APPENDIX G—BOOK-ENTRY ONLY SYSTEM.

Source of Payment for the Bonds

Pursuant to the Site and Facility Lease, dated as of June 1, 2023 (the “Site and Facility Lease”), by and between the City and the Authority, the City will lease to the Authority certain real property and certain facilities and improvements located thereon (the “Property”) owned by the City. See “THE PROPERTY.” Concurrently, the City will sublease the Property from the Authority pursuant to a Lease Agreement, dated as of June 1, 2023 (the “Lease Agreement”), by and between the Authority and the City. Under the Lease Agreement, subject to abatement as provided therein, the City is required to make lease payments (the “Lease Payments”) from legally available funds for use and occupancy of the Property in amounts calculated to be sufficient to pay principal of and interest on the Bonds when due. The City has covenanted in the Lease Agreement to take such action as may be necessary to include the Lease Payments in each of its annual budgets during the term of the Lease Agreement and has further covenanted to make the necessary annual appropriations for all such Lease Payments. All of the Authority’s right, title and interest in and to the Lease Agreement (apart from certain rights to receive Additional Payments to the extent payable to the Authority and to indemnification), including the right to receive Lease Payments under the Lease Agreement, are assigned to the Trustee under the Indenture for the benefit of the Bondowners.

Except to the extent of amounts otherwise available to the City for payments under the Lease Agreement, during any period in which, by reason of material damage, destruction or condemnation there is substantial interference with the use and occupancy by the City of any portion of the Property, Lease Payments will be adjusted or abated in an amount agreed upon by the City and the Authority such that the resulting Lease Payments represent fair consideration for the use and occupancy of the portions of the Property not damaged or destroyed or the portion of the Property completed and available for use and possession by the City. Such adjustment or abatement will end with the substantial replacement or reconstruction of the Property. To the extent proceeds of rental interruption insurance are available or there are moneys in the Insurance and Condemnation Fund or Revenue Fund, the Lease Agreement provides there will be no abatement of Lease Payments. See “SECURITY FOR THE BONDS—Abatement.”

The Bonds are special limited obligations of the Authority payable solely from and secured by the Revenues and certain other amounts (including proceeds of the sale of the Bonds) held by the Trustee in any fund or account established under the Indenture and pledged therefor, and the Revenues may not be used for any other purpose while any of the Bonds remain Outstanding; provided, however, that the Revenues may be applied for such other purposes as are permitted under the Indenture. “Revenues” means (i) all Lease Payments and other amounts paid, or caused to be paid, by the City, and received by the Authority pursuant to the Lease Agreement (but not Additional Payments), and (ii) all interest or other income from any investment of any money in any fund or account established pursuant to the Indenture (other than the Rebate Fund).

No Additional Bonds

The Authority may not issue additional bonds, notes or other indebtedness that would be payable out of the Revenues in whole or in part. See “SECURITY FOR THE BONDS—Additional Bonds.”

The Authority

The Authority is a joint exercise of powers entity formed on September 18, 2014, by agreement between the City and the Guadalupe Valley Municipal Improvement District pursuant to Articles 1 through 4, Chapter 5, Division 7, Title 1 of the California Government Code. See “THE AUTHORITY.”

The City

The City, located in San Mateo County (the “County”), was incorporated on November 27, 1961, as a general law city under the laws of the State. San Francisco lies to the north of the City, the City of Daly City to the northwest, the City of South San Francisco to the southeast, and unincorporated lands of San Mateo County to the south and west. The San Bruno Mountain range surrounds the City to west and the San Francisco Bay is the easterly border of the City. The City’s borders encompass approximately 20.1 square miles (3.1 sq. mi. land and 17 sq. mi. or 85% water). The main arterial road in the City is Bayshore Boulevard, which continues north to San Francisco and south to South San Francisco and San Francisco International Airport. U.S. Route 101 also goes past the city on the eastern side adjacent to San Francisco Bay. The City is part of the general San Francisco/Silicon Valley area with a largely commuter workforce.

The City operates under the Council-Manager form of municipal government. The City Council of the City (the “City Council”) is comprised of five members elected at large to all four-year terms. Two City Council members are elected in November of one odd-numbered year and three are elected in the following odd-numbered year. From among its members, the City Council selects the Mayor for a one year term. The City Council appoints the City Manager and the City Attorney. The City Manager is responsible for implementing the policy decisions of the City Council and supervises all operations of the City’s government through heads of departments including Community Development, Public Works and Marina, Police, Fire, Administrative Services, and Parks and Recreation.

The City provides a wide range of municipal services, including police and fire protection, water and sewer utilities, street maintenance, parks and recreation, planning, building and safety, marina and other general government services. See “THE CITY,” “CITY FINANCIAL INFORMATION,” APPENDIX A—GENERAL, ECONOMIC AND DEMOGRAPHIC INFORMATION RELATING TO THE CITY AND THE COUNTY and APPENDIX B—ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE CITY FOR THE YEAR ENDED JUNE 30, 2022.

Limited Liability

THE BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE AUTHORITY, PAYABLE SOLELY FROM AND SECURED SOLELY BY CERTAIN PROCEEDS OF THE BONDS HELD IN CERTAIN FUNDS AND ACCOUNTS PURSUANT TO THE INDENTURE AND THE REVENUES DERIVED FROM LEASE PAYMENTS AND OTHER PAYMENTS MADE OR CAUSED TO BE MADE BY THE CITY PURSUANT TO THE LEASE AGREEMENT. THE AUTHORITY IS NOT OBLIGATED TO PAY INTEREST ON OR PRINCIPAL OF THE BONDS EXCEPT FROM THE REVENUES. THE CITY HAS COVENANTED IN THE LEASE AGREEMENT TO TAKE SUCH

ACTIONS AS MAY BE NECESSARY TO INCLUDE ALL LEASE PAYMENTS DUE THEREUNDER IN ITS ANNUAL BUDGETS AND TO MAKE THE NECESSARY ANNUAL APPROPRIATIONS THEREFOR. NEITHER THE BONDS NOR THE OBLIGATION OF THE CITY TO MAKE LEASE PAYMENTS CONSTITUTES AN INDEBTEDNESS OF THE AUTHORITY, THE CITY, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION, OR A PLEDGE OF THE FAITH AND CREDIT OF THE CITY. THE AUTHORITY HAS NO TAXING POWER. THE OBLIGATION OF THE CITY TO MAKE LEASE PAYMENTS DOES NOT CONSTITUTE AN OBLIGATION OF THE CITY FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION.

Continuing Disclosure

The ultimate security for the payments of principal and interest on the Bonds comes from the Lease Payments to be made by the City, and, therefore, the City, as an obligated person within the meaning of the Rule (as defined below), has agreed to undertake the continuing disclosure responsibilities required by the Rule. The Authority has not undertaken a commitment to provide any continuing disclosure required by the Rule.

The City will covenant in a continuing disclosure certificate (the “Continuing Disclosure Certificate”) to provide, or cause to be provided, to each nationally recognized municipal securities information repository and any public or private repository or entity designated by the State as a state repository and any public or private repository for purposes of Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission (the “Rule”) certain annual financial information and operating data of the type set forth herein including, but not limited to, its audited financial statements and, in a timely manner, notice of certain material events. See “CONTINUING DISCLOSURE” and APPENDIX F—FORM OF CONTINUING DISCLOSURE CERTIFICATE for a description of the specific nature of the annual report and notices of material events and a summary description of the terms of the Continuing Disclosure Certificate pursuant to which such reports and notices are to be made.

Tax Matters

In the opinion of Quint & Thimmig LLP, Larkspur, California, Bond Counsel, subject to compliance by the Authority and the City with certain covenants, under present law, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals under the Internal Revenue Code of 1986, as amended. For tax years beginning after December 31, 2022, interest on the Bonds may affect the corporate alternative minimum tax for certain corporations. In addition, in the opinion of Bond Counsel, interest on the Bonds is exempt from personal income taxation imposed by the State of California. See “TAX MATTERS.”

Certain Risk Factors

Certain events could affect the ability of the City to make the Lease Payments when due. See “RISK FACTORS” for a discussion of certain factors that should be considered, in addition to other matters set forth herein, in evaluating an investment in the Bonds.

Other Information

The descriptions herein of the Indenture, the Lease Agreement and any other agreements relating to the Bonds are qualified in their entirety by reference to such documents, and the descriptions herein of the Bonds are qualified in their entirety by the forms thereof and the information with respect thereto included in the aforementioned documents. See APPENDIX D—SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS. Copies of the documents are on file and, upon request and payment to the City of a charge for copying, mailing and handling, from the City Manager, City of Brisbane, 50 Park Place, Brisbane, CA 94005-1310, Telephone: (415) 508-2100.

The information and expressions of opinion herein speak only as of their date and are subject to change without notice. Neither the delivery of this Official Statement nor any sale made hereunder nor any future use of this Official Statement, under any circumstances, creates any implication that there has been no change in the affairs of the City or the Authority since the date hereof.

The presentation of information, including tables of receipt of revenues, is intended to show recent historical information and is not intended to indicate future or continuing trends in the financial position or other affairs of the City or the Authority. No representation is made that past experience, as it might be shown by such financial and other information, will necessarily continue or be repeated in the future.

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds realized upon the sale of, or in connection with, the Bonds as follows:

Estimated Sources:	
Principal Amount of Bonds	
Plus: Original Issue Premium	
Total Sources	_____
	=====
Estimated Uses:	
Deposit to Project Fund	
Costs of Issuance Fund ⁽¹⁾	
Total Uses	_____
	=====

(1) Includes, but is not limited to, the Underwriter's discount, the fees and expenses of Bond Counsel, Disclosure Counsel, the Trustee and the rating agency, costs of publishing the Official Statement and other costs incurred by the Authority and the City in connection with the issuance and delivery of the Bonds.

DEBT SERVICE SCHEDULE

The following table sets forth the debt service due on the Bonds.

Bond Year Ending May 1	Principal ⁽¹⁾	Interest	Total

TOTALS			
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(1) Includes, sinking fund installments.

Pursuant to the Lease Agreement, the City is required to make Lease Payments which have been calculated to be sufficient to make the interest and principal payments due on the Bonds. The City's Lease Payments are due on the fifteenth calendar day of the month preceding each Interest Payment Date.

THE PROPERTY

The Property consists of

Mission Blue Community Center, 475 Mission Blue Drive, Brisbane, CA. Built in 2000, this 6,000 square foot facility has seating for up to 200 dining guests is located in the Northeast Ridge district and offers panoramic views of San Bruno Mountain and the San Francisco Bay and is available for event rentals.

Municipal Pool, 2 Solano Street, Brisbane, CA. Built in 2000 in part by funds from the Northeast Ridge Development, the pool is a 75-foot length outdoor pool (total 4,200 sq. ft.) with a zero-depth entry pool for disability access, using solar and conventional heating. The pool is surrounded by landscaping and sheltered stations which can be rented for gatherings.

Old Community Center, 250 Visitacion Avenue, Brisbane, CA. Built in 1979, this two-story facility is located in Downtown Brisbane with a total size of approximately 5,500 square feet. The top floor is approximately 2,000 square feet and can be rented out for events, seating up to 70 guests.

THE 2023 PROJECT

The 2023 Project consists of tenant improvements to, and related equipment and furnishings for, a building at 25 Park Place leased by the City and used for municipal purposes.

THE BONDS

General

The Bonds will be issued in fully registered form without coupons in denominations of \$5,000 or any integral multiple thereof. The Bonds will mature on May 1 in each of the years and in the amounts, and will bear interest (calculated on the basis of a 360-day year of twelve 30-day months) at the rates set forth on the inside cover page hereof.

Interest on the Bonds will be payable semiannually on each May 1 and November 1, commencing November 1, 2023 (each, an "Interest Payment Date"), to the person whose name appears on the Registration Books as the Owner thereof as of the fifteenth calendar day of the month immediately preceding each such Interest Payment Date (each, a "Record Date"), such interest to be paid by check of the Trustee mailed by first-class mail to the Owners at the respective addresses of such Owners as they appear on the Registration Books; provided, however, that payment of interest may be made by wire transfer in immediately available funds to an account in the United States of America to any Owner of Bonds in the aggregate principal amount of \$1,000,000 or more who furnishes written wire instructions to the Trustee at least five days before the applicable Record Date. Principal of any Bond will be paid by check of the Trustee upon presentation and surrender thereof at the corporate trust office of the Trustee, except as provided in APPENDIX G—BOOK-ENTRY ONLY SYSTEM. Principal of and interest on the Bonds will be payable in lawful money of the United States of America.

Each Bond will be dated as of its date of delivery and will bear interest from the Interest Payment Date next preceding such date of authentication thereof, unless (a) it is authenticated after a Record Date and on or before the following Interest Payment Date, in which event it will bear interest from such Interest

Payment Date, or (b) it is authenticated on or before October 15, 2023, in which event it will bear interest from the Closing Date; provided, however, that if, as of the date of authentication of any Bond, interest thereon is in default, such Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

The Bonds, when issued, will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York (“DTC,” and together with any successor securities depository, the “Securities Depository”). DTC will act as Securities Depository for the Bonds. Individual purchases of the Bonds will be made in book-entry form. Purchasers will not receive certificates representing their ownership interest in the Bonds. So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the Bondholders or registered owners thereof means Cede & Co. as aforesaid, and not the Beneficial Owners of the Bonds. So long as Cede & Co. is the registered owner of the Bonds, principal of and interest on the Bonds are payable by wire transfer of same day funds by the Trustee to Cede & Co., as nominee for DTC. DTC is obligated, in turn, to remit such amounts to the Participants for subsequent disbursement to the Beneficial Owners. See APPENDIX G—BOOK-ENTRY ONLY SYSTEM.

Transfer and Exchange of Bonds

Any Bond may, in accordance with its terms, be transferred on the Registration Books by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Trustee. Transfer of any Bond will not be permitted by the Trustee during the period established by the Trustee for selection of Bonds for redemption or if such Bond has been selected for redemption pursuant to the Indenture. Whenever any Bond or Bonds are required to be surrendered for transfer, the Authority will execute, and the Trustee will authenticate and will deliver a new Bond or Bonds for a like aggregate principal amount and of like maturity. The Trustee may require the Bond Owner requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer.

Any Bond may be exchanged at the corporate trust office of the Trustee for a like aggregate principal amount of Bonds of other authorized denominations and of like maturity. Exchange of any Bond will not be permitted during the period established by the Trustee for selection of Bonds for redemption or if such Bond has been selected for redemption. The Trustee may require the Bond Owner requesting such exchange to pay any tax or other governmental charge required to be paid with respect to such exchange.

Redemption

Optional Redemption. The Bonds maturing on and before May 1, _____, are not subject to optional redemption prior to their respective stated maturities. The Bonds maturing on or after May 1, _____, are subject to optional redemption prior to their respective stated maturities, at the written direction of the Authority, from moneys deposited by the Authority or the City, in whole or in part, in such order of maturity as the City designates (and, if no specific order of redemption is designated by the City, in inverse order of maturity), on any date on or after May 1, _____, from any available source of funds, at a redemption price equal to the principal amount of the Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

Mandatory Sinking Fund Redemption. The Bonds with a stated maturity on May 1, _____, are subject to mandatory sinking fund redemption in part (by lot) on each May 1 on and after May 1, _____, to and including May 1, _____, in integral multiples of \$5,000 at a Redemption Price equal to the principal amount thereof plus accrued interest to the date fixed for redemption, without premium, in accordance with the following schedule:

Mandatory Sinking Account Payment Dates (May 1)	Mandatory Sinking Account Payments
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† Maturity

The Bonds with a stated maturity on May 1, _____, are subject to mandatory sinking fund redemption in part (by lot) on each May 1 on and after May 1, _____, to and including May 1, _____, in integral multiples of \$5,000 at a Redemption Price equal to the principal amount thereof plus accrued interest to the date fixed for redemption, without premium, in accordance with the following schedule:

Mandatory Sinking Account Payment Dates (May 1)	Mandatory Sinking Account Payments
---	--

† Maturity

Extraordinary Redemption from Insurance or Condemnation Proceeds. The Bonds are also subject to redemption as a whole, or in part on a pro rata basis among maturities then outstanding, as determined by the Trustee in its sole discretion, on any date, in integral multiples of \$5,000, to the extent of prepayments made by the City from insurance proceeds or condemnation proceeds not used to repair, reconstruct or replace any portion of the Property damaged or destroyed or elected by the City to be used for such purpose, 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 for the redemption of less than all of the Bonds of a particular maturity, the Trustee will select the Bonds to be redeemed from all Bonds of such maturity or such given portion thereof not previously called for redemption, by lot in any manner which the Trustee in its sole discretion deems appropriate. For purposes of such selection, the Trustee will treat each Bond as consisting of separate \$5,000 portions and each such portion will be subject to redemption as if such portion were a separate Bond.

Notice of Redemption

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

Any notice of optional redemption of the Bonds may be conditional and if any condition stated in the notice of redemption shall not have been satisfied on or prior to the redemption date, (i) said notice shall be of no force and effect, (ii) the City shall not be required to redeem such Bonds ; (iii) the redemption shall be cancelled and (iv) the Trustee shall within a reasonable time thereafter give notice to the persons and in the manner in which the conditional notice of redemption was given, that such condition or conditions were not met and that the redemption was cancelled. The actual receipt by the owner of any Bonds of notice of such cancellation shall not be a condition precedent to cancellation, and failure to receive such notice or any defect in such notice shall not affect the validity of the cancellation.

So long as the book-entry system is used for the Bonds, the Trustee will give any notice of redemption or any other notices required to be given to registered Owners of Bonds only to DTC. Any failure of DTC to advise any Participant, or of any Participant to notify the Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of the Bonds called for redemption or any other action premised on such notice. Beneficial Owners may desire to make arrangements with a Participant so that all notices of redemption or other communications to DTC which affect such Beneficial Owners, and notification of all interest payments, will be forwarded in writing by such Participant. See APPENDIX G—BOOK-ENTRY ONLY SYSTEM.

Partial Redemption of Bonds

Upon surrender of any 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 Bond or Bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Bonds surrendered.

Effect of Redemption

If notice of redemption has been given, and moneys for payment of the redemption price of, together with interest accrued to the date fixed for redemption on, the Bonds (or portions thereof) so called for redemption are being held by the Trustee, on the redemption date designated in such notice, the Bonds

(or portions thereof) so called for redemption will become due and payable, interest on the Bonds so called for redemption will cease to accrue, said Bonds (or portions thereof) will cease to be entitled to any benefit or security under the Indenture, and the Owners of said Bonds will have no rights in respect thereof except to receive payment of the redemption price thereof.

All Bonds redeemed pursuant to the provisions of the Indenture will be canceled by the Trustee upon surrender thereof and destroyed.

SECURITY FOR THE BONDS

General

The Bonds are special limited obligations of the Authority payable solely from and secured solely by the Revenues pledged therefor under the Indenture, together with amounts on deposit from time to time in the funds and accounts held by the Trustee, including proceeds of the sale of the Bonds.

Under the Indenture, the Authority assigns to the Trustee, for the benefit of the Owners of the Bonds, all of the Revenues and all of the rights of the Authority in the Lease Agreement (except for the right to receive any Additional Payments to the extent payable to the Authority and certain rights to indemnification set forth therein). The Trustee is entitled to collect and receive all of the Revenues, and any Revenues collected or received by the Authority are required to be held, and to have been collected or received, by the Authority as the agent of the Trustee and must be paid by the Authority to the Trustee.

THE BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM AND SECURED SOLELY BY THE REVENUES AND OTHER MONEYS PLEDGED THERETO IN THE INDENTURE. THE BONDS ARE NOT A DEBT OF THE AUTHORITY, THE CITY, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS AND NEITHER THE AUTHORITY, THE CITY, THE STATE NOR ANY OF ITS POLITICAL SUBDIVISIONS, EXCEPT THE AUTHORITY TO THE EXTENT DESCRIBED HEREIN, IS LIABLE THEREON. IN NO EVENT WILL THE BONDS OR ANY INTEREST OR REDEMPTION PREMIUM THEREON BE PAYABLE OUT OF ANY FUNDS OR PROPERTIES OTHER THAN THOSE OF THE AUTHORITY AS SET FORTH IN THE INDENTURE. THE BONDS DO NOT CONSTITUTE AN INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION. NEITHER THE MEMBERS OF THE AUTHORITY NOR ANY PERSONS EXECUTING THE BONDS ARE LIABLE PERSONALLY ON THE BONDS BY REASON OF THEIR ISSUANCE.

Lease Payments and Additional Payments

The Lease Agreement requires the City, subject to abatement as provided therein, to deposit with the Trustee, as assignee of the Authority, on each April 15 and October 15, commencing on October 15, 2023 (the "Lease Payment Dates"), an amount equal to the aggregate Lease Payment coming due and payable on each such Lease Payment Date. The Lease Payments payable in any fiscal year of the City constitute payment for the use and possession of the Property during such fiscal year. The City will receive a credit towards payment of Lease Payments for amounts on deposit in the Revenue Fund (including the Interest Account and the Principal Account therein) on each Lease Payment Date.

The obligation of the City to make Lease Payments is subject to annual appropriations of the City from funds lawfully available therefor. The obligation of the City to make Lease Payments under the Lease Agreement does not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. Neither the full faith and credit nor the taxing power of the City, the State or any of its political subdivisions is pledged to make Lease Payments under the Lease Agreement. The Authority has no taxing power. The Lease Payments are calculated to be sufficient to pay, when due, the principal of and interest on the Bonds.

In addition to the Lease Payments, the City is required to pay when due the following Additional Payments: (a) any fees and expenses incurred by the Authority in connection with or by reason of its leasehold estate in the Property as and when the same become due and payable; (b) any amount due to the Trustee pursuant to the terms of the Indenture; (c) any reasonable 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 Agreement or the Indenture; and (d) any reasonable out-of-pocket expenses of the Authority in connection with the execution and delivery of the Lease Agreement, the Indenture or the Continuing Disclosure Certificate or in connection with the issuance of the Bonds.

Pursuant to the Lease Agreement, the City covenants to take such action as may be necessary to include all Lease Payments and Additional Payments due thereunder in its annual budgets and to make annual appropriations therefor. As provided in the Lease Agreement, the covenants of the City thereunder are duties imposed by law, and it is the duty of each and every public official of the City to take such action and to do such things as are required by law in the performance of the official duty of such officials to enable the City to carry out and perform the covenants and agreements in the Lease Agreement agreed to be carried out and performed by the City.

Lease Payments made by the City to the Authority are payable from any revenues lawfully available to the City therefor. The Lease Agreement and the Indenture require that Lease Payments be deposited in the Revenue Fund maintained by the Trustee, which fund is held for the benefit of the owners of the Bonds.

California law requires, and the Lease Agreement provides, that Lease Payments are required to be abated in whole or in part during any period in which there is substantial interference with the use and occupancy of the Property by the City due to damage, destruction or taking in eminent domain proceedings. Under these circumstances, failure to make any Lease Payment will not be an event of default under the Lease Agreement. See “SECURITY FOR THE BONDS—Abatement” below.

Insurance and Condemnation Awards

In the event of any damage to or destruction of any part of the Property covered by insurance, the Authority, except as hereinafter provided, is required to cause the proceeds of such insurance to be utilized for the repair, reconstruction or replacement of the damaged or destroyed portion of the Property, and the Trustee is required to hold said proceeds in a fund established by the Trustee for such purpose separate and apart from all other funds, to the end that such proceeds are required to be applied to the repair, reconstruction or replacement of the Property to at least the same good order, repair and condition as was the case prior to the damage or destruction, insofar as the same may be accomplished by the use of said proceeds. The Trustee is required to invest said proceeds in Permitted Investments pursuant to the Written Request of the City, as agent for the Authority under the Lease Agreement, and withdrawals of said proceeds are required to be made from time to time upon the filing of a Written Request of the City with

the Trustee, stating that the City has expended moneys or incurred liabilities in an amount equal to the amount therein stated for the purpose of the repair, reconstruction or replacement of the Property, and specifying the items for which such moneys were expended, or such liabilities were incurred, in reasonable detail. The City is required to file a written certificate with the Trustee to the effect that sufficient funds from insurance proceeds or from any funds legally available to the City, or from any combination thereof, are available in the event it elects to repair, reconstruct or replace the Property. Any balance of such proceeds not required for such repair, reconstruction or replacement and the proceeds of use and occupancy insurance are required to be treated by the Trustee as Lease Payments. Alternatively, the City, at its option, if the proceeds of such insurance together with any other moneys then available for such purpose are sufficient to prepay all, in case of damage or destruction in whole of the Property, or that portion, in the case of partial damage or destruction of the Property, of the Lease Payments relating to the damaged or destroyed portion of the Property, may elect not to repair, reconstruct or replace the damaged or destroyed portion of the Property and thereupon is required to cause said proceeds to be used for the redemption of Outstanding Bonds. The City is not required to apply the proceeds of insurance to redeem the Bonds in part due to damage or destruction of a portion of the Property unless the Trustee receives a written certificate of the Authority to the effect that the Lease Payments on the undamaged portion of the Property will be sufficient to pay the initially scheduled principal and interest on the Bonds remaining unpaid after such redemption.

No assurance can be given that the proceeds of any insurance or condemnation award will be sufficient under all circumstances to repair or replace any damaged or taken Property or to prepay all Lease Payments with respect to the Property. Also, the City makes no representation as to the sufficiency of any insurance awards or the adequacy of any self-insurance to pay, when and as due, amounts payable under the Lease Agreement or the Bonds.

Abatement

The Lease Agreement provides for the abatement of Lease Payments during any period in which by reason of damage to or destruction of the Property (other than by eminent domain which may cause abatement of Lease Payments as described below), which causes substantial interference with the use and occupancy by the City of the Property or any portion thereof. The amount of such abatement will be an amount agreed upon by the City and the Authority such that the resulting Lease Payments represent fair consideration for the use and occupancy of the portions of the Property not damaged or destroyed or the portion of the Property completed and available for use and possession by the City. Such abatement will continue for the period commencing with such damage or destruction and ending with the substantial completion of the work of repair or reconstruction. In the event of any such damage or destruction, the Lease Agreement will continue in full force and effect and the City waives any right to terminate the Lease Agreement by virtue of any such damage and destruction. There will be no abatement of the Lease Payments to the extent that moneys derived from any person as a result of such damage or destruction are available to pay the amount which would otherwise be abated or if there is any money available in the Bond Fund to pay the amount which would otherwise be abated. See “—Insurance—Rental Interruption Insurance.”

If all of the Property is taken permanently under the power of eminent domain or sold to a government threatening to exercise the power of eminent domain, the Lease Agreement will terminate with respect to the Property as of the day possession is so taken. If less than all of the Property is taken permanently, or if all of the Property or any part thereof is taken temporarily under the power of eminent domain, (a) the Lease Agreement will continue in full force and effect, and (b) there will be a partial abatement of Lease Payments in an amount to be agreed upon by the City and the Authority such that the

resulting Lease Payments for the Property represent fair consideration for the use and occupancy of the remaining usable portion of the Property.

Insurance

Fire and Extended Coverage Insurance. The City is required under the Lease Agreement to procure and maintain or cause to be procured and maintained, throughout the term of the Lease Agreement, insurance against loss or damage to any structures constituting any part of the Property by fire and lightning, with extended coverage insurance, vandalism, malicious mischief insurance and sprinkler system leakage insurance. Said extended coverage insurance is required to, 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. Such insurance is required to be in an amount equal to the replacement cost (without deduction for depreciation) of all structures constituting any part of the Property. The net proceeds of such insurance will be applied as provided under the caption “SECURITY FOR THE BONDS—Insurance and Condemnation Awards” above.

Rental Interruption Insurance. The Lease Agreement requires the City to procure and maintain or cause to be procured and maintained rental interruption insurance or use and occupancy insurance to cover loss, total or partial, of the use of the Property as a result of certain hazards, in an amount at least equal to the maximum Lease Payments coming due and payable during any future 24-month period. Such insurance may be maintained as part of or in conjunction with any other property 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 in the form of self-insurance except for a time element deductible not to exceed sixty days in duration. The proceeds of such insurance, if any, will be paid to the Trustee and deposited in the Revenue Fund, and will be credited towards the payment of the Lease Payments as the same become due and payable.

Title Insurance. The City is required to obtain upon the execution and delivery of the Lease Agreement, title insurance on the Property, in an amount not less than the aggregate principal amount of Bonds issued by a company of recognized standing duly authorized to issue the same, subject only to Permitted Encumbrances. Proceeds of such insurance are required to be delivered to the Trustee as a prepayment of rent and are required to be applied by the Trustee to the redemption of Bonds.

No Additional Bonds

Pursuant to the Indenture, the Authority may not issue additional bonds, notes or other indebtedness which would be payable out of the Revenues in whole or in part. See “THE AUTHORITY.”

THE AUTHORITY

The Authority is a joint exercise of powers authority created by and existing under the laws of the State established pursuant to that certain Joint Exercise of Powers Agreement joint exercise of powers agreement, dated September 18, 2014, as amended on October 2, 2014, between the City and the Guadalupe Valley Municipal Improvement District. The Authority is administered by a governing Board which consists of the members of the City Council. **THE AUTHORITY IS NOT OBLIGATED IN ANY MANNER WHATSOEVER TO MAKE PAYMENTS WITH RESPECT TO THE BONDS FROM ANY SOURCE OTHER THAN LEASE PAYMENTS.**

THE CITY

The City was incorporated on November 27, 1961, as a general law city under the laws of the State. The City of San Francisco lies to the north of the City, the City of Daly City to the northwest, the City of South San Francisco to the southeast, and unincorporated lands of San Mateo County to the south and west. The San Bruno Mountain range surrounds the City to west and the San Francisco Bay is the easterly border of the City. The City's borders encompass approximately 20.1 square miles (3.1 sq. mi. land and 17 sq. mi. or 85% water). The main arterial road in the City is Bayshore Boulevard, which continues north to San Francisco and south to South San Francisco and San Francisco International Airport. U.S. Route 101 also goes past the city on the eastern side adjacent to San Francisco Bay. The City is part of the general San Francisco/Silicon Valley area with a largely commuter workforce.

The City operates under the Council-Manager form of municipal government. The City Council is comprised of five members elected at large to all four-year terms. Two City Council members are elected in November of one odd-numbered year and three are elected in the following odd-numbered year. From among its members, the City Council selects the Mayor for a one-year term. The City Council appoints the City Manager and the City Attorney. The City Manager is responsible for implementing the policy decisions of the City Council and supervises all operations of the City's government through heads of departments including Community Development, Public Works and Marina, Police, Fire, Administrative Services, and Parks and Recreation.

The current members of the City Council and key administrative personnel of the City are listed at the front of this Official Statement.

The City provides a wide range of municipal services, including police and fire protection, water and sewer utilities, street maintenance, parks and recreation, planning, building and safety, marina and other general government services.

Sierra Point. Sierra Point is a small artificial peninsula located in the City that extends eastward into the San Francisco Bay to the east of U.S. Route 101. Sierra Point encompasses an area of 132 acres (53 ha) and is home to an office park, the Brisbane Marina, and two hotels that operate within the City. There are several class A office buildings at Sierra Point including the Dakin Building and the former Hitachi building. The San Francisco Bay Trail runs along the waterfront of the peninsula and continues south into the Oyster Point area of South San Francisco. Sierra Point has not been completely built out.

Brisbane Baylands. Located within the City is one of the largest undeveloped commercial parcels of land remaining in the County. This parcel, referred to as the "Brisbane Baylands" is generally bordered on the west by Bayshore Boulevard, north by the City and County of San Francisco, east by U.S. Hwy 101, and south by Brisbane Lagoon. The Brisbane Baylands encompasses about 570 upland/above ground acres (660 acres total). Physically, The Brisbane Baylands is largely undeveloped, comprising mainly of disturbed areas that were formerly part of the City of San Francisco's sanitary landfill. Since the landfill's closure in 1967, the Brisbane Baylands has been used as a repository for fill materials from construction sites in the region and for recycling of sand, dirt, gravel, and other construction materials. Currently, the Brisbane Baylands site is largely vacant, but currently houses a range of industrial uses along Bayshore Avenue and the Mission Blue Nursery farther to the south. On the East Side, the Golden State Lumber Yard maintains operation and Recology has a storage area for some of its equipment.

The development of the Brisbane Baylands is expected to take place over the next 30 years. In November 2018, the voters of the City passed Measure JJ, which amended the City's General Plan to allow for a range of 1,800 to 2,200 residential units and 6.5 million square feet of additional commercial development plus 500,000 square feet of hotel space. As the Brisbane Baylands was formerly a landfill and a railyard, extensive site remediation will be required before any future development can begin.

At the end of February of 2023, the property owner of the Brisbane Baylands, Baylands Development Inc ("BDI") submitted a proposed specific plan to the City for review (the "Proposed Specific Plan"). A specific plan is a tool to implement the General Plan for particular areas. A specific plan must be consistent with the City's General Plan. The specific plan will "run with the land," and any future or subsequent landowner(s) will be subject to the specific plan. Key issues addressed in the BDI's Proposed Specific Plan for the development of the Brisbane Baylands include soil remediation and land fill closure as the site was an historical railyard and garbage/waste dump. Other key issues addressed in the Proposed Specific Plan involve securing a source of water from the San Francisco Public Utility Commission.

The Brisbane Baylands will also require significant investment for infrastructure of roads, water, sewer, stormwater and other public works requirements. The City will also be developing a Development Agreement between the BDI and the City to ensure all City's needs are met (the "Development Agreement"). The Development Agreement will set forth with benefits and obligations of both the City and BDI as it pertains to future development of the Brisbane Baylands.

The City is currently in the process of preparing an environmental impact report ("EIR") addressing the environmental impacts of the Proposed Specific Plan. The EIR will identify and disclose the potential environmental impacts of the Proposed Specific Plan and the Development Agreement, and will identify mitigation measures to minimize any such impacts.

In 2020, the City published an EIR Notice of Preparation ("NOP") and held a public EIR scoping meeting. The City plans to publish a revised NOP based upon the Proposed Specific Plan in 2023, and another scoping meeting will be held during the NOP comment period. Following the revised NOP release and scoping meeting the City will publish a draft EIR and release it for public review and comment. A final EIR (including all responses to comments and any changes to the draft EIR resulting from these comments) will be published, and the Final EIR and Proposed Specific Plan will be subject to formal public hearings before the City's Planning Commission and City Council. While a final time schedule has not yet been established, it is anticipated that the draft EIR will be published in 2023, with public hearings commencing in 2024.

The Brisbane Baylands has also been identified by California High Speed Rail for the location of a 121-acre rail yard maintenance facility. The City has brought a CEQA lawsuit against the State last year. The parties are discussing a potential settlement but as of this time there is no agreement.

The City maintains a website containing the draft of the Proposed Specific Plan for the Brisbane Baylands submitted by BDI, the California High-Speed Rail Authority's Final Environmental Impact Report/Environmental Impact Statement, and other information relating to the development of the Brisbane Baylands at <https://www.brisbaneca.org/baylands>. Information on such website is not incorporated herein by this reference.

See APPENDIX A—GENERAL, ECONOMIC AND DEMOGRAPHIC INFORMATION RELATING TO THE CITY AND THE COUNTY for an additional description of the City as well as certain demographic and statistical information.

CITY FINANCIAL INFORMATION

Financial Information and Budgetary Process

The City’s accounting policies conform to generally accepted accounting principles. The audited financial statements also conform to the principles and standards for public financial reporting established by the Governmental Accounting Standards Board.

Basis of Accounting and Financial Statement Presentation. The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Audited Financial Statements. The City retained Maze & Associates, Pleasant Hill, California (the “City’s Auditor”), to examine the general-purpose financial statements of the City as of and for the year ended June 30, 2022. The audited financial statements for fiscal year ended June 30, 2022, are included in APPENDIX B—ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE CITY FOR THE FISCAL YEAR ENDED JUNE 30, 2022. The City has not requested, and the City’s Auditor has not provided, any review or update of such financial statements in connection with their inclusion in this Official Statement.

Budget Process. The City Council is required to adopt a two-year budget before July 1 on even numbered years for the ensuing two years. The City Council schedules a goal setting session prior to the adoption of the budget to determine the major objectives of the City’s financial plan for the year. The goals approved by the Council are incorporated into a preliminary budget, which is issued for public comment. After a series of public hearings, the budget is adopted by the City Council prior to the beginning of the ensuing fiscal year (July 1). The budget serves as the foundation for the City’s financial planning and control. The budget is prepared by fund, and by department. Department heads may transfer resources within a department as they see fit. Transfers between departments, however, need special approval from the City Manager and City Council. The City has adopted a one-year budget for fiscal year 2023 in response to the implementation of new budgeting software.

A comprehensive mid-cycle budget review is done to update revenue and expenditure projections for the second year. In addition, the City Council receives mid-year budget updates. The City maintains budgetary controls to ensure compliance with legal provisions embodied in the appropriated budget approved by the City Council. The level of budgetary control (that is, the level at which expenditures cannot

legally exceed the appropriated amount) for the City's operating budget is the program area within each fund, and for the capital improvement budget it is each individual capital improvement project within each fund. For the operating budget, the City Manager has the authority to move appropriations between accounts (without dollar limitation) within a budget program and within the same fund as long as the transfers are within the same program area. For the capital improvement program, the City Manager has the authority to transfer appropriations (with no dollar limitation) between capital projects within the same fund. Appropriation increases, decreases or transfers between funds require the approval of the City Council. All appropriations lapse at the end of the fiscal year unless specific carryovers are approved by the City Manager or City Council, including multi-year contract commitments.

Certain of the City's revenues are collected and dispersed by the State (such as sales tax and motor-vehicle license fees) or allocated in accordance with State law (most importantly, property taxes). Therefore, State budget decisions can have an impact on City finances. See "STATE BUDGET INFORMATION."

General Fund Balance Sheet

The following table shows the City's audited General Fund balance sheet for the past five fiscal years.

Table 1
CITY OF BRISBANE
GENERAL FUND BALANCE SHEET
Fiscal Years 2017-18 through 2021-22

	Fiscal Year Ending June 30,				
	2018 Audited	2019 Audited	2020 Audited	2021 Audited	2022 Audited
ASSETS					
Cash and investments	\$ 7,649,557	\$ 3,472,683	\$ 5,091,938	\$ 6,960,372	\$ 6,696,243
Restricted cash and investments	114,033	530,276	1,162,420	1,414,176	1,224,830
Accounts receivable, net	1,656,544	5,836,933	1,535,081	3,806,940	828,049
Interest receivable	31,123	34,310	16,360	6,413	27,656
Taxes receivable	1,197,480	1,457,595	1,760,890	2,001,634	1,675,932
Other assets	8,566	6,027	7,452	5,858	4,868
Due from other funds	1,451,794	288,302	1,575,368	3,793,501	3,906,853
Loans receivable	1,611,858	1,081,858	551,858	518,750	518,750
Advances to other funds	816,199	730,524	3,408,229	3,319,284	3,228,659
Total Assets	14,537,154	13,438,508	15,109,596	21,826,928	18,111,840
LIABILITIES					
Accounts payable	562,418	536,587	719,577	2,282,697	798,464
Accrued payables	176,134	229,354	281,719	356,100	421,675
Deposits payable	1,347,951	1,553,823	1,671,739	1,651,993	1,691,411
Total Liabilities	2,086,503	2,319,764	2,673,035	4,290,790	2,911,550
FUND BALANCES					
Non-spendable	2,436,623	1,818,409	3,967,539	3,843,892	3,752,277
Restricted	114,033	530,276	1,162,420	1,414,176	1,224,830
Assigned	273,871	820,756	841,666	841,666	841,666
Unassigned ⁽¹⁾	8,628,419	7,949,303	6,464,936	11,436,404	9,381,517
Total Fund Balances	11,452,946	11,118,744	12,436,561	17,536,138	15,200,290
Total Liabilities and Fund Balances	14,537,154	13,438,508	15,109,596	21,826,928	18,111,840

Sources: City of Brisbane Annual Comprehensive Financial Reports for Fiscal Years 2017-18 through 2021-22.

(1) Amounts include the City's emergency reserve, recession reserve, and annual fluctuation reserve. For additional discussion, see "City Financial Management."

General Fund Revenues, Expenditures and Changes in Fund Balances

The following tables shows the City's audited results for General Fund revenues and expenditures for fiscal years 2018-19 through 2021-22 and budgeted projections for fiscal year 2022-23. The City's General Fund experienced negative performance in fiscal year 2021-22 primarily due to an increase in expenditures on capital projects and a decrease of certain revenue sources caused in part by the COVID-19 Pandemic.

Table 2
CITY OF BRISBANE
GENERAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Fiscal Years 2018-19 through 2022-23

	Fiscal Year Ending June 30,				
	2019 Audited	2020 Audited	2021 Audited	2022 Audited	2023 Budgeted ⁽¹⁾
REVENUES					
Taxes and special assessments	\$13,730,931	\$14,308,527	\$14,862,570	\$13,709,682	\$14,803,491
Intergovernmental	537,655	738,779	768,728	222,090	128,635
Licenses, permits and fees ⁽²⁾	6,343,475	5,526,100	6,655,210	5,229,061	7,107,905
Charges for services	3,661,580	3,132,168	3,460,765	3,380,168	3,199,236
Fines and forfeitures	66,371	43,320	31,264	110,229	26,000
Use of money and property	323,497	431,404	345,653	(252,521)	201,416
Other revenues	348,966	436,267	1,311,656	813,490	777,594
Total Revenues	25,048,475	24,616,565	27,435,846	23,211,199	26,244,277
EXPENDITURES					
General government	5,822,755	7,288,576	7,728,274	8,406,365	7,867,382
Public safety - police	4,917,210	4,991,335	4,804,121	5,287,367	5,450,998
Public safety - fire	3,356,781	3,534,712	3,829,059	4,516,591	4,409,373
Public works	2,489,959	2,602,513	2,489,743	2,846,855	2,534,993
Parks and recreation	2,199,586	2,504,241	1,621,789	2,455,019	2,901,966
Capital outlay	7,499	169,003	88,189	-	-
Debt Service - Principal	13,213	13,343	13,479	13,614	13,751
Debt Service - Interest	991	861	725	101,598	453
Total Expenditures	18,808,264	21,104,584	20,575,379	27,899,903	23,178,916
REVENUES OVER EXPENDITURES	6,240,211	3,511,981	6,860,467	(4,688,704)	3,065,361
OTHER FINANCING SOURCES					
Proceeds from long term debt	-	-	-	4,355,000	-
Transfers in	150,894	157,258	157,197	161,603	-
Transfers out	(6,725,307)	(2,351,422)	(1,918,087)	(2,163,747)	(2,394,966)
Total Other Financing Sources	(6,574,413)	(2,194,164)	(1,760,890)	2,352,856	(2,394,966)
NET CHANGE IN FUND BALANCES	(334,202)	1,317,817	5,099,577	(2,335,848)	670,394
FUND BALANCES - BEGINNING OF YEAR	11,452,946	11,118,744	12,436,561	17,536,138	15,200,290
FUND BALANCES - END OF YEAR	11,118,744	12,436,561	17,536,138	15,200,290	15,870,684

Source: City of Brisbane Annual Comprehensive Financial Reports for Fiscal Years 2018-19 through 2021-22 data and City of Brisbane for 2022-23 data.

- (1) From the City's FY2021-22 Budget, adopted July 16, 2022, and most recently updated on May 4, 2023.
- (2) Amounts include revenues from the City's business license tax on Recology, a large recycling firm that operates a recycling plant within the City. For additional information see "Primary Sources of General Fund Revenue" and "Business License Taxes." Revenues from the business license tax on Recology constitute a significant amount of the City's General Fund revenues.

General Fund Transfers Out

The following table shows detail of the transfers out from the City’s General Fund revenues and expenditures for Fiscal Years 2018-19 through 2021-22. Transfers out from the General Fund were primarily for debt service payments.

Table 3
CITY OF BRISBANE
GENERAL FUND TRANSFERS OUT DETAIL

	Fiscal Year Ending June 30,				
	2018 Audited	2019 Audited	2020 Audited	2021 Audited	2022 Audited
TRANSFERS OUT TO:					
Non-major governmental funds	\$1,861,594	\$ 910,154	\$1,148,927	\$1,435,841	\$ 1,915,472
Capital projects fund	-	4,155,254	285,984	216,000	-
Utility enterprise fund	48,000	43,000	41,788	66,246	48,275
Internal service funds	668,174	1,616,899	874,723	200,000	200,000
Total Transfers Out	<u>\$2,577,768</u>	<u>\$6,725,307</u>	<u>\$2,351,422</u>	<u>\$1,918,087</u>	<u>\$2,163,747</u>

Source: City of Brisbane Annual Comprehensive Financial Reports for Fiscal Years 2017-18 through 2021-22.

For additional information about interfund transactions, see APPENDIX B—ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE CITY FOR THE FISCAL YEAR ENDED JUNE 30, 2022, Note 4.

General Fund Budget

The following table shows the City's General Fund budget figures for fiscal year 2020-21 and 2021-22, including a comparison of the City's initial budget, final budget, audited actuals for each year.

Table 4
CITY OF BRISBANE
GENERAL FUND BUDGET COMPARISON
Fiscal Years 2020-21 and 2021-22

	Fiscal Year Ending June 30, 2021			Fiscal Year Ending June 30, 2022		
	Adopted Budget	Final Budget	Audited Actuals	Adopted Budget	Final Budget	Audited Actuals
REVENUES						
Taxes and special assessments	\$ 11,384,140	\$ 13,177,406	\$ 14,862,570	\$11,789,140	\$13,177,406	\$13,709,682
Intergovernmental	17,000	17,000	768,728	17,000	17,000	222,090
Licenses, permits and fees	4,899,800	5,278,200	6,655,210	5,299,800	5,299,800	5,229,061
Charges for services	1,978,500	2,507,500	3,460,765	2,533,982	2,533,982	3,380,168
Fines and forfeitures	52,000	52,000	31,264	52,000	52,000	110,229
Use of money and property	70,000	70,000	345,653	70,000	70,000	(253,521)
Other revenues	445,604	445,604	1,311,656	451,036	451,036	813,490
Total Revenues	18,847,044	21,547,710	27,435,846	20,212,958	21,601,224	23,211,199
EXPENDITURES						
General government	6,867,529	7,301,737	7,728,274	6,742,700	7,176,908	8,406,365
Public safety - police	4,822,884	4,822,884	4,804,121	5,407,492	5,407,492	5,287,367
Public safety - fire	3,916,193	3,916,193	3,829,059	4,310,946	4,310,946	4,516,591
Public works	2,438,096	2,438,096	2,489,743	2,622,051	2,622,051	2,846,855
Parks and recreation	2,089,899	2,089,899	1,621,789	2,395,146	2,395,146	2,455,019
Capital outlay	46,640	46,640	88,189	-	-	4,272,494
Debt Service - Principal	-	-	13,479	-	-	13,614
Debt Service - Interest	-	-	725	-	-	101,598
Total Expenditures	20,181,241	20,615,449	20,575,379	21,478,335	21,912,543	27,899,903
REVENUES OVER EXPENDITURES	(1,334,197)	932,261	6,860,467	(1,265,377)	(311,319)	(4,688,704)
OTHER FINANCING SOURCES						
Proceeds from long term debt	-	-	-	-	-	4,355,000
Transfers in	-	-	157,197	-	-	161,603
Transfers out	(1,835,245)	(2,171,245)	(1,918,087)	(1,926,429)	(2,262,429)	(2,163,747)
Total Other Financing Sources	(1,835,245)	(2,171,245)	(1,760,890)	(1,926,429)	(2,262,429)	2,352,856
NET CHANGE IN FUND BALANCES	(3,169,442)	(1,238,984)	5,099,577	(3,919,806)	(2,573,748)	(2,335,848)
FUND BALANCES - BEGINNING OF YEAR			12,436,561			17,536,138
FUND BALANCES - END OF YEAR			17,536,138			15,200,290

Source: City of Brisbane Annual Comprehensive Financial Reports for Fiscal Year 2020-21 and Fiscal Year 2021-22.

City Financial Management

The City Council has adopted a comprehensive set of financial management policies to provide for: (i) establishing targeted General Fund reserves; (ii) the prudent investment of City funds, and (iii) management of debt. The City's practice is to incur debt only after deliberation over the effect of such debt on the City's General Fund and other resources of the City, and in those circumstances where the use of debt would be appropriate to the scale and economic life of the asset being financed and the accumulation or availability of reserves to fund the capital requirement.

General Fund Reserve Policy. The City’s Reserve Policy was most recently updated on in 2019 and consists of three separate reserves. The first is an emergency reserve for emergency or disaster circumstances. The City Council reviews the target level of the emergency reserve every three years. The emergency reserve level is currently set at \$3,500,000. The second reserve is a reserve for recession circumstances, such as revenue reductions caused by an economic downturn comparable to the Great Recession of 2008-09. The recession reserve is currently set at \$2,500,000. The third reserve is for annual fluctuation circumstances to compensate for unexpected fluctuations revenues and expenditures beyond the levels projected in the budget. The fluctuation reserve amount is recalculated every year as the budget changes and is set to be equal to the sum of 5% of budgeted General Fund revenues and 5% of budgeted General Fund expenditures. For fiscal year 2023, the flotation reserve amount is approximately \$2,590,908.

During the COVID-19 Pandemic the City did not draw on the policy reserves, and was able to use available Fund Balance.

The following table shows the City’s General Fund Reserve Policy guidance and projected reserve levels for Fiscal Year 2022-23.

Table 5
CITY OF BRISBANE
GENERAL FUND RESERVE POLICY

	Policy Guidance	Projected FY 2022-23
Emergency Reserve	\$3,500,000	\$3,500,000
Recession Reserve	2,500,000	2,500,000
Fluctuation Reserve	2,590,908	2,590,908
Total GF Reserves	8,590,908	8,590,908

Source: City of Brisbane.

As shown in Table 5 above, the City does not project a need to draw its reserves below the levels established in its Fiscal Year 2022-23 budget, as most recently amended on May 4, 2023.

Investment Policy. The investment of funds of the City (except pension and retirement funds) is made in accordance with the City’s Investment Policy, most recently approved September 3, 2020 (the “Investment Policy”), prepared by the City Treasurer as authorized by section 53601 of the Government Code of California. The Investment Policy allows for the purchase of a variety of securities and provides for limitations as to exposure, maturity and rating which vary with each security type. The composition of the portfolio will change over time as old investments mature, or are sold, and as new investments are made. Invested funds are managed to ensure preservation of capital through high quality investments, maintenance of liquidity and then yield. Further, operating funds may not be invested in any investment with a maturity greater than five years.

Debt Management Policy. In accordance with section 8855(i) of the California Government Code the City adopted a debt management policy on July 20, 2017, to establish conditions for the use of debt; to ensure that debt capacity and affordability are adequately considered; to minimize the City’s interest and issuance costs; to maintain the highest possible credit rating; to provide complete financial disclosure and reporting; and to maintain financial flexibility for the City.

Pension Funding Policy. The City contributes to a pension trust fund. The target balance for the pension trust fund is \$5,000,000, which represents two years of the City’s typical unfunded liability payment.

Primary Sources of General Fund Revenues

The City relies on several sources to balance its General Fund budget. The most important of these revenue sources (based on percentage of the total revenue budget) are sales and use taxes, which typically account for over 25% of the City’s General Fund revenues. The City’s second largest General Fund revenue source is property taxes which typically account for 20% of the City’s General Fund revenues. The recycling business license tax is the General Fund’s third largest revenue source, typically accounting for 15% of the City’s General Fund revenues. Transient occupancy taxes, the General Fund’s fourth largest revenue source, typically accounts for 7% of the City’s General Fund revenues. The City’s fifth largest General Fund revenue source are business license taxes on businesses that operate within the City. The business license tax for fuel deliveries typically accounts for 4% of the City’s General Fund revenues. Together these five primary sources of General Fund revenues constitute approximately 71% of the City’s General Fund revenues each year.

The table below shows the City’s primary general fund revenue sources for the four most recent fiscal years and budgeted projections for Fiscal Year 2022-23. Following the table is a brief discussion of each of the City’s primary sources of General Fund revenues.

**Table 6
CITY OF BRISBANE
PRIMARY SOURCES OF GENERAL FUND REVENUES**

	Fiscal Year Ending June 30,				
	2019 Audited	2020 Audited	2021 Audited	2022 Audited	2023 Budgeted ⁽⁵⁾
Sales and use taxes ⁽¹⁾	\$ 5,608,897	\$ 6,639,922	\$ 7,652,028	\$ 5,791,875	\$ 6,366,466
Property taxes	4,358,306	4,697,205	5,498,250	5,241,809	5,562,017
Recycling business license tax ⁽²⁾	3,647,000	3,206,000	3,700,000	4,000,000	4,272,000
Transient occupancy taxes ⁽³⁾	2,889,711	2,071,824	849,788	1,653,196	1,811,934
Business license taxes ⁽⁴⁾	1,297,530	744,173	885,126	348,425	1,425,527
Total Primary Sources	17,801,444	17,359,124	18,585,192	17,035,305	19,437,944
All Other General Fund Revenues	7,247,031	7,257,441	8,850,654	6,175,894	6,806,333
Total General Fund Revenues	\$25,048,475	\$24,616,565	\$27,435,846	\$23,211,199	\$26,244,277

Source: City of Brisbane FY2019-22 Annual Comprehensive Financial Reports and City of Brisbane.

- (1) Amounts do not include collections from Measure U, collections of which began on April 1, 2023. For additional discussion, see “Sales and Use Taxes.”
- (2) Recology’s business license taxes only. For additional discussion, see “Business License Taxes.”
- (3) Amounts do not include the proceeds of Measure O, collections of which began on April 1, 2023. For additional discussion, see “Transient Occupancy Taxes.”
- (4) Amount includes all business license tax revenues except for those business license taxes levied on Recology. For additional discussion, see “Business License Taxes.”
- (5) From the City’s FY2022-23 Budget, adopted July 20, 2022, and most recently updated on May 4, 2023.

Sales and Use Taxes. Sales and use taxes are the General Fund’s largest revenue source. The City receives a 1% share of all taxable sales generated within its borders. On November 8, 2022, the voters of the City voting in the election on that date approved Measure U, a 0.50% sales and use tax, collections of which began on April 1, 2023.

In Fiscal Year 2020-21, sales and use taxes generated approximately \$7.65 million and in Fiscal Year 2021-22, sales and use taxes generated approximately \$5.79 million. Sales and use taxes are projected to generate \$6.37 million in Fiscal Year 2022-23. For additional discussion of the City's sales tax revenues, see "Sales and Use Taxes."

Property Taxes. Property taxes are the General Fund's second largest revenue source. The County levies a tax of 1% on the assessed valuation of property within the County. The City receives a share of this 1% levy for property located within the City limits. The City's General Fund property tax collections also include amounts relating to ERAF Property Taxes. Beginning in the 1992-93 fiscal year, the State diverted property taxes from local governments to boost revenues to the State. The fund to which these local revenues are being diverted is called "ERAF," Educational Revenue Augmentation Funds. In the County, the ERAF formula allows the local governments to keep a portion of the diverted property taxes, or ERAF taxes.

In Fiscal Year 2020-21, property taxes generated approximately \$5.50 million. In Fiscal Year 2021-22 property taxes generated approximately \$5.24 million. Property tax revenues are projected to generate \$5.56 million in Fiscal Year 2022-23. See "Property Taxes" for additional information relating to the property taxes and the assessed valuation of property located in the City.

Recycling Business License Tax. The City's recycling business license tax is the General Fund's third largest revenue source. In 2011 the voters of the City approved a Business License Tax Ordinance for establishment operation of a recycling business. Section 5.20.100 of the City's municipal code requires every business that handles 100,000 tons or more in a year to pay a fee up to four million dollars, subject to certain adjustments. Currently this tax applies only to a single recycling business, Recology, a waste management company headquartered in San Francisco that operates a transfer station and hazardous waste facility within the City. The \$4,000,000 cap on the recycling business license tax will increase by approximately 3% each year based on an inflationary formula.

In Fiscal Year 2020-21, the recycling business license tax generated approximately \$3.70 million. In Fiscal Year 2021-22 the recycling business license tax generated approximately \$4.00 million. The recycling business license tax is expected to generate \$4.27 million in Fiscal Year 2022-23. See "Recycling Business License Tax" for additional information and discussion.

Transient Occupancy Taxes. The City currently imposes a voter-approved general transient occupancy tax upon the occupancy of any hotel room in the City, charged to the transient (or guest) who is entitled to such occupancy. The current rate of the City's transient occupancy tax is 14% of the rent charged by the hotel operator for the use of the hotel room. The current transient occupancy tax rate became effective January 1, 2020, following a vote by a majority of the voters in the City voting in an election in November, 2019, and represents a 2% increase from the 12% prior rate. The voters of the City approved Measure O at an election held on November 8, 2022. Measure O imposes a new short term rental business license tax equal to \$2.50 per room for each day such a room is rented. Measure O taxes will be collected in addition to the City's standard transient occupancy taxes. Measure O collections began on April 1, 2023. While Measure O is a tax on short term rental businesses similar to a transient occupancy tax, the City categorizes Measure O tax collections as business license taxes, however, the City's transient occupancy taxes and Measure O taxes are both general taxes, which means that the proceeds are deposited into the City's general fund and may be used for any and all municipal purposes.

In Fiscal Year 2020-21, transient occupancy taxes generated approximately \$0.85 million and in Fiscal Year 2021-22 transient occupancy taxes generated approximately \$1.65 million. Transient occupancy taxes are budgeted to generate \$1.81 million in Fiscal Year 2022-23. See “Transient Occupancy Tax” for additional information and discussion. The City’s transient occupancy tax collections were significantly affected by reduced travel activity taking place in the City during the COVID-19 Pandemic and transient occupancy tax revenues are not expected to return to pre-pandemic norms in the immediate future.

Business License Taxes. All businesses within the City are assessed a business license tax. Business licenses taxes are levied, for the most part, based on gross receipts. Some businesses and activities, such as contractors and one-time events, may opt for a flat fee.

In Fiscal Year 2019-20, business license taxes generated approximately \$0.88 million and in Fiscal Year 2020-21 business license taxes generated approximately \$0.35 million. Business license taxes are budgeted to generate \$1.43 million in Fiscal Year 2021-22.

Property Taxes

Under Proposition 13, an amendment to the California Constitution adopted in 1978 that added Article XIII A of the California Constitution, the county assessor’s valuation of real property is established as shown on the Fiscal Year 1975-76 tax bill, or, thereafter, as the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred. Assessed value of property may be increased annually to reflect inflation at a rate not to exceed 2% per year or reduced to reflect a reduction in the consumer price index or comparable data for the area under taxing jurisdiction or in the event of declining property value caused by substantial damage, destruction, market forces or other factors. As a result of these rules, real property that has been owned by the same taxpayer for many years can have an assessed value that is much lower than that of similar properties more recently sold and may be lower than its own market value. Likewise, changes in ownership of property and reassessment of such property to market value commonly will lead to increases in aggregate assessed value even when the rate of inflation or consumer price index would not permit the full 2% increase on any property that has not changed ownership.

Taxes are levied by the County for each fiscal year on taxable real and personal property which is situated in the County as of the preceding January 1. Real property which changes ownership or is newly constructed is revalued at the time the change in ownership occurs or the new construction is completed. The current year property tax rate will be applied to the reassessment, and the taxes will then be adjusted by a proration factor to reflect the portion of the remaining tax year for which taxes are due.

Local agencies and schools will share the growth of “base” sources from all tax rate areas in the County. Each year’s growth allocation becomes part of each local agency’s allocation in the following year. The availability of revenue from growth in the tax bases in such tax rate areas may be affected by the existence of redevelopment agencies (including their successor agencies) which, under certain circumstances, may be entitled to sources resulting from the increase in certain property values. State law exempts \$7,000 of the assessed valuation of an owner-occupied principal residence. This exemption does not result in any loss of revenue to local agencies since an amount equivalent to the taxes that would have been payable on such exempt values is supplemented by the State.

For assessment and tax 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 property and property (real or personal) for which

there is a lien on real property sufficient, in the opinion of the county assessor, to secure payment of the taxes. All other property is “unsecured,” and is assessed on the “unsecured roll.” Secured property assessed by the SBE is commonly identified for taxation purposes as “utility” property.

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of each fiscal year, and if unpaid become delinquent on December 10 and April 10, respectively. A penalty of 10% attaches immediately to any delinquent payment. Property on the secured roll, with respect to which taxes are delinquent, becomes tax defaulted on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of delinquent taxes and the delinquency penalty, plus costs and prepayment penalty of one and one-half percent per month to the time of prepayment. If taxes are unpaid for a period of five years or more, the property is subject to sale by the county treasurer.

Property taxes on the unsecured roll are due as of the January 1 lien date and become delinquent, if unpaid, on August 31. A 10% penalty attaches to delinquent unsecured taxes. If unsecured taxes are unpaid at 5 p.m. on October 31, an additional penalty of one and one-half percent per month attaches to such taxes beginning the second month after the delinquent date, and on the first day of each month until paid. A county has four ways of collecting delinquent unsecured personal property taxes: (1) bringing a civil action against the taxpayer; (2) filing a certificate in the office of the County Clerk specifying certain facts in order to obtain a lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the County Clerk and County Recorder’s office in order to obtain a lien on certain property of the taxpayer; and (4) seizing and selling personal property, improvements, or possessory interests belonging or assessed to the delinquent taxpayer.

Teeter Plan

The Board of Supervisors of the County has approved the implementation of the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the “Teeter Plan”), as provided for in section 4701 et seq. of the California Revenue and Taxation Code. The Teeter Plan guarantees distribution of 100% of the general taxes levied to the taxing entities within the County, with the County retaining all penalties and interest penalties affixed upon delinquent properties and redemptions of subsequent collections. Under the Teeter Plan, the County apportions secured property taxes on a cash basis to local political subdivisions, including the City, for which the County acts as the tax-levying or tax-collecting agency. At the conclusion of each fiscal year, the County distributes 100% of any taxes delinquent as of June 30th to the respective taxing entities.

The County cash position is protected by a special fund, known as the “Tax Loss Reserve Fund,” which accumulates moneys from interest and penalty collections. In each fiscal year, the Tax Loss Reserve Fund is required to be funded to the amount of delinquent taxes plus one percent of that year’s tax levy. Amounts exceeding the amount required to be maintained in the tax loss reserve fund may be credited to the County’s general fund. Amounts required to be maintained in the tax loss reserve fund may be drawn on to the extent of the amount of uncollected taxes credited to each agency in advance of receipt.

The Teeter Plan is to remain in effect unless the County Board orders its discontinuance or unless, prior to the commencement of any fiscal year of the County (which commences on July 1), the County Board receives a petition for its discontinuance joined in by resolutions adopted by at least two-thirds of the participating revenue districts in the County, in which event the County Board is to order discontinuance of the Teeter Plan effective at the commencement of the subsequent fiscal year. The County Board may also, after holding a public hearing on the matter, discontinue the Teeter Plan with respect to any tax levying agency or assessment levying agency in the County if the rate of secured tax delinquency in that agency in

any year exceeds 3% of the total of all taxes and assessments levied on the secured roll in that agency. If the Teeter Plan is discontinued in the future, only those secured property taxes actually collected would be allocated to political subdivisions (including the City) for which the County acts as the tax-levying or tax-collecting agency, but penalties and interest would be credited to the political subdivisions.

The City is not aware of any petitions for the discontinuance of the Teeter Plan in the County.

Assessed Value

The assessed valuation of property in the City is established by the County Assessor, except for public utility property which is assessed by the SBE. Assessed valuations are reported at 100% of the “full value” of the property, as defined in Article XIII A of the California Constitution.

Certain classes of property, such as churches, colleges, not-for-profit hospitals and charitable institutions, are exempt from property taxation and do not appear on the tax rolls. No reimbursement is made by the State for such exemptions. Property taxes allocated to the City are collected by the County at the same time and on the same tax rolls as are county and special district taxes. The valuation of secured property by the County Assessor is established as of January 1 and is subsequently equalized in September of each year.

The table below shows the assessed valuation of taxable property in the City for the ten most recent fiscal years.

Table 7
CITY OF BRISBANE
HISTORIC ASSESSED VALUATIONS
Fiscal Years 2012-13 to 2022-23

Fiscal Year Ending June 30,	Local Secured	Utility	Unsecured	Total Assessed Valuation	% Change
2014	1,403,614,569	2,059,022	180,299,172	1,585,972,763	—
2015	1,515,088,551	2,059,022	177,546,585	1,694,694,158	6.86%
2016	1,623,224,642	1,855,209	183,682,553	1,808,762,404	6.73
2017	1,717,395,986	1,855,209	181,782,883	1,901,034,078	5.10
2018	1,844,547,050	1,855,209	194,497,758	2,040,900,017	7.36
2019	2,041,366,432	1,855,209	216,938,541	2,260,160,182	10.74
2020	2,205,949,690	4,241,698	229,598,014	2,439,789,402	7.95
2021	2,554,544,582	4,241,698	228,672,395	2,787,458,675	14.25
2022	2,712,957,432	4,241,698	254,324,580	2,971,523,710	6.60
2023	2,944,013,775	4,241,698	255,970,554	3,204,226,027	7.83

Source: California Municipal Statistics, Inc.

Assessments may be adjusted during the course of the year when real property changes ownership or new construction is completed. Assessments may also be appealed by taxpayers seeking a reduction as a result of economic and other factors beyond the City’s control, such as a general market decline in property values, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes), or the complete or partial destruction of taxable property caused

by natural or manmade disaster, such as earthquake, flood, fire, toxic dumping, etc. When necessitated by changes in assessed value in the course of a year, taxes are pro-rated for each portion of the tax year.

Appeals of Assessed Valuation; Blanket Reductions of Assessed Values. There are two basic types of property tax assessment appeals provided for under State law. The first type of appeal, commonly referred to as a base year assessment appeal, involves a dispute on the valuation assigned by the assessor immediately subsequent to an instance of a change in ownership or completion of new construction. If the base year value assigned by the assessor is reduced, the valuation of the property cannot increase in subsequent years more than 2% annually unless and until another change in ownership and/or additional new construction activity occurs.

The second type of appeal, commonly referred to as a Proposition 8 appeal (which Proposition 8 was approved by the voters in 1978), can result if factors occur causing a decline in the market value of the property to a level below the property's then current taxable value (escalated base year value). Pursuant to State law, a property owner may apply for a Proposition 8 reduction of the property tax assessment for such owner's property by filing a written application, in the form prescribed by the SBE, with the appropriate county board of equalization or assessment appeals board. A property owner desiring a Proposition 8 reduction of the assessed value of such owner's property in any one year must apply to the county assessment appeals board (the "Appeals Board"). Following a review of the application by the county assessor's office, the county assessor may offer to the property owner the opportunity to stipulate to a reduced assessment or may confirm the assessment. If no stipulation is agreed to, and the applicant elects to pursue the appeal, the matter is brought before the Appeals Board (or, in some cases, a hearing examiner) for a hearing and decision. The Appeals Board generally is required to determine the outcome of appeals within two years of each appeal's filing date. Any reduction in the assessment ultimately granted applies only to the year for which application is made and during which the written application is filed. The assessed value increases to its pre-reduction level (escalated to the inflation rate of no more than 2%) following the year for which the reduction application is filed. However, the county assessor has the power to grant a reduction not only for the year for which application was originally made, but also for the then current year and any intervening years as well. In practice, such a reduced assessment may and often does remain in effect beyond the year in which it is granted.

In addition to the above-described taxpayer appeals, county assessors may independently reduce assessed valuations based on changes in the market value of property, or for other factors such as the complete or partial destruction of taxable property caused by natural or man-made disasters such as earthquakes, floods, fire, drought or toxic contamination pursuant to relevant provisions of the State Constitution.

In addition, Article XIII A of the State Constitution provides that the full cash value base of real property used in determining taxable 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. This measure is computed on a calendar year basis.

Risk of Decline in Property Values; Fire; Earthquake Risk. Property values could be reduced by factors beyond the City's control, including fire, earthquake and a depressed real estate market due to general economic conditions in the County, the region and the State.

Other possible causes for a reduction in assessed values include the complete or partial destruction of taxable property caused by other natural or manmade disasters, such as flood, fire, drought, toxic dumping, acts of terrorism, etc., or reclassification of property to a class exempt from taxation, whether by

ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes).

No assurance can be given that property tax appeals and/or blanket reductions of assessed property values will not significantly reduce the assessed valuation of property within the City in the future.

Assembly Bill 102. On June 27, 2017, the Governor of the State (the “Governor”) signed into law Assembly Bill 102 (“AB 102”). AB 102 restructured the functions of the SBE and created two new separate agencies: (i) the California Department of Tax and Fee Administration, and (ii) the Office of Tax Appeals. Under AB 102, the California Department of Tax and Fee Administration took over programs previously in the SBE Property Tax Department, such as the Tax Area Services Section, which is responsible for maintaining all property tax-rate area maps and for maintaining special revenue district boundaries. Under AB 102, the SBE continues to perform the duties assigned by the State Constitution related to property taxes, however, effective January 1, 2018, the SBE will only hear appeals related to the programs that it constitutionally administers and the Office of Tax Appeals will hear appeals on all other taxes and fee matters, such as sales and use tax and other special taxes and fees. AB 102 obligates the Office of Tax Appeals to adopt regulations as necessary to carry out its duties, powers, and responsibilities. No assurances can be given as to the effect of such regulations on the appeals process or on the assessed valuation of property within the City.

State-Assessed Property. Under the Constitution, the SBE assesses property of State-regulated transportation and communications utilities, including railways, telephone and telegraph companies, and companies transmitting or selling gas or electricity. The Board of Equalization also is required to assess pipelines, flumes, canals and aqueducts lying within two or more counties. The value of property assessed by the Board of Equalization is allocated by a formula to local jurisdictions in the county, including school districts, and taxed by the local county tax officials in the same manner as for locally assessed property. Taxes on privately owned railway cars, however, are levied and collected directly by the Board of Equalization. Property used in the generation of electricity by a company that does not also transmit or sell that electricity is taxed locally instead of by the Board of Equalization. Thus, the reorganization of regulated utilities and the transfer of electricity-generating property to non-utility companies, as often occurred under electric power deregulation in California, affects how those assets are assessed, and which local agencies benefit from the property taxes derived. In general, the transfer of State-assessed property located in the City to non-utility companies will increase the assessed value of property in the City, since the property’s value will no longer be divided among all taxing jurisdictions in the County. The transfer of property located and taxed in the City to a State-assessed utility will have the opposite effect, generally reducing the assessed value in the City as the value is shared among the other jurisdictions in the County. The City is unable to predict future transfers of State-assessed property in the City and the County, the impact of such transfers on its utility property tax revenues, or whether future legislation or litigation may affect ownership of utility assets, the State’s methods of assessing utility property, or the method by which tax revenues of utility property is allocated to local taxing agencies, including the City.

Assessed Valuation by Land Use. The following table gives a distribution of taxable real property located in the City by principal purpose for which the land is used, and the assessed valuation and number of parcels for each use.

Table 8
CITY OF BRISBANE
ASSESSED VALUATION AND PARCELS BY LAND USE

	FY2022-23 Assessed Valuation ⁽¹⁾	% of Total	No. of Parcels	% of Total
<u>Non-Residential:</u>				
Commercial/Office	\$ 747,806,826	25.40%	58	2.59%
Industrial	693,738,714	23.56	193	8.63
Government/Social/Institutional	7,462,745	0.25	10	0.45
Miscellaneous	1,600,537	0.05	74	3.31
Subtotal Non-Residential	<u>\$1,450,608,822</u>	<u>49.27%</u>	<u>335</u>	<u>14.98%</u>
<u>Residential:</u>				
Single Family Residence	\$ 834,462,561	28.34%	1,127	50.38%
Condominium/Townhouse	304,038,355	10.33	431	19.27
Mobile Home	21,930	0.00	1	0.04
Mobile Home Park	5,735,563	0.19	5	0.22
Hotel/Motel	68,744,784	2.34	2	0.09
2-4 Residential Units	16,809,090	0.57	29	1.30
5+ Residential Units/Apartments	34,211,491	1.16	18	0.80
Subtotal Residential	<u>\$1,264,023,774</u>	<u>42.94%</u>	<u>1,613</u>	<u>72.11%</u>
Vacant Parcels	<u>\$229,381,179</u>	<u>7.79%</u>	<u>289</u>	<u>12.92%</u>
Total	<u>\$2,944,013,775</u>	<u>100.00%</u>	<u>2,237</u>	<u>100.00%</u>

Source: California Municipal Statistics, Inc.

(1) Total secured assessed valuation, excluding tax-exempt property.

Assessed Valuation of Single-Family Homes. The following table focuses on single-family residential properties only, which comprise approximately 28.34% of the FY2022-23 assessed value of taxable property in the City.

Table 9
CITY OF BRISBANE
PER PARCEL - ASSESSED VALUATION OF SINGLE-FAMILY HOMES

	No. of Parcels	FY2022-23 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	1,127	\$ 834,462,561	\$ 740,428	\$ 652,250

FY2022-23 Assessed Valuation	No. of Parcels ⁽¹⁾	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
\$0 - \$99,999	99	8.784%	8.784%	\$ 6,482,153	0.777%	0.777%
\$100,000 - \$199,999	76	6.744	15.528	11,619,820	1.392	2.169
\$200,000 - \$299,999	81	7.187	22.715	20,546,045	2.462	4.631
\$300,000 - \$399,999	91	8.075	30.790	32,010,483	3.836	8.468
\$400,000 - \$499,999	95	8.429	39.219	42,302,442	5.069	13.537
\$500,000 - \$599,999	78	6.921	46.140	42,726,407	5.120	18.657
\$600,000 - \$699,999	84	7.453	53.594	54,540,023	6.536	25.193
\$700,000 - \$799,999	89	7.897	61.491	66,733,638	7.997	33.190
\$800,000 - \$899,999	63	5.590	67.081	53,075,564	6.360	39.551
\$900,000 - \$999,999	53	4.703	71.783	50,456,403	6.047	45.597
\$1,000,000 - \$1,099,999	59	5.235	77.019	61,620,330	7.384	52.982
\$1,100,000 - \$1,199,999	42	3.727	80.745	47,822,281	5.731	58.713
\$1,200,000 - \$1,299,999	39	3.461	84.206	48,775,257	5.845	64.558
\$1,300,000 - \$1,399,999	26	2.307	86.513	35,206,010	4.219	68.777
\$1,400,000 - \$1,499,999	41	3.638	90.151	59,546,584	7.136	75.913
\$1,500,000 - \$1,599,999	24	2.130	92.280	37,143,089	4.451	80.364
\$1,600,000 - \$1,699,999	19	1.686	93.966	31,524,512	3.778	84.142
\$1,700,000 - \$1,799,999	21	1.863	95.830	36,621,662	4.389	88.530
\$1,800,000 - \$1,899,999	17	1.508	97.338	31,414,641	3.765	92.295
\$1,900,000 - \$1,999,999	9	0.799	98.137	17,441,511	2.090	94.385
\$2,000,000 and greater	21	1.863	100.000	46,853,706	5.615	100.000
Total	1,127	100.000%		834,462,561	100.000%	

Source: California Municipal Statistics, Inc.

(1) Improved single-family residential parcels. Excludes condominiums and parcels with multiple family units.

Principal Taxpayers. Based on fiscal year 2022-23 locally assessed taxable valuations, the top twenty taxable property owners in the City represent approximately 48.14% of the total fiscal year 2022-23 taxable value.

The following table shows the 20 largest owners of taxable property in the City as determined by secured assessed valuation in fiscal year 2022-23. The City is not aware of any plans by the top twenty largest local secured taxpayers to leave the City or terminate operations.

**Table 10
CITY OF BRISBANE
LARGEST LOCAL SECURED PROPERTY TAXPAYERS**

	Property Owner	Primary Land Use	FY2022-23 Assessed Valuation	% of Total ⁽¹⁾
1.	Slough Brisbane LLC	Office Building	\$ 306,302,566	10.40%
2.	HCP Life Science REIT Inc.	Office Building	240,655,765	8.17
3.	DCT Valley Drive CA LP	Industrial	124,789,966	4.24
4.	Oyster Point Properties Inc.	Undeveloped	121,191,961	4.12
5.	BMR Bayshore Blvd. LLC	Industrial	117,352,600	3.99
6.	PPF OFF 7000 Marina Blvd LP	Industrial	80,940,745	2.75
7.	IAC San Francisco LLC	Industrial	67,527,897	2.29
8.	M & L Associates	Industrial	58,285,862	1.98
9.	Summit Hospitality 114 LLC	Hotel	45,536,724	1.55
10.	BP3 SF4 1000 Marina LLC	Office Building	40,842,865	1.39
11.	Prologis USLV SUBREIT 4 LLC	Industrial	29,753,607	1.01
12.	SNH Brisbane CA LLC	Office Building	28,413,354	0.97
13.	CP6BT LLC	Office Building	23,374,004	0.79
14.	BRE SH Brisbane Owner LLC	Hotel	23,208,060	0.79
15.	BP3 SF5 3000 3500 Marina LLC	Office Building	22,214,536	0.75
16.	Harrison 1422 LP	Industrial	19,074,521	0.65
17.	Valley 325 LP	Industrial	18,937,768	0.64
18.	LYF Investment Group LLC	Industrial	16,830,000	0.57
19.	Recology Properties Inc	Industrial	16,381,538	0.56
20.	South Hill 99 LP	Industrial	15,503,644	0.53
	Total Top 20		\$1,417,117,983	48.14%

Source: California Municipal Statistics, Inc.

(1) FY2022-23 Local Secured Assessed Valuation: \$2,944,013,775.

Slough Brisbane LLC is the owner of all of the property on Sierra Point to the east of Shoreline Court and to the South of Sierra Point Parkway.

HCP Life Science REIT is the owner of The Shore at Sierra Point, a campus of five office and laboratory buildings and the Towers at Sierra Point, a two-building office campus.

Sales and Use Taxes

A sales tax is imposed on the privilege of consuming personal property in the State. The State does not tax services. The tax rate is established by the State Legislature, and is presently 7.25%, statewide (of which 1% is paid to the City) (the “State Sales Tax”). In addition, many of the State’s cities, counties,

districts and communities have special taxing jurisdiction to impose a transaction (sales) or use tax. These so-called district taxes increase the tax rate in a particular area by adding the local option tax to the statewide tax. While more than one district tax may be in effect for a particular location, counties, municipalities, and districts are allowed to increase the sales tax in specific jurisdictions up to a total of 10.25%.

The following table shows a breakdown of the composition of the current sales and use tax rate applicable to transactions in the City:

**Table 11
CITY OF BRISBANE
CURRENT SALES AND USE TAX RATES**

Component	Tax Rate
State General Fund	7.250%
2020 Peninsula Corridor Joint Powers Board Retail Transactions and Use Tax	0.125
San Mateo County Retail Transactions and Use Tax	0.500
San Mateo County Transit District	0.500
San Mateo County 2018 Transit District	0.500
San Mateo County Transportation Authority	0.500
City of Brisbane Measure U ⁽¹⁾	0.500
Total	<u>9.375%</u>

Source: City of Brisbane

(1) Measure U collections began April 1, 2023.

The State’s Department of Tax and Fee Administration actual administrative costs with respect to the portion of sales taxes allocable to the City are deducted before distribution and are determined on a quarterly basis.

Measure U. On November 8, 2022, an over 63% of the voters of the City voting in the election on that date approved Measure U, a 0.50% sales and use tax. Measure U sales and use tax collections began on April 1, 2023. Measure U sales and use tax collections will continue unless terminated by the voters of the City. Measure U sales and use tax collections are available to the City’s General Fund for any lawful purpose. The City estimates that Measure U collections will generate approximately \$2,000,000 annually.

Sales and Use Tax Generators in the City. The City sees most of its sales and use tax revenue generated from the sale of wholesale construction materials from a few businesses that operate within the City. In calendar year 2022, the five largest sales and use tax generators accounted for approximately 69% of all sales and use tax collected.

The following table lists the top 25 sales and use tax generators in the City for calendar year 2022 and their type of business.

Table 12
CITY OF BRISBANE
TOP 25 SALES AND USE TAX GENERATORS IN 2022
(Listed Alphabetically)

Business Name	Type of Business
7 Mile House Sports Bar & Grill	Restaurant
Bay Medical Company	Light Industry
Bi Rite Restaurant Supply	Food Processing Equipment
Brisbane Recycling Company	Light Industry
Caliva - MMD	Cannabis Services
Cool Solutions Manufacturing	Heavy Industry
Cutera	Electronic Equipment
Fong Brothers Printing	Light Industry
Gas 2 You	Energy Sales
GE United Technologies II	Misc. Retail
Golden State Lumber	Building Materials
Hensley Event Resources	Leasing
Ichika Sushi House	Restaurant
Infoimage	Light Industry
Integrated Resources Group	Building Materials
NCC Brisbane - MMD	Cannabis Services
Norman Wright Mechanical Equipment	Building Materials
O'Keeffe's	Building Materials
P & F Distributors	Heavy Industry
PHK Flooring & Building Material	Building Materials
Room & Board	Furniture/Appliance
Sartorius Biotech	Biotechnology
Structural & Steel Products	Building Materials
The Rare Wine Co. (Vieux Vins)	Food Processing Equipment
Vox Network Solutions	Business Services

Source: City of Brisbane

Many categories of transactions are exempt for the State Sales Tax. The most important of these exemptions are the sales of food products for home consumption, prescription medicine, edible livestock and their feed, seed and fertilizer used in raising food for human consumption, and gas and electricity and water when delivered to consumers through mains, lines and pipes. In addition, occasional sales (i.e., sales of property not held or used by a seller during activities for which he or she is required to hold a seller's permit) are generally exempt from both the State Sales Tax; however, the occasional sales exemption does not apply to the sale of an entire business and other sales of machinery and equipment used in a business.

Action by the State Legislature or by voter initiative could change the transactions and items upon which the State Sales Tax are imposed. Such changes or amendments could have either an adverse or beneficial effect on revenues produced by sales taxes. The City is not currently aware of any proposed legislative change that would have a material adverse effect on the State Sales Tax.

Recycling Business License Taxes

Beginning in 2011 the voters of the City elected to impose a tax on “recycling establishments” engaged in the business of collecting, sorting, cleansing, treating, processing or reconstituting waste or other discarded materials for the purpose of reuse in an altered form, as defined in section 5.20.100 of the City’s Municipal Code.

The recycling business license tax currently applies to a single taxpayer, Recology. Recology, a waste management company headquartered in San Francisco, operates a transfer station and hazardous waste facility within the City. The Recycling Business License Tax would also apply to any other “recycling establishments” that meet the definition of that term, though no additional “recycling establishments” are anticipated to begin operating within the City.

On November 7, 2017, over 79% voters of the City voting in the election on that date approved increasing the maximum cap on the annual recycling business license tax from \$3,000,000 to \$4,000,000 per year, with increases to the cap of approximately 3% per year thereafter. After the increase was passed, the City, Recology, and Recology’s regulator, the City of San Francisco Environment Department, met to agree upon the phasing in of the tax until fiscal year 2021-22 when the tax reached the statutory maximum level of \$4,000,000. In fiscal year 2022-23 and future years the tax level will be equal to the inflation adjusted cap. The City Council annually adopts a resolution levying the recycling business license tax in accordance with section 5.20.100 of the City’s municipal code and Ordinance No. 628 up to the maximum amount of the tax. The City Council anticipates adopting a resolution setting the level of the recycling business license tax for fiscal year 2023-24 in September of 2023.

The following table shows the complete history of the General Fund’s recent recycling business license tax collections since Recology began operations in the City in fiscal year 2011-12.

Table 13
CITY OF BRISBANE
RECYCLING BUSINESS LICENSE TAX COLLECTIONS

Fiscal Year Ending June 30,	Recycling Business License Tax Collections
2012	\$2,100,000
2013	2,100,020
2014	2,100,001
2015	2,100,000
2016	2,768,000
2017	2,100,000
2018	2,778,000
2019	2,979,000
2020	3,206,000
2021	3,700,000
2022	4,000,000
2023 ⁽¹⁾	4,272,000

Source: City of Brisbane

(1) Fiscal Year 2022-23 amount is a projection from the City’s Budget, as originally adopted July 16, 2022, and as most recently updated on May 4, 2023.

The proceeds of the recycling business license tax are available to the General Fund of the City for any lawful purpose and is typically used for expenses including but not limited to Police, Fire, non-utility Public Works, Parks and Recreation and administrative support.

The City believes that Recology is unlikely to terminate the operations of its transfer station and hazardous waste facility because the site Recology occupies sits in close proximity to the City of San Francisco, which significantly reduces Recology's operating cost for trucks and hauling equipment traveling to and from Recology's service area. In the event that, in the future, the City of San Francisco were to engage a different solid waste removal provider than Recology, City Staff believe it is likely that the subsequent provider would desire to maintain operations at the current site due to its proximity to San Francisco. Additionally, in the event that Recology or a subsequent solid waste removal provider were to desire to relocate the facility to another site or neighboring city such relocation would face significant planning hurdles due to the nature of the facility and its undesirable use.

Transient Occupancy Tax

Transient occupancy taxes ("TOT") are collected by each hotel operator in the City and are remitted monthly. The current City TOT rate is 14% of the rent charged to each guest. The City's TOT is a general tax and can be used for any governmental purpose. The City's TOT also applies short term rentals (such as Airbnb). The City's TOT rate was last raised from 12% to 14% following the approval of Measure B by over 70% of the voters of the City voting in an election on November 5, 2019. The City's TOT will continue to be collected unless terminated by the voters of the City.

Measure O. Approved at an election on November 8, 2022 by over 69% of the voters of the City voting in the election on that date. Measure O created a new short term rental business license tax equal to \$2.50 per room for each day such a room is rented. Measure O taxes will be collected in addition to the City's standard TOT. While Measure O is a tax on short term rental businesses similar to a transient occupancy tax, the City categorizes Measure O tax collections as business license taxes, however, Measure O revenues are available to the City's General Fund for any lawful purpose. The City's Measure O taxes will continue to be collected unless terminated by the voters of the City. The City anticipates that Measure O collections will generate approximately \$250,000 per year.

Concentration of Transient Occupancy Tax Generators. The City's TOT revenues are generated primarily by two hotel properties located at Sierra Point, a Homewood Suites by Hilton and a Doubletree by Hilton. Both hotels were built in the early 2000's. The Double Tree is a full-service hotel that caters to "end of vacation" stays for tours, the night before they travel from San Francisco International Airport that is approximately 5 minutes away. This hotel often receives guest as overflow from San Francisco as it is only a ten-minute drive to downtown. The Double Tree also serves many business travelers. The Homewood Suites is an extended stay hotel with in-room kitchens. The Homewood Suites serves a clientele that includes various workers, including construction workers that are in the area for an extended period.

While the City's TOT also applies to non-hotel short term rentals, the City has issued less than 5 permits to date. The amount of TOT revenue generated by non-hotel TOT taxpayers is minimal.

While the Homewood Suites by Hilton and Doubletree by Hilton each stayed open during the COVID-19 Pandemic, each hotel experienced significant reductions in occupancy rates from their historical norms, declining to approximately 1/3 of pre-COVID-19 Pandemic levels. While hotel occupancy at the

two hotels has increased significantly from the lows experienced during the COVID-19 Pandemic, occupancy has not yet fully recovered to pre-COVID-19 Pandemic levels.

Business License Taxes

Any person transacting or carrying on any business within the city limits of the City is required to obtain a City of Brisbane Business License. The City's business license taxes are assessed on businesses within the City according to their Standard Industrial Classification (type of business). The City's business license taxes vary from Standard Industrial Classification to Standard Industrial Classification and can include flat amounts due periodically, square footage taxes, and gross receipts taxes, among others. For a complete description of each of the business license taxes applicable to businesses in the City, see the Business Licenses page on the City's website at <https://www.brisbaneca.org/finance/page/business-licenses> and Title 5 of the City's Municipal Code.

Other Sources of General Fund Revenues,

In addition, the City receives approximately 30% of its annual General Fund revenues from the following sources:

Franchise Fees. The City receives franchise fees from various public utilities and other corporations who furnish gas, electric, Cable TV, refuse or similar services to citizens living within the City. The various fees are delineated in franchise agreements and are paid directly to the City by these franchisees.

Charges for Services. The City receives revenues from certain municipal services it provides. By law, the City may not charge more than the cost of providing the services.

Licenses and Permits. The City charges certain permits, licenses and fees for the cost recovery of providing current planning, building inspection, recreation and other municipal services.

Fines, Forfeitures and Penalties. These revenues include parking citations and other fines for municipal code violations.

OTHER FINANCIAL INFORMATION

Currently 86 permanent City employees are covered by negotiated agreements as detailed in the table below. The City also employs 58 additional employees unrepresented by a collective bargaining unit for a total of 144 employees in total.

Table 14
CITY OF BRISBANE
NEGOTIATED EMPLOYEE AGREEMENTS

Bargaining Unit	Contract Expiration Date	Number of Employees
City Manager	12/31/2023	1
Brisbane Fire Management	6/30/2026	1
Confidential Employees	6/30/2026	6
Confidential Management Employees	6/30/2026	1
Executive Management Employees	6/30/2026	4
General Employees Association	6/30/2026	32
Intl. Assoc. of Firefighters, Local 2400	6/30/2026	10
Mid-Management/Professional Employees Group	6/30/2026	15
Police Chief	6/30/2026	1
Police Commander	6/30/2026	1
Police Officers Association	6/30/2026	14
Total		86

Source: City of Brisbane

Risk Management

General Liability. The City participates in a joint powers agreement through the Bay Cities Joint Powers Insurance Authority (the “BCJPIA”) which is a general liability risk pool. BCJPIA was created as a California Public Agency by an agreement between certain public agencies in the San Francisco Bay Area to provide general liability coverage. BCJPIA is governed by a Board of Directors which is comprised of officials appointed by each member city or agency. Annually, each member pays an actuarially determined premium based on a formula which takes into account the prior three years’ loss experience, annual payroll, and population.

The City self-insures the first \$25,000 of each liability loss. The BCJPIA pools the layer from \$25,001 and purchases excess insurance from \$1,000,000 per year.

Workers’ Compensation. On July 1, 2000, the City became a member of Workers’ Compensation from Local Agency Workers’ Compensation Excess Joint Powers Authority (“LAWCX”). The LAWCX is a public agency created in 1992 by and among self-insured workers’ compensation joint power authorities, individual public entities, and special districts throughout California to provide a pooled approach to excess workers’ compensation insurance pursuant to the California Government Code. The LAWCX is governed by a Board of Directors which is comprised of appointed officials from its member entities. The purpose of the pool is to provide excess workers’ compensation insurance to its member agencies.

The City is self-insured for the first \$150,000 of a claim. The LAWCX covers claims from \$150,001 to \$1,000,000 and purchases excess insurance from \$1,000,000 up to statutory limit. Prior to July 1, 2000

the City was a member of the San Mateo County Cities Group (Cities Group). When the City left the Cities Group it took on the responsibility for all current and future claims which would have been covered by the Cities Group.

Long-Term Disability and Other Benefit Insurance. Other coverage provided to the City's workers, such as long-term disability, and unemployment insurance are covered by purchased insurance.

For additional information about the City's Risk Management, see APPENDIX B—ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE CITY FOR THE FISCAL YEAR ENDED JUNE 30, 2022, Note 12.

Employee Retirement Plans

The information set forth below regarding the California Public Employees' Retirement System ("CalPERS") program, other than the information provided by the City regarding its annual contributions thereto, has been obtained from publicly available sources which are believed to be reliable but are not guaranteed as to accuracy or completeness, and should not be construed as a representation by either the City or the Underwriter.

Plan Description. All qualified permanent and probationary employees are eligible to participate in the City's separate Safety (police and fire) and Miscellaneous (all other) Employee Pension Rate Plans. The City's Miscellaneous and Safety Rate Plans are part of the public agency cost-sharing multiple-employer defined benefit pension plan (PERF C), which is administered by the California Public Employees' Retirement System (CalPERS). PERF C consists of a miscellaneous pool and a safety pool (also referred to as "risk pools"), which are comprised of individual employer miscellaneous and safety rate plans, respectively. Individual employers may sponsor more than one miscellaneous and safety rate plan. The employer participates in one cost-sharing multiple-employer defined benefit pension plan regardless of the number of rate plans the employer sponsors. The City sponsors six rate plans (three miscellaneous and three safety). Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

The City has also established a Public Agency Retirement System Retirement Enhancement Plan (the "PARS Plan"), an agent multiple-employer plan, effective October 2005 for an executive employee of the City.

Benefits Provided. CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The PARS Plan provides a 1% enhancement to the current CalPERS benefit formula. Benefit service includes all full-time continuous service with the City from date of hire. The participant is eligible to receive the benefit at age 63 after 10 years of full-time continuous service and concurrent termination of employment from the City and retirement under CalPERS.

Contributions. Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

The City's combined contributions to its Miscellaneous, Safety, and PARS Plans for the most recent fiscal years is summarized in the following table.

Table 15
CITY OF BRISBANE
HISTORICAL PENSION CONTRIBUTIONS

Fiscal Year Ending June 30,	Miscellaneous Plan Contribution	Safety Plan Contribution	PARS Plan Contribution	Total Combined Contributions
2018	\$ 956,571	\$ 928,535	\$21,158	\$1,906,264
2019	1,116,863	1,074,377	35,337	2,226,577
2020	1,321,787	1,210,715	37,400	2,569,902
2021	1,485,149	1,400,561	37,400	2,923,110
2022	1,637,353	1,571,251	37,400	3,246,004

Source: City of Brisbane fiscal year 2021-22 Annual Comprehensive Financial Report.

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions. For the fiscal year ended June 30, 2022, the City recognized pension expense of \$4,023,057 for the combined Plans. On June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Table 16
CITY OF BRISBANE
DEFERRED OUTFLOWS/INFLOWS OF RESOURCES
FISCAL YEAR 2021-22

	Miscellaneous		Safety	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to measurement date	\$1,637,353	-	\$ 1,571,251	-
Diff. btw. actual and expected experience	467,836	-	2,078,710	-
Changes in assumptions	-	-	-	-
Differences in proportions	169,849	\$ (46,332)	-	\$(1,345,705)
Net diff. btw. projected and actual earnings on investment	-	(3,641,866)	-	(7,241,664)
Changes in employer's portion	118,957	(2,659,680)	4,044,229	(76,673)
Total	\$2,393,995	\$(6,347,878)	\$7,694,190	\$(8,664,042)

Source: City of Brisbane fiscal year 2021-22 Annual Comprehensive Financial Report.

Funded Status. The following table sets forth a summary of the funding progress for the City’s combined Plans for the most recent actuarial valuation dates.

Table 17
CITY OF BRISBANE
HISTORICAL PENSION FUNDING PROGRESS

Fiscal Year Ended June 30,	Net Pension Liability	Funded Ratio	Covered Payroll
Miscellaneous			
2018	\$10,728,646	73.7%	\$4,485,437
2019	10,544,479	72.2	4,822,422
2020	11,463,436	72.1	5,116,913
2021	12,374,693	71.4	5,681,738
2022	4,171,920	81.6	6,036,451
Safety			
2018	\$10,298,325	74.8%	\$3,201,004
2019	10,437,355	72.9	3,050,669
2020	11,392,654	72.8	3,205,518
2021	12,598,788	71.8	3,087,221
2022	12,166,933	80.8	3,479,518
PARS			
2018	\$ 91,335	84.42%	\$237,847
2019	82,985	87.11	247,000
2020	38,174	94.14	251,940
2021	(73,251)	110.28	263,451
2022	49,819	93.45	263,451

Source: City of Brisbane fiscal year 2021-22 Annual Comprehensive Financial Report.

CalPERS Amortization Period Reform. On February 13, 2018, the CalPERS Board voted to shorten the period over which actuarial gains and losses are amortized from 30 years to 20 years for new pension liabilities. The new 20-year amortization period began with new gains or losses accrued starting with the June 30, 2019 actuarial valuations. The first payments on the new 20-year amortization schedule took place in 2021.

A shorter amortization period will increase annual Unfunded Accrued Liability (“UAL”) contributions for cities that participate in CalPERS so long as CalPERS remains underfunded. The shortened amortization period will also lead to reductions of periods of negative amortization of the UAL, interest cost savings, and faster recoveries of funded status after market downturns.

Cities that participate in CalPERS will also see additional volatility in their future UAL contributions due to market performance as gains or losses will be amortized faster under the new amortization period.

The City cannot currently estimate the impact the shorter amortization period will have on its required contributions for its Miscellaneous, Safety, and PARS Plans. For information concerning the

Plans, including descriptions of the actuarial methods and assumptions, please see APPENDIX B—ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE CITY FOR THE FISCAL YEAR ENDED JUNE 30, 2022, Note 9.

Other Post-Employment Benefits

Plan Description. The City administers a single-employer defined benefit post-employment healthcare plan. Employees hired prior to July 1, 2008, have the stipulated years of service, and retire directly from the City, are eligible to receive up to the Kaiser rate (family or single, depending on MOU) and the Medicare eligible rate after reaching the age of 65. This same benefit may continue to a surviving spouse depending on the retirement plan election.

Employees Covered. Membership of the plan consisted of 53 retirees and beneficiaries receiving benefits, no inactive members entitled to but not yet receiving benefits and 78 active plan members at June 30, 2022.

Changes In Net OPEB Liability. The following table shows the changes in the City’s net OPEB obligation to the Plan:

Table 18
CITY OF BRISBANE
CHANGE IN NET OPEB LIABILITY
Fiscal Year 2021-22

Service cost	\$ 216,149
Interest on OPEB liability	534,725
Dif. btw. actual and expected experience	(1,567,041)
Changes in assumptions	213,210
Investment gains or losses on expected return contributions	(494,601)
Employer contributions	(866,951)
Investment income	(183,804)
Administrative expenses	19,916
Net changes	<u>(2,148,397)</u>
Net OPEB obligation, beginning of the year	<u>6,175,263</u>
Net OPEB obligation, end of the year	<u><u>4,026,866</u></u>

Source: City of Brisbane fiscal year 2021-22 Annual Comprehensive Financial Report.

The following table shows a history of the City’s outstanding OPEB obligation and covered payroll.

**Table 19
CITY OF BRISBANE
HISTORIC OPEB LIABILITY**

Fiscal Year Ending June 30,	Total OPEB Liability	Plan Net Position	Net OPEB Obligation (UAAL)
2018	\$6,772,332	\$1,195,729	\$5,576,603
2019	7,376,323	1,672,480	5,703,843
2020	8,444,061	2,189,421	6,254,640
2021	9,055,847	2,880,584	6,175,263
2022	8,065,939	4,039,073	4,026,866

Source: City of Brisbane fiscal year 2021-22 Annual Comprehensive Financial Report.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, investment returns, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

For information concerning the City’s OPEB obligations, including descriptions of the actuarial methods and assumptions, please see APPENDIX B—ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE CITY FOR THE FISCAL YEAR ENDED JUNE 30, 2022, Note 10.

Debt Obligations

General Fund Obligations. On October 8, 2010, the City entered into a loan agreement with the California Energy Resources Conservation and Development Commission to finance the installation of LED street lighting. The interest rate on the loan is 1.00% per annum of which \$41,857 principal remains unpaid. The loan matures on December 22, 2025.

On June 26, 2013, the City entered into a \$1,611,000 lease agreement with the Brisbane Public On June 26, 2013, the City entered into a \$1,611,000 lease agreement with the Brisbane Public Financing Authority to fund its unfunded liability to the California Public Employees Retirement System relating to the City’s Miscellaneous Pension Side Fund. The lease payments were assigned to Umpqua Bank which financed the project. The taxable interest rate allocable to the lease is 3.98% per annum.. The final principal payment of \$191,000 was paid on June 1, 2023.

On December 4, 2014, the Authority issued its \$5,470,000 Brisbane/Guadalupe Valley Municipal Improvement District Financing Authority (San Mateo County, California) Lease Revenue Refunding Bonds, Series 2014, to refund the outstanding Brisbane Public Financing Authority Lease Revenue Bonds, Series 2005B (City Hall Renovation and Expansion Project). Debt service on the bonds is paid by the City under a lease with the Authority. The bonds bear interest at various rates and are outstanding in the principal amount of \$3,665,000. The bonds mature on April 1, 2035.

On August 8, 2017, the City entered into a \$1,630,000 lease agreement with the Authority to refund bonds issued by the Brisbane Public Financing Authority in 2008 to finance a portion of the costs of the new City Library. renovations to the Brisbane City Hall. The lease payments were assigned to JPMorgan Chase Bank, N.A. which financed the project. The tax-exempt interest rate allocable to the lease is 2.21% per annum of which \$860,000 principal remains unpaid. The lease matures on April 1, 2029.

In 2018, the City entered into a \$1,700,000 unsecured loan agreement with the County to finance a portion of the costs of the new City Library. The interest rate on the loan is 1.20% per annum of which \$1,189,999 principal remains unpaid. The loan matures on April 15, 2033.

On Marc 24, 2022, the City entered into a \$4,355,000 lease agreement with the Authority to finance the the acquisition of a building in downtown Brisbane. The lease payments were assigned to Bank of the West which financed the project. The tax-exempt interest rate allocable to the lease is 3.250% per annum. The full amount of the principal remains unpaid. The lease matures on March 1, 2042.

Other Obligations. The City also has certain outstanding obligations relating to its water and sewer utilities and its marina that are not payable from the City’s general fund.

Overlapping Debt

Set forth below is a direct and overlapping debt report (the “Debt Report”) prepared by California Municipal Statistics, Inc. and effective May 1, 2023. The Debt Report is included for general information purposes only. Neither the City nor the Underwriter has reviewed the Debt Report for completeness or accuracy and neither the City nor the Underwriter makes any 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 respective percentage of the assessed valuation of the overlapping public agencies identified in column 1 which is represented by property located in 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 20
CITY OF BRISBANE
DIRECT AND OVERLAPPING BONDED DEBT
as of May 1, 2023

CITY OF BRISBANE

2022-23 Assessed Valuation: \$3,204,226,027

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 5/1/23</u>
San Mateo Community College District	1.111%	\$ 7,875,186
Jefferson Union High School District	11.759	29,433,784
Bayshore School District	17.331	1,563,256
Brisbane School District	60.966	<u>18,583,314</u>
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		\$57,455,540
<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>		
San Mateo County General Fund Obligations	1.111%	\$ 6,656,186
San Mateo County Board of Education Certificates of Participation	1.111	72,104
Jefferson Union High School District General Fund Obligations	11.759	5,584,349
City of Brisbane General Fund Obligations	100.000	8,880,000 (1)
City of Brisbane Pension Obligation Bonds	100.000	191,000
San Mateo County Mosquito and Vector Control District General Fund Obligations	1.111	<u>40,194</u>
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$21,423,833
<u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</u>	100.000%	\$5,105,000
COMBINED TOTAL DEBT		\$83,984,373 (2)

Ratios to 2022-23 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	1.79%
Total Direct Debt (\$9,071,000)	0.28%
Combined Total Debt	2.62%

Ratios to Successor Agency Redevelopment Incremental Valuation (\$1,059,929,515):

Total Overlapping Tax Increment Debt	0.48%
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Source: California Municipal Statistics, Inc.

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

STATE BUDGET INFORMATION

Information regarding the State Budget is regularly available at various State-maintained websites. The fiscal year 2023-24 State Budget described below can be found at the website of the Department of Finance, www.dof.ca.gov, under the heading “California Budget.” Additionally, an impartial analysis of the State’s Budgets is posted by the Office of the Legislative Analyst at www.lao.ca.gov. The information referred to is prepared by the respective State agency maintaining each website and not by the City, and neither the City nor the Underwriter takes responsibility for the continued accuracy of the internet addresses or for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated herein by these references.

State Budget Process. Through the State budget process, the State enacts legislation that significantly impacts the source, amount and timing of the receipt of revenues by local agencies, including the City. As in recent years, State budget deficits can result in legislation that adversely impacts local agency budgets.

The State’s fiscal year begins on July 1 and ends on June 30. The annual budget is proposed by the Governor by January 10 of each year for the next fiscal year (the “Governor’s Budget”). Under State law, the annual proposed Governor’s Budget cannot provide for projected expenditures more than projected revenues and balances available from prior fiscal years. Following the submission of the Governor’s Budget, the Legislature takes up the proposal.

Under the State Constitution, money may be drawn from the Treasury only through an appropriation made by law. The primary source of the annual expenditure authorizations is the Budget Act as approved by the Legislature and signed by the Governor. The Budget Act must be approved by a two-thirds majority vote of each House of the Legislature. The Governor may reduce or eliminate specific line items in the Budget Act or any other appropriations bill without vetoing the entire bill. Such individual line-item vetoes are subject to override by a two-thirds majority vote of each House of the Legislature.

Appropriations also may be included in legislation other than the Budget Act. Bills containing appropriations (except for K-14 education) must be approved by a two-thirds majority vote in each House of the Legislature and be signed by the Governor. Bills containing K-14 education appropriations only require a simple majority vote. Continuing appropriations, available without regard to fiscal year, may also be provided by statute or the State Constitution.

Funds necessary to meet an appropriation need not be in the State Treasury at the time such appropriation is enacted; revenues may be appropriated in anticipation of their receipt.

Recent State Budgets. Certain information about the State budgeting process and the State Budget is available through several State sources. A convenient source of information is the State’s website, where recent official statements for State bonds are posted. The references to internet websites shown below are shown for reference and convenience only; the information contained within the websites has not been reviewed by the County and is not incorporated herein by reference.

The State Treasurer’s Internet home page at www.treasurer.ca.gov, under the heading “Financial Information,” posts the State’s audited financial statements. In addition, the “Financial Information” section includes the State’s Rule 15c2-12 filings for State bond issues. The “Financial Information” section also includes the “Overview of the State Economy and Government, State Finances, State Indebtedness, Litigation” from the State’s most current Official Statement, which discusses the State budget and the state budget process in greater detail.

The State Legislative Analyst’s Office (“LAO”) prepares analyses of the proposed and adopted State budgets. The analyses are accessible on the Legislative Analyst’s Internet home page at www.lao.ca.gov under the heading “Products.”

Fiscal Year 2023-24 Proposed State Budget. On January 10, 2023, Governor Gavin Newsom released his Proposed FY2023-24 State Budget (the “Proposed State Budget”). The Proposed State Budget forecasts general fund revenues \$29.5 billion lower than the level in the FY2022-23 State Budget, leading to an estimated budget gap of \$22.5 billion in FY2023-24. The primary driver of the decline in general fund revenues are reductions in withholding and capital gains taxes, inherently volatile revenues sources that can vary significantly from year to year depending on macroeconomic conditions such as inflation, federal reserve bank interest rate increases, and stock market declines. To preserve the state’s ability to respond to any potentially significant negative changes to the outlook in early 2023, the Proposed State Budget does not propose to suspend deposits to or draw from the state’s reserve accounts to close the budget gap and maintains the public school system stabilization account, safety net reserve, and budget stabilization accounts at or above fiscal year 2022-23 levels.

In order to close the estimated \$22.5 billion budget gap, the Proposed State Budget includes measures to delay or forgo certain near-term spending and to delay or preempt certain multi-year investments. Proposed measures included in the Proposed State Budget and their estimated savings include:

- Funding Delays—\$7.4 billion. Delay funding for multiple items across the 2021-22 through 2023-24 fiscal years spread across additional years without reducing the total amount of funding.
- Reductions/Pullbacks—\$5.7 billion. Reduce spending across the 2021-22 through 2023-24 fiscal years and pull back certain items that were included in the 2022-23 Budget Act to provide additional budget resilience. Significant items in this category include the \$3 billion included in the 2022-23 Budget as an inflationary adjustment, and a \$750 million Unemployment Trust Fund payment in fiscal year 2023-24.
- Fund Shifts—\$4.3 billion. Shift certain expenditures in the 2022-23 and 2023-24 fiscal years from the general fund to other funds. These include (1) shifting various California State University (CSU) capital outlay projects to CSU issued debt with the state providing support for the underlying debt service, (2) reverting certain bonds to cash projects from the 2022-23 Budget Act back to bonds, and (3) shifting certain Zero Emission Vehicle commitments to the Greenhouse Gas Reduction Fund.
- Trigger Reductions—\$3.9 billion. Reduce funding for certain items in the 2020-21 through 2023-24 fiscal years and places them in a “trigger” that would restore the reductions if it is determined that sufficient funds will be available to cover certain commitments. These items are primarily in the areas of Climate and Transportation (\$3.1 billion), Housing (\$600 million), Parks (\$106 million) and Workforce Training (\$55 million).
- Additional Revenue Generation—\$1.2 billion. Augment general fund revenues primarily by renewing the State’s Managed Care Organization Tax.

Though the measures included in the Proposed State Budget are adequate to close the budget gap, considerable risks to the State’s economy remain if the State’s economy slips into a recession in the coming months.

LAO’s Analysis of the Proposed State Budget. On January 13, 2023, the Legislative Analyst’s Office (“LAO”) released its analysis (the “LAO Analysis”) of the Proposed State Budget. The LAO Analysis confirms that the measures included in the Proposed State Budget are sufficient to close the estimated budget gap projected in both the Proposed State Budget and the LAO Analysis without using funds from the state’s reserves. The LAO Analysis approves of the Proposed State Budget’s use of spending-related reductions and delays because of the manageable size of the budget gap and the preservation of the State’s reserves that could be needed to address downside risks to revenues posed by the presently heightened risk of recession. Despite the adequacy of the solutions in the Proposed State Budget, the LAO recommends the state legislature: (1) plan for a larger budget problem and (2) address that larger problem by reducing more one-time and temporary spending.

May Revision to Fiscal Year 2023-24 Proposed State Budget. On May 12, 2023, Governor Gavin Newsom released the May Revision to the Proposed FY2023-24 State Budget (the “May Revision”). The May Revision projects a revenue shortfall, after transfers and adjustments, of \$9.3 billion in addition to the \$22.5 billion shortfall already projected in the Proposed FY2023-24 State Budget. The additional revenue shortfall results in part from higher-than-expected inflation rates, lower-than-expected tax receipts, and the State’s decision to let taxpayers in winter-storm effected counties delay the filing of their tax returns. When combined with, and accounting for slight adjustments to the \$22.5 billion shortfall in the Proposed FY2023-24 State Budget, the May Revision projects a \$31.5 billion shortfall.

The May Revision projects a level of \$37.2 billion in total budgetary reserves and does not project a need to draw on any of the State’s reserves except for a portion of the Safety Net Reserve. The projected reserve levels in the May Revision includes \$22.3 billion in the Budget Stabilization Account, \$10.7 billion in the Public School System Stabilization Account, \$450 million in the Safety Net Reserve (net of the \$450 million dollar draw), and \$3.8 billion in the state’s operating reserve, the Special Fund for Economic Uncertainties.

The May Revision addresses the projected additional \$9.3 billion budget shortfall through several solutions to be considered in addition to those already included in the Proposed FY2023-24 State Budget, including:

- Spending Reductions and Pullbacks — Reduction of an additional \$1.1 billion in spending across the State’s 2021-22 through 2023-24 fiscal years. The reductions in the May Revision generally reflect reversions of unused funds, rather than cuts to programs. For example, \$200 million in unallocated Middle Class Tax Refunds, \$149.4 million in unused funds for the Utility Arrearages Program, and \$280 million of unspent funds for the 2021-22 fiscal year for CalWORKs county administration and services will revert to the General Fund.
- Delayed Spending — Delays an additional \$695 million across the multi-year budget period without reducing the total amount of funding through the same period. Major items in this category at the May Revision include: \$295 million moved into the out-years for the Foreclosure Intervention Housing Prevention Program (while maintaining \$205 million in the current year and budget year).

- Fund Shifts— Includes \$3.3 billion in shifts of spending commitments from the General Fund to other funds. Major items in this category at the May Revision include \$1.1 billion in climate related investments shifted to a climate bond, \$635 million of Zero Emission Vehicle investments shifted to Greenhouse Gas Reduction Fund, and \$1.1 billion for student housing projects shifted to bonds.
- Revenue/Borrowing — Includes \$3.7 billion in revenue and borrowing, which consist primarily of an additional \$2.5 billion from the Managed Care Organization tax and \$1.2 billion in additional borrowing from special funds.
- Safety Net Reserve Withdrawal — Includes the withdrawal of \$450 million from the Safety Net Reserve. This represents half of the funds available in the reserve, leaving a balance of \$450 million if subsequently needed.

The Governor notes in the May Revision that the State faces additional financial risks to its finances that could result from the economic fallout from a debt limit impasse if congress is unable or unwilling to raise the federal debt limit, continued inflation and interest rate growth, uncertainty in the financial system caused by the failures of regional banks, and the difficulty in projecting tax revenues due to the tax returns from most counties in the State not being due until October. These financial risks could result in additional budget shortfalls that would need to be addressed by the State’s Final FY2023-24 State Budget, expected to be adopted before the June 15 deadline and signed by the Governor prior to July 1.

Additional Information. For additional information regarding the Proposed State Budget, please see the Department of Finance website at ebudget.ca.gov. For additional information regarding the LAO Analysis, please see the Legislative Analyst’s Office website at lao.ca.gov. The City can take no responsibility for the continued accuracy of the above-referenced internet address as for the or for the accuracy, completeness, or timeliness of information posted therein, and such information is not incorporated herein by reference.

While the City expects that the Proposed State Budget will have a materially negative effect on its finances, the City cannot predict such impacts with certainty. Additionally, the City cannot predict the accuracy of any projections made in the Proposed State Budget.

Future State Budgets. The City receives a portion of its funding from the State. Changes in the revenues received by the State can affect the amount of funding, if any, to be received from the State by the City and other cities in the State.

In addition, the City cannot predict the outcome of current and future State budget negotiations, the impact that such budgets will have on its finances and operations or what actions will be taken in the future by the State Legislature and Governor to deal with changing State revenues and expenditures. Current and future State budgets will be affected by national and State economic conditions and other factors over which the City has no control. See also “RISK FACTORS—Dependence on State for Certain Revenues.”

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES, REVENUES AND APPROPRIATIONS

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

Article XIII A of the State Constitution

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

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

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

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

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

Article XIII B of the California Constitution

In addition to the limits Article XIII A imposes on property taxes that may be collected by local governments, certain other revenues of the State and most local governments are subject to an annual “appropriations limit” imposed by Article XIII B which effectively limits the amount of such revenues those

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

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

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

The City has never exceeded its appropriations limit.

Articles XIII C and XIII D (Proposition 218) of the California Constitution

On November 5, 1996, the voters of the State approved Proposition 218, a constitutional initiative, entitled the “Right to Vote on Taxes Act” (“Proposition 218”). Proposition 218 added Articles XIII C and XIII D to the California Constitution and contained a number of interrelated provisions affecting the ability of local governments, including the City, to levy and collect both existing and future taxes and assessments, fees and charges.

Article XIII C and XIII D of the State Constitution

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

On November 2, 2010, California voters approved Proposition 26, entitled the “Supermajority Vote to Pass New Taxes and Fees Act.” Section 1 of Proposition 26 declares that Proposition 26 is intended to limit the ability of the State Legislature and local government to circumvent existing restrictions on increasing taxes by defining the new or expanded taxes as “fees.” Proposition 26 amended Articles XIII A and XIII C of the State Constitution. The amendments to Article XIII A limit the ability of the State

Legislature to impose higher taxes (as defined in Proposition 26) without a two-thirds vote of the Legislature. The amendments to Article XIIIIC 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 XIIIIC 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 XIIIID also adds several provisions making it generally more difficult for local agencies to levy and maintain property-related fees, charges, and assessments for municipal services and programs.

Reduction or Repeal of Taxes, Assessments, Fees and Charges. Article XIIIIC 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.

Burden of Proof. Article XIIIIC 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 XIIIID 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 XIIIID.

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

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.

Proposition 19

Proposition 19, entitled “Property Tax Transfers, Exemptions, and Revenue for Wildfire Agencies and Counties Amendment,” was approved by the voters of the State in November 2020. Proposition 19 amends Article XIII A 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 the impact that Proposition 19 might have on assessed values or property tax revenues in the City, or any other impacts on the local economy or the City’s financial condition.

Taxpayer Protection and Government Accountability Act Initiative

On February 1, 2023, the California Secretary of State announced that a ballot initiative, designated as Initiative 1935 and known as the “Taxpayer Protection and Government Accountability Act,” had received the required number of signatures to appear on the November 5, 2024 ballot.

If approved by a majority of voters casting a ballot at the November 5, 2024 Statewide election, Initiative 1935 would make numerous significant changes to Articles XIII, XIII A, XIII C and XIII D of the California Constitution to further limit the authority of local governments, and electors via the initiative process, to adopt and impose taxes and fees. The full text of Initiative 1935 may be viewed at the website of the California Attorney General.

The City cannot predict whether Initiative 1935 will be approved by a majority of voters casting a ballot at the November 5, 2024 Statewide election. If Initiative 1935 is approved, the City cannot provide any assurances as to the effect of the implementation or judicial interpretations of Initiative 1935 on the finances of the State or the City.

Future Initiatives

Articles XIII A, XIII B, XIII C and XIII D and Propositions 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.

RISK FACTORS

This section provides a general overview of certain risk factors which should be considered, in addition to the other matters set forth in this Official Statement, in evaluating an investment in the Bonds. This section is not meant to be a comprehensive or definitive discussion of the risks associated with an investment in the Bonds, and the order in which this information is presented does not necessarily reflect the relative importance of various risks. Potential investors in the Bonds are advised to consider the following factors, among others, and to review this entire Official Statement to obtain information essential to the making of an informed investment decision. Any one or more of the risk factors discussed below, among others, could lead to a decrease in the market value and/or in the marketability of the Bonds. There can be no assurance that other risk factors not discussed herein will not become material in the future.

Limited Obligation

The Bonds are not City debt and are limited obligations of the Authority. Neither the full faith and credit of the Authority nor the City is pledged for the payment of the interest on or principal of the Bonds nor for the payment of Lease Payments. The Authority has no taxing power. The obligation of the City to pay Lease Payments when due is an obligation payable from amounts in the general fund of the City. The obligation of the City to make Lease Payments under the Lease Agreement does not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. Neither the Bonds nor the obligation of the City to make Lease Payments under the Lease Agreement constitute a debt or indebtedness of the Authority, the City, the State or any of its political subdivisions, within the meaning of any constitutional or statutory debt limitation or restrictions.

Lease Payments Are Not Debt

The obligation of the City to make the Lease Payments under the Lease Agreement does not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. Neither the Bonds nor the obligation of the City to make Lease Payments constitute a debt of the City, the State or any political subdivision thereof (other than the Authority) within the meaning of any constitutional or statutory debt limitation or restriction.

The Bonds are not general obligations of the Authority, but are limited obligations payable solely from and secured by a pledge of Revenues and amounts held in the funds and accounts created under the Indenture, consisting primarily of Lease Payments. The Authority has no taxing power.

Although the Lease Agreement does not create a pledge, lien or encumbrance upon the funds of the City, the City is obligated under the Lease Agreement to pay the Lease Payments from any source of legally available funds and the City has covenanted in the Lease Agreement that, for so long as the Property is available for its use, it will make the necessary annual appropriations within its budget for the Lease Payments. The City is currently liable and may become liable on other obligations payable from general revenues, some of which may have a priority over the Lease Payments, or which the City, in its discretion, may determine to pay prior to the Lease Payments.

The City has the capacity to enter into other obligations payable from the City's general fund, without the consent of or prior notice to the Owners of the Bonds. To the extent that additional obligations

are incurred by the City, the funds available to make Lease Payments may be decreased. In the event the City's revenue sources are less than its total obligations, the City could choose to fund other municipal services before making Lease Payments. The same result could occur if, because of State constitutional limits on expenditures, the City is not permitted to appropriate and spend all of its available revenues. The City's appropriations, however, have never exceeded the limitations on appropriations under Article XIII B of the California Constitution. For information on the City's current limitations on appropriations, see "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES, REVENUES AND APPROPRIATIONS–Article XIII B of the California Constitution."

Cash Management

The City has numerous internal or external means to manage its cash flow, including but not limited to interfund borrowing, intrafund borrowing and tax and revenue anticipation notes which may be employed to the extent the City Council is required to make budget adjustments in order to maintain a balanced budget. If the City does not take required actions and the budget remains out of balance, the cash requirements of the City may exceed available cash flow. The ability of the City to borrow on an interim basis to meet any cash shortfalls also may be limited if the budget remains out of balance for a sustained period of time. The City has the legal authority to issue "warrants" in place of cash to meet various types of expenditures or appropriations as an additional means to manage its cash flow. See "CITY FINANCIAL INFORMATION."

Additional Obligations of the City

The Lease Agreement does not prohibit the City from incurring additional lease and other obligations payable from the City's General Fund.

Valid and Binding Obligation to Budget and Appropriate

Pursuant to the Lease Agreement, the City covenants to take such action as may be necessary to include Lease Payments due in its annual budgets and to make necessary appropriations for all such payments. Such covenants are deemed to be duties imposed by law, and it is the duty of the public officials of the City to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the City to carry out and perform such covenants. A court, however, in its discretion may decline to enforce such covenants. Upon issuance of the Bonds, Bond Counsel will render its opinions (substantially in the form of APPENDIX E–PROPOSED FORM OF BOND COUNSEL OPINION) to the effect that, subject to the limitations and qualifications described therein, the Lease Agreement constitutes a valid and binding obligation of the City. As to the Authority's practical realization of remedies upon default by the City, see "–Limitations on Remedies."

Abatement

In the event of loss or substantial interference in the use and possession by the City of all or any portion of the Property caused by material damage, title defect, destruction to or condemnation of the Property, Lease Payments will be subject to abatement. In the event that such component of the Property, if damaged or destroyed by an insured casualty, could not be replaced during the period of time that proceeds of the City's rental interruption insurance will be available in lieu of Lease Payments, or in the event that casualty insurance proceeds or condemnation proceeds are insufficient to provide for complete repair or replacement of such component of the Property or prepayment of the Bonds, there could be

insufficient funds to make payments to Owners in full. Reduction in Lease Payments due to abatement as provided in the Lease Agreement does not constitute a default thereunder.

It is not possible to predict the circumstances under which such an abatement of rental may occur. In addition, there is no statute, case or other law specifying how such an abatement of rental should be measured. For example, it is not clear whether fair rental value is established as of commencement of the lease or at the time of the abatement. If the latter, it may be that the value of the Property is substantially higher or lower than its value at the time of the execution and delivery of the Bonds. Abatement, therefore, could have an uncertain and material adverse effect on the security for and payment of the Bonds.

No Acceleration Upon Default

In the event of a default, there is no remedy of acceleration of the total Lease Payments due over the term of the Lease Agreement and the Trustee is not empowered to sell a fee simple interest in the Property and use the proceeds of such sale to prepay the Bonds or pay debt service thereon. Any suit for money damages would be subject to limitations on legal remedies against public agencies in the State, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest as described below.

Limitation on Remedies

The enforcement of any remedies provided in the Lease Agreement and the Indenture could prove both expensive and time consuming. Although the Lease Agreement provides that if the City defaults the Trustee may reenter the Property and re-let the Property, portions of the Property may not be easily recoverable, and even if recovered, could be of little value to others because of the Property's specialized nature. Additionally, the Trustee may have limited ability to re-let the Property to provide a source of rental payments sufficient to pay the principal of and interest on the Bonds so as to preserve the tax-exempt nature of interest on the Bonds. The Trustee is not obligated to re-let the Property in a manner so as to preserve the tax-exempt nature of interest on the Bonds. Furthermore, due to the governmental nature of the Property, it is not certain whether a court would permit the exercise of the remedy of re-letting with respect thereto.

Alternatively, the Trustee may terminate the Lease Agreement and proceed against the City to recover damages pursuant to the Lease Agreement. Any suit for money damages would be subject to limitations on legal remedies against public agencies in the State, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest.

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

legitimate public purpose. Under Chapter 9 of the Bankruptcy Code (Title 11, United States Code), which governs bankruptcy proceedings for public agencies, there are no involuntary petitions in bankruptcy. If the City were to file a petition under Chapter 9 of the Bankruptcy Code, the Owners, the Trustee and the Authority could be prohibited or severely restricted from taking any steps to enforce their rights under the Lease Agreement and from taking any steps to collect amounts due from the City under the Lease Agreement.

Bond Counsel has limited its opinion as to the enforceability of the Bonds and of the Indenture to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium, or other similar laws affecting generally the enforcement of creditor's rights, by equitable principles and by the exercise of judicial discretion. Additionally, the Bonds are not subject to acceleration in the event of the breach of any covenant or duty under the Indenture. The lack of availability of certain remedies or the limitation of remedies may entail risks of delay, limitation or modification of the rights of the Bondowners.

Concentration of Revenue Sources

The City's General Fund receives significant tax revenues that are generated from a small number of taxpayers. The City's recycling business license tax revenue is generated from a single taxpayer, Recology, the operator of a transfer station and hazardous waste facility located within the City. The recycling business license tax revenue from Recology has accounted for approximately ___% of the City's total General Fund revenues in recent years. Approximately 69% of the City's sales and use taxes revenues are generated by the five largest businesses operating within the City. The City's top twenty property taxpayers represent nearly half of the total amount of assessed value, with the two largest property taxpayers, owners of office campuses at Sierra Point, representing 10.40% and 8.17% of the assessed value. Additionally, the City's transient occupancy tax revenues are generated primarily from two hotels.

The revenue sources discussed above are discussed throughout this official statement, including "CITY FINANCIAL INFORMATION - Primary Sources of General Fund Revenues," "-Property Taxes," "-Sales and Use Taxes," "-Recycling Business License Taxes," and "-Transient Occupancy Taxes" herein. Such sections should be read in their entirety. The City is not aware of any plans by Recology to terminate operations at the transfer station and hazardous waste facility and expects operations at the facility to continue due to the proximity of the facility to Recology's service area. The City is not currently aware of any plans by its largest sales and use tax generators, its largest property taxpayers, or the two hotels to cease operations in the City.

Risk of Uninsured Loss Including Seismic Loss

The City, like much of California, is subject to seismic activity that could result in interference with its right to use and possession of the Property. The two faults likely to have the most impact on the County are the West Los Angeles Fault and Concord-Green Valley Fault Zone. The City is not obligated under the Lease Agreement to procure and maintain, or cause to be procured and maintained, earthquake insurance on the Property. Depending on its severity, an earthquake could result in abatement of Lease Payments under the Lease Agreement. See "—Abatement." The occurrence of severe seismic activity in the area of the Property could result in substantial damage and interference with the City's right to use and occupy all or a portion of the Property and result in Lease Payments being subject to abatement. See "—Abatement" above.

There can be no assurance that the providers of the City's liability and rental interruption insurance will in all events be able or willing to make payments under the respective policies for such loss should a claim be made under such policies. Further, there can be no assurances that amounts received as proceeds from insurance or from condemnation of the Property will be sufficient to redeem the Bonds.

Under the Lease Agreement the City may obtain casualty insurance which provides for a deductible up to \$250,000. Should the City be required to meet such deductible expenses, the availability of general fund revenues to make Lease Payments may be correspondingly affected.

Eminent Domain

If the Property is taken permanently under the power of eminent domain or sold to a government threatening to exercise the power of eminent domain, the term of the Lease Agreement will cease as of the day possession is taken. If less than all of the Property is taken permanently, or if the Property or any part thereof is taken temporarily, under the power of eminent domain, (a) the Lease Agreement will continue in full force and effect and will not be terminated by virtue of such taking, and (b) there will be a partial abatement of Lease Payments as a result of the application of net proceeds of any eminent domain award to the prepayment of the Lease Payments, in an amount to be agreed upon by the City and the Authority such that the resulting Lease Payments represent fair consideration for the use and occupancy of the remaining usable portion of the Property.

Bankruptcy

The City is not subject to the involuntary procedures of the United States Bankruptcy Code (the "Bankruptcy Code"). However, pursuant to Chapter 9 of the Bankruptcy Code, the City may seek voluntary protection from its creditors for purposes of adjusting its debts. In the event the City were to become a debtor under the Bankruptcy Code, the City would be entitled to all of the protective provisions of the Bankruptcy Code as applicable in a Chapter 9 proceeding. Among the adverse effects of such a bankruptcy might be: (i) the application of the automatic stay provisions of the Bankruptcy Code, which, until relief is granted, would prevent collection of payments from the City or the commencement of any judicial or other action for the purpose of recovering or collecting a claim against the City; (ii) the avoidance of preferential transfers occurring during the relevant period prior to the filing of a bankruptcy petition; (iii) the existence of unsecured or court-approved secured debt which may have a priority of payment superior to that of Owners of Bonds; and (iv) the possibility of the adoption of a plan for the adjustment of the City's debt (a "Plan") without the consent of the Trustee or all of the Owners of Bonds, which Plan may restructure, delay, compromise or reduce the amount of any claim of the Owners if the Bankruptcy Court finds that the Plan is fair and equitable.

In addition, the City could either reject the Lease Agreement or assume the Lease Agreement despite any provision of the Lease Agreement which makes the bankruptcy or insolvency of the City an event of default thereunder. In the event the City rejects the Lease Agreement, the Trustee, on behalf of the Owners of the Bonds, would have a pre-petition claim that may be limited under the Bankruptcy Code and treated in a manner under a Plan over the objections of the Trustee or Owners of the Bonds. Moreover, such rejection would terminate the Lease Agreement and the City's obligations to make payments thereunder.

The Authority is a public agency and, like the City, is not subject to the involuntary procedures of the Bankruptcy Code. The Authority may also seek voluntary protection under Chapter 9 of the Bankruptcy

Code. In the event the Authority were to become a debtor under the Bankruptcy Code, the Authority would be entitled to all of the protective provisions of the Bankruptcy Code as applicable in a Chapter 9 proceeding. Such a bankruptcy could adversely affect the payments under the Indenture. Among the adverse effects might be: (i) the application of the automatic stay provisions of the Bankruptcy Code, which, until relief is granted, would prevent collection of payments from the Authority or the commencement of any judicial or other action for the purpose of recovering or collecting a claim against the Authority; (ii) the avoidance of preferential transfers occurring during the relevant period prior to the filing of a bankruptcy petition; (iii) the existence of unsecured or court-approved secured debt which may have priority of payment superior to that of the Owners of the Bonds; and (iv) the possibility of the adoption of a plan for the adjustment of the Authority's debt without the consent of the Trustee or all of the Owners of the Bonds, which plan may restructure, delay, compromise or reduce the amount of any claim of the Owners if the Bankruptcy Court finds that the Plan is fair and equitable. However, the bankruptcy of the Authority, and not the City, should not affect the Trustee's rights under the Lease Agreement. The Authority could still challenge the assignment, and the Trustee and/or the Owners of the Bonds could be required to litigate these issues in order to protect their interests.

No Liability of Agency to Owners

Except as expressly provided in the Indenture, the Authority will not have any obligation or liability to the Owners of the Bonds with respect to the payment when due of the Lease Payments by the City, or with respect to the performance by the City of other agreements and covenants required to be performed by it contained in the Lease Agreement or the Indenture, or with respect to the performance by the Trustee of any right or obligation required to be performed by it contained in the Indenture.

Tax Audit

The Internal Revenue Service (the "IRS") has an ongoing program of examining tax-exempt obligations to determine whether, in the view of the IRS, interest on such obligations is properly excluded from gross income for federal income tax purposes. It is possible that the Bonds or other tax-exempt obligations of the City may be selected for examination under such program. There is no assurance that an IRS examination of the Bonds or other tax-exempt obligations of the City will not adversely affect the market value of the Bonds. See "TAX MATTERS."

The City has not been contacted by the IRS regarding the examination of any of its bond transactions.

Hazardous Substances

One of the most serious risks in terms of the potential reduction in the value or use of a parcel of property is a claim with regard to a hazardous substance. In general, the owners, lessors and/or lessees of a parcel of real property may be required by law to remedy conditions of the parcel relating to releases or threatened releases of hazardous substances. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as "CERCLA" or the "Superfund Act," is the most well-known and widely applicable of these laws, but California laws with regard to hazardous substances are also stringent and similar in application. Under many of these laws, the owner (or operator) is obligated to remedy a hazardous substance condition of property whether or not the owner (or operator) has contributed to or caused contamination with the hazardous substances. The effect, therefore, should property in the City be affected by a hazardous substance, is to reduce both marketability and the value of property by the costs of remedying the condition. While the City is not currently aware of any such

condition, it is possible that such hazardous substance conditions do currently exist and that the City has not been made aware of their existence.

Natural Calamities/Climate Change

General. From time to time, the City has been and could be subject to natural calamities, including, but not limited to, earthquake, flood, sea level rise, or wildfire, that may adversely affect economic activity in the City, and which could have a negative impact on City finances. The risks of landslide, severe storms, sea level rise, and wildfire are all impacted by climate change. There can be no assurance that the occurrence of any natural calamity would not cause substantial damage to persons, property and structures in the City and could have a substantial negative effect on the City’s General Fund.

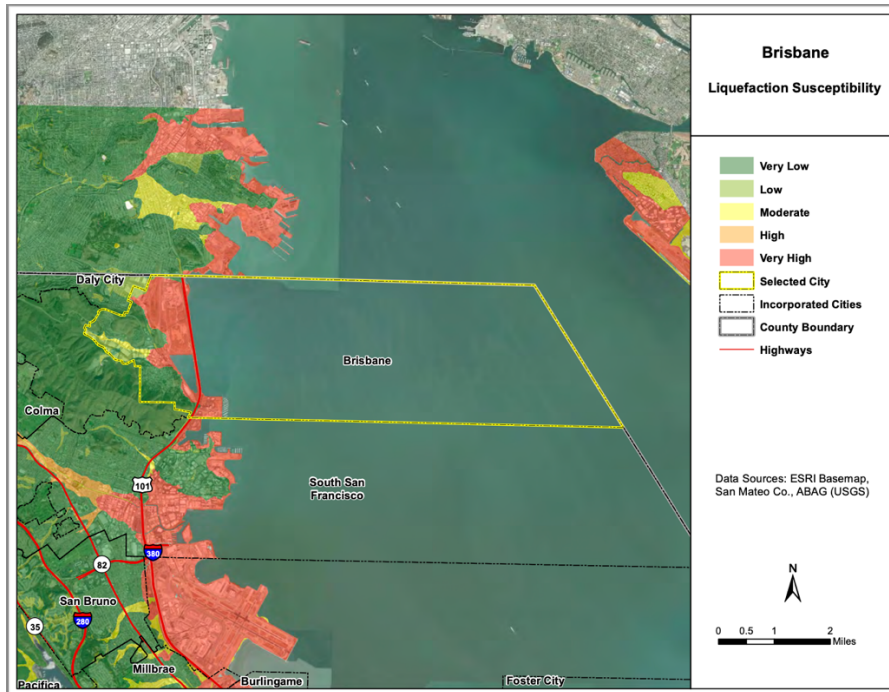
Seismic. There are many faults running through the Bay Area - The San Andreas Fault, The Hayward Fault, The Calaveras Fault and the Rogers Creek Fault. The San Andreas Fault is the dominant structure in the system, nearly spanning the length of California, and capable of producing the highest magnitude earthquakes. Many other subparallel or branch faults within the San Andreas system are equally active and capable of generating large earthquakes. A map of the major fault lines in the Bay Area is provided below.



Figure 10-2. Significant Known Faults in the Bay Area

Soil liquefaction can occur when water-saturated sands, silts or gravelly soils are shaken so violently that the individual grains lose contact with one another and float freely in the water, turning the ground into

a pudding- like liquid. Building and road foundations lose load-bearing strength and may sink into what was previously solid ground. Unless properly secured, hazardous materials can be released, causing significant damage to the environment and people. A map of areas of the City susceptible to liquefaction is provided below.



Earthquakes can also cause disastrous landslides. River valleys are vulnerable to slope failure, often as a result of loss of cohesion in clay-rich soils. Earthen dams and levees are highly susceptible to seismic events, and the impacts of their eventual failures can be considered secondary risk exposure to earthquakes. Depending on the location, earthquakes can also trigger tsunamis. Additionally, fires can result from gas lines or power lines that are broken or downed during the earthquake. It may be difficult to control a fire, particularly if the water lines feeding fire hydrants are also broken.

The last earthquake with a magnitude over 5.0 with an epicenter in San Mateo County was the 1957 Daly City earthquake, with a magnitude of 5.3. While the epicenter of the magnitude 7.8 earthquake in 1906 on the San Andreas Fault was not within the County, it still caused extreme ground shaking. A similar earthquake in the future would likely do the same. The bay margins are likely to experience liquefaction in a major earthquake.

The following table lists the dates, magnitude, and epicenters of recent earthquakes of 5.0 magnitude or greater within a 100-mile radius of the County.

Table 10-3. Recent Earthquakes Magnitude 5.0 or Larger Within 100-Mile radius

Date	Magnitude	Epicenter Location
8/24/2014	6.0	6 miles southwest of Napa, CA
10/31/2007	5.6	10 miles northeast of San Jose, CA
8/10/2001	5.50	9 miles west of Portola, CA
9/3/2000	5.17	8 miles northwest of Napa, CA
10/17/1989	7.1	10 miles northeast of Santa Cruz, CA
3/31/1986	5.70	12 miles east-northeast of Milpitas, CA

Source: USGS, 2021a

Drought. Drought conditions are likely to become more frequent and persistent over the 21st century due to climate change. Before reaching a crisis level, a prolonged drought in the City could have economic, environmental and social impacts for the City. Water companies may have to spend more money on new or additional water supplies resulting in increased costs for the consumer. Lower levels of water could cause more wildfires and loss of wetlands. There could be a threat to public safety in the form of health problems related to dust, lower water flows and poor water quality. There also could be damage to landscaping and city trees as well as an increased fire hazard. At a crisis level, the City, along with all the Bay Area would be severely impacted. This could result in water rationing.

The County receives 92 percent of its water through the regional Hetch Hetchy Water System, with the remainder of the County's water supply coming from surface, ground, and recycled water. The water system was so named because 85 percent of the water supply comes from the Sierra Nevada snowmelt stored in the Hetch Hetchy reservoir along the Tuolumne River in Yosemite National Park; the remaining 15 percent comes from runoff in the Alameda and Peninsula watersheds.

The Hetch Hetchy Water System (was approved in 1913 under the Raker Act, which allowed use of federal lands in the Sierra Nevada Mountains to build that water system. The system was constructed by San Francisco over 20 years, with first delivery of water in 1934. Although San Francisco owns the system, it was designed from the beginning to serve as a regional water supply system.

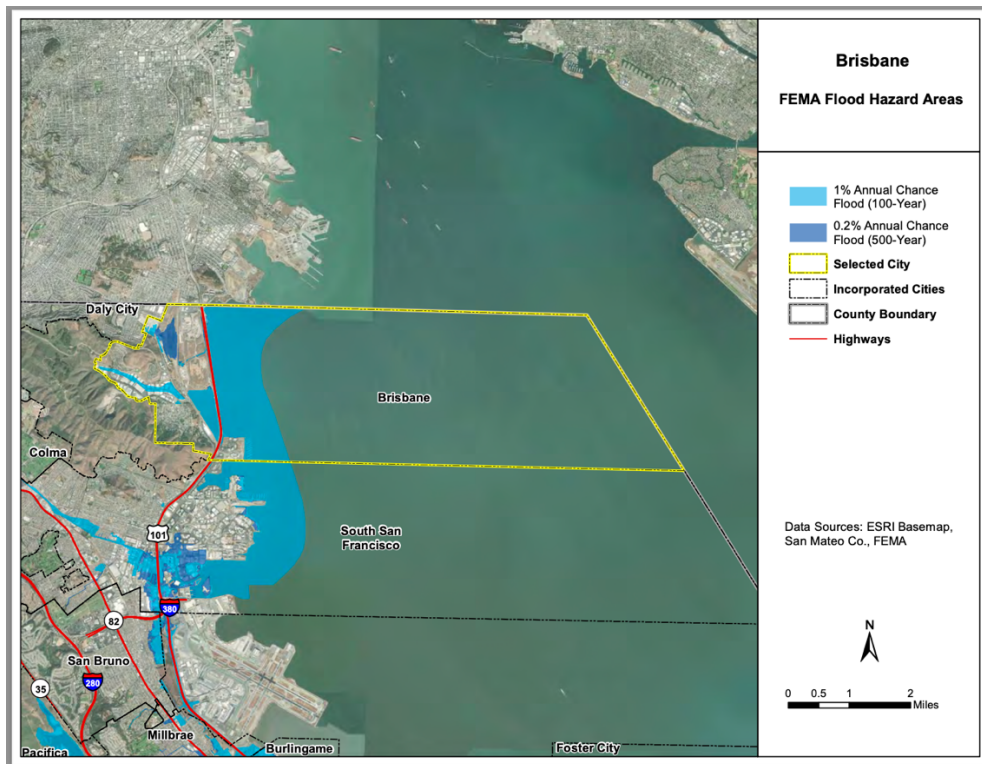
The Bay Area Water Supply Conservation Agency ("BAWSCA") is the main water provider for much of the Bay Area. It allows the County and its cities, water districts, and private utilities to coordinate to ensure the continual water supply necessary to maintain health, safety, and economic wellbeing of the community. BAWSCA agencies manage two-thirds of water consumption from the Hetch Hetchy Water System, providing water to 2.4 million people in San Francisco, Santa Clara, Alameda, and San Mateo Counties. In San Mateo County, BAWSCA services Brisbane, Burlingame, Daly City, East Palo Alto, Hillsborough, Menlo Park, Millbrae, Redwood City, San Bruno, Coastside County Water District, Estero Municipal Improvement District, Guadalupe Valley Municipal Improvement District, Mid-Peninsula Water District, Westborough Water District, and California Water Service Company (private utility).

The City and the County have experienced a number of droughts in recent years, including major droughts in 1976 to 1977, 1987 to 1992, 2007 to 2009, 2012 to 2017 and, most recently, 2020 until the present. Recent droughts have had significant effects on the southern coastline of the County because many community members in this area rely on creeks and wells that have stopped flowing. Rural communities in the County faced stringent limitations on bathing, using toilets, and washing items, and many ranches and farms in the area saw significant economic downturns. Urban parts of the San Francisco Bay area, including the City, experienced limitations in order to conserve water, but not to the extent imposed on rural community members.

The severity of any given drought depends on the degree of moisture deficiency, the duration, and the size and location of the affected area. The longer the duration of the drought and the larger the area impacted, the more severe the potential impacts.

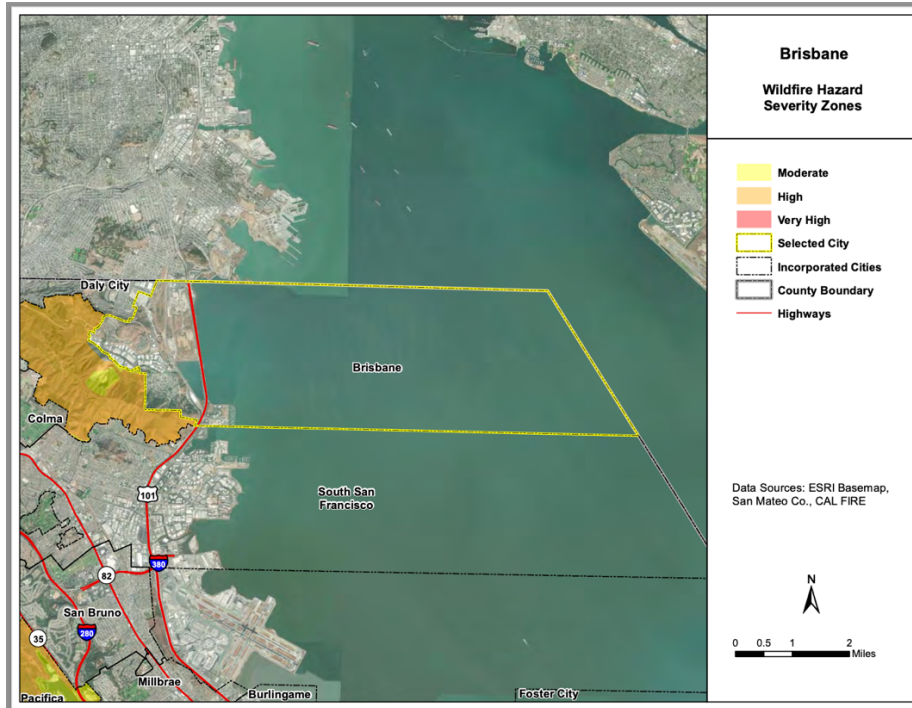
Flooding. While the City's assets are protected from historical floodplains, with more climate change-driven intense precipitation events there may be more frequent inundation of vulnerable assets. In a 100-year flood, which has a one percent chance of flooding in a given year, the City's parks along the Bay may be inundated. The peninsula may also be affected, but impacts are expected to be limited to the docks and boat slips. The 500-year flood, which has a 0.2 percent chance in a given year, does not have an

increased impact on the shoreline. The assets exposed to flooding near the Bay in Emeryville are strategically placed to reduce the risk of damage. The marina docks are meant to adjust to changing water levels and the parks are well suited to serve as storm barriers, minimizing the risk of flooding in the City.



Wildfire. In recent years, wildfires have caused extensive damage to cities throughout the State. In some instances, entire neighborhoods have been destroyed. Areas effected by wildfires may be more prone to flooding and mudslides.

Due to the City’s adjacency to the State & County Park of San Bruno Mountain, most of our southern and western portion of the City is a wildland urban interface potential fire area. The adjacent State parkland has been designated a State Responsibility Area, where the State of California is financially responsible for the prevention and suppression of wildfires. Fires have periodically occurred in this area since recorded time prior to the City’s incorporation in 1961, with the most recent major event occurring in 2006. Although these events have fortunately not expanded to require a state proclamation or federal declaration of disaster, the potential impact of fires originating in the wildland and impacting the urban area of the City is an ongoing focus of concern. A map of areas of the City susceptible to wildfire hazards is provided below.



Climate Change/Sea Level Rise. Climate change caused by human activities may have adverse effects on the City and its finances. Climate change can also result in more variable weather patterns throughout the State, rising bay water levels, increased risk of flooding, changes in salinity and tidal patterns of San Francisco Bay, coastal erosion, drought, water restrictions and vegetation changes. Portions of the City are located adjacent to the San Francisco Bay and may be negatively impacted by these and other results of climate change. The City considers the potential effects of climate change in its planning.

Flooding, erosion, and sea level rise not only directly threaten people and property in the sea level rise hazard areas, but they also affect all communities in the County, even those on high ground. Such indirect effects are present because assets and infrastructure in the sea level rise areas provide critical services and functions to communities outside these areas. The County is already exposed to present-day flooding when large rain events coincide with high tides on the San Francisco Bay, making it imperative to create action steps to reduce risk. Vulnerable assets are located along both the Pacific Coast and the San Francisco Bay; they include critical infrastructure (police stations, hospitals, wastewater treatment plants, and schools); essential regional transportation networks and infrastructure (Bay Area Rapid Transit, Caltrain, Highway 101, State Route 1); and important regional natural and recreational assets (Pacifica State Beach, the California Coastal Trail, and the Ravenswood Pond Complex).

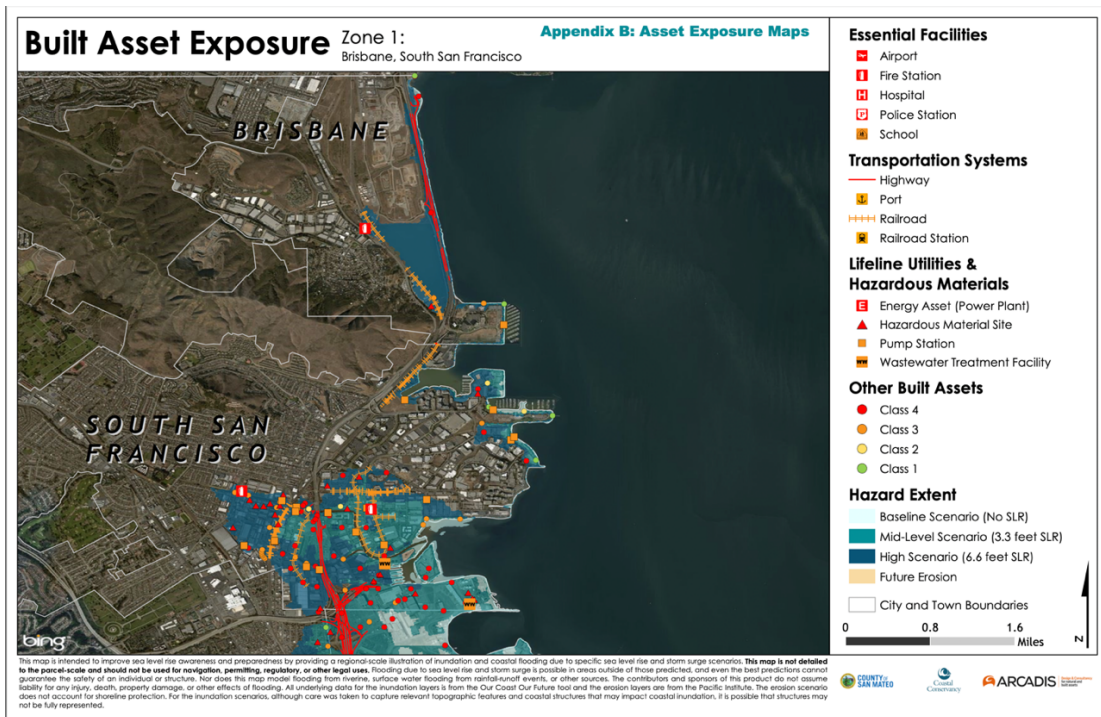
Given current trends in greenhouse gas emissions and increasing global temperatures, sea level rise is expected to accelerate in the coming decades, with scientists projecting an increase in sea level in the San Francisco area by 2100 of anywhere from 1.0 to 10.2 feet. Damaging coastal flooding events over the next few decades are likely to be dominated by large El Niño-driven storms in combination with high tides and large waves. Impacts will generally become more frequent and more severe in the latter half of this century.

In response to the risks associated with climate change and rising sea levels, the County established the Sea Change SMC Initiative in 2015. The purpose of the SMC Initiative is to facilitate coordinated Countywide action on sea level rise. The first two tasks under Sea Change SMC included commencement

of the San Mateo County Sea Level Rise Vulnerability Assessment (the “SLR Assessment”) and initiating a community engagement process to build support for cross jurisdictional collaboration.

The SLR Assessment, which was supported and funded by the County and the California State Coastal Conservancy, began in 2015 and covers the entire County except the area south of Half Moon Bay. The goals of the Assessment were to assess vulnerability, identify impacts of flooding and erosion on people, places, and critical infrastructure, and provide a menu of actionable solutions to protect people and places.

A map of asset exposure in Zone 1 of the County (which includes the City), excerpted from the SLR Assessment is provided below. The map shows the areas of the City and surrounding area that vulnerable given certain levels of sea rise. The vulnerable areas of the City include lands adjacent to the San Francisco Bay, the Brisbane Lagoon, the Marina, and the Sierra Point development.



Source: San Mateo County Sea Level Rise Vulnerability Assessment Report.

In addition to identifying the risks associated with sea level rise in the County, the SLR Assessment also contains suggestions for near and long-term policy guidance for to mitigate the risks of sea level rise at the building, neighborhood, city, and regional levels.

For a full copy of the SLR Assessment and for additional discussion of sea level rise, climate change, and their effects on the County, please visit the SMC Initiative’s website at <https://seachangesmc.org>. This website and the full SLR Assessment are not incorporated herein by this reference.

OneShoreline. The City also is a member of OneShoreline, a flood and sea level rise resiliency district comprised of San Mateo County and the County’s 20 incorporated cities. OneShoreline was founded to improve the resiliency of coastal areas to the climate change-related impacts of sea level rise, flooding, and coastal erosion. OneShoreline coordinates the planning, design, permitting, funding, and construction of complex cross-jurisdictional projects. OneShoreline is actively engaged in a number of sea

level rise mitigation projects throughout the County. For additional information about OneShoreline, including a list of OneShoreline's current projects, please visit Oneshoreline's website at <https://oneshoreline.org/>. This website is not incorporated herein by this reference.

The City's Climate Action Plan. On September 17, 2015, Brisbane adopted its first Climate Action Plan, which established a greenhouse gas emission reduction goal of 15% below 2005 levels by the year 2020. This plan is a comprehensive and strategic approach to sustainability, recommending actions that will engage all members of Brisbane's community in this journey to protect our environment. A Sustainability Framework was also developed to identify key sustainability principles to be addressed in future Baylands development. The City's Climate Action Plan and Sustainability Framework can be viewed on the City's website at www.brisbaneca.org/publicworks/page/sustainability. Such website is not incorporated herein by this reference.

Projections of the impacts of global climate change on the City are complex and depend on many factors that are outside the City's control. The various scientific studies that forecast the amount and timing of adverse impacts of climate change are based on assumptions contained in such studies, but actual events may vary materially. Also, the scientific understanding of climate change and its effects continues to evolve. Accordingly, the City is unable to forecast with certainty when adverse impacts of climate change will occur or the extent of such impacts. While the impacts of climate change may be mitigated by the City's past and future investment in adaptation strategies, the City can give no assurance about the net effects of those strategies and whether the City will be required to take additional adaptive mitigation measures.

Risk of Changing Economic Conditions

While the City has historically enjoyed strong economic and financial performance, the City faces several long-term financial challenges including climate change and sea level rise, changes to the economy of the region and the nation, and the management of pension and post-employment retirement obligations. While the City has adopted measures and policies to better position its operating budgets for future risks and future economic downturns, such measures may not be sufficient.

The general economy of the City is also subject to the types of risks generally associated with all urban real estate markets. Real estate prices may be adversely affected by changes in general economic conditions, fluctuations in the real estate market and interest rates, unexpected increases in home improvement costs and by other similar factors.

Public Health Emergencies

The COVID-19 Pandemic is ongoing, and its duration and severity and economic effects are uncertain in many respects and difficult to forecast. The ultimate impacts of the COVID-19 Pandemic on the City's operations and financings and on the local economy, real estate market and development within the City is not fully known, and it may be some time before the full adverse impact of the COVID-19 Pandemic is known. Further, there could be future outbreaks of other COVID-19 variants or other public health emergencies that could have material adverse effects on the City's operations and finances.

Potential Impact of State Financial Condition on the City

During the most recent recession, the State faced a structural deficit that resulted in substantial annual deficits and reductions in expenditures. Although the State has had a budget surplus in the more

recent fiscal years, according to the State there remain a number of major risks and pressures that threaten the State's financial condition, including the threat of recession, potential changes to federal fiscal policies and unfunded long-term liabilities of more than \$200 billion related to pensions and other post-retirement benefits. These risks and financial pressures could result in future reductions or deferrals in amounts payable to the City. The State's financial condition and budget policies affect local public agencies throughout California. To the extent that the State budget process results in reduced revenues to the City, the City will be required to adjust its budget. State budget policies can also impact conditions in the local economy and could have an adverse effect on the local economy and the City's major revenue sources.

No prediction can be made by the City as to whether the State will encounter budgetary problems in future fiscal years, and if it were to do so, it is not clear what measures would be taken by the State to balance its budget, as required by law. In addition, the City cannot predict the final outcome of future State budget negotiations, the impact that such budgets will have on City finances and operations or what actions will be taken in the future by the Legislature and the Governor to deal with changing State revenues and expenditures. There can be no assurance that actions taken by the State to address its financial condition will not materially adversely affect the financial condition of the City. Current and future State budgets will be affected by national and State economic conditions and other factors over which the City has no control (see "STATE BUDGET INFORMATION"). The ability of the state to divert funds from the City has been limited by Proposition 1A and Proposition 22, which are discussed herein. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES, REVENUES AND APPROPRIATIONS."

Limited Secondary Market

As stated herein, investment in the Bonds poses certain economic risks which may not be appropriate for certain investors, and only persons with substantial financial resources who understand the risk of investment in the Bonds should consider such investment. There can be no guarantee that there will be a secondary market for purchase or sale of the Bonds or, if a secondary market exists, that the Bonds can or could be sold for any particular price.

Pension Benefit Liability

Many factors influence the amount of the City's pension benefit liabilities, including, without limitation, inflationary factors, changes in statutory provisions of CalPERS retirement system laws, changes in the level 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 (including but not limited to the assumed rate of return), and differences between actual and anticipated investment experience of CalPERS. Any of these factors could give rise to additional liability of the City to its pension plans as a result of which the City would be obligated to make additional payments to its pension plans in order to fully fund the City's obligations to its pension plans.

Risks Related to Cyber Security

The City relies on computers and technology to conduct its operations. The City and its departments face cyber threats from time to time including, but not limited to, hacking, viruses, malware and other forms of technology attacks. The City owns and operates its own enterprise class data network serving the municipal city government and its operations. The City has retained information technology professionals to support, maintain and protect these operations locally in a purpose-built and physically

secure environment. This network and its operations are governed by and in compliance with all applicable governmental regulations as well as the City's own administrative regulations. Within the City's operations and guidance is an active cyber-security program designed to protect from, and to quickly identify and mitigate, a multitude of complex security threats. While no network is completely immune from all possible compromise, the City exercises its due diligence in protecting the data it possesses and the systems it operates. To date, there have been no significant cyber-attacks on the City's computers and technologies.

The City participates in a core cyber liability coverage through its participation in the Alliant Property Insurance Program (APIP) for property coverage as a member of the Bay City Joint Powers Insurance Authority (BCJPIA). BCJPIA is in the process of creating a pooled cyber liability insurance program for excess coverage in which the City expects to participate. To maintain eligibility, the program requires annual cyber audits where a plan must be presented within 90 days to address any deficiencies.

While the City routinely maintains its technology systems and continuously implements new information security controls, no assurances can be given that the City's security and operational control measures will be successful in guarding against all cyber threats and attacks. The results of any attack on the City's computer and technology could negatively impact the City's operations, and the costs related to such attacks could be substantial.

Changes in Law

There can be no assurance that the electorate of the State will not at some future time adopt additional initiatives or that the Legislature will not enact legislation that will amend the laws or the Constitution of the State resulting in a reduction of the general fund revenues of the City and consequently, having an adverse effect on the security for the Bonds.

MUNICIPAL ADVISOR

JNA Consulting Group, LLC (the "Municipal Advisor"), is registered as a "Municipal Advisor" with the Securities Exchange Commission and Municipal Securities Rulemaking Board. The Municipal Advisor has assisted the Authority and the City in connection with the planning, structuring, sale and issuance of the Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification of or to assume responsibilities for the accuracy, completeness or fairness of the information contained in this Official Statement not provided by the Municipal Advisor. The fees of the Municipal Advisor in respect to the Bonds are contingent upon their sale and delivery. The Municipal Advisor is an independent advisory firm and not engaged in the business of underwriting, trading or distributing municipal or other public securities.

LEGAL MATTERS

All legal matters in connection with the issuance, sale and delivery of the Bonds are subject to the approval of Quint & Thimmig LLP, Larkspur, California, Bond Counsel. Bond Counsel's opinion with respect to the Bonds will be substantially in the form set forth in APPENDIX E—PROPOSED FORM OF BOND COUNSEL OPINION. Certain legal matters will also be passed on for the Authority by Quint & Thimmig LLP, as Disclosure Counsel, and for the Authority by the City Attorney. Certain legal matters will be passed upon for the Underwriter by Kutak Rock LLP, Irvine, California. The fees and expenses of Bond

Counsel, Disclosure Counsel and Underwriter's Counsel are contingent upon the issuance and delivery of the Bonds.

ABSENCE OF LITIGATION

At the time of issuance of the Bonds, the Authority and the City will certify that there is no action, suit, proceeding, inquiry, or investigation, at law or in equity, before or by any court or regulatory agency, public board, or body pending or threatened against the City or the Authority affecting their existence or the titles of their respective officers or seeking to restrain or to enjoin the issuance, sale, or delivery of the Bonds, or the application of the proceeds thereof in accordance with the Indenture, or in any way contesting or affecting the validity or enforceability of the Bonds, any agreement entered into between the City and any purchaser of the Bonds, the Lease Agreement, the Indenture, the Site and Facility Lease or any other applicable agreements or any action of the City or the Authority contemplated by any of said documents, or in any way contesting the completeness or accuracy of this Official Statement or any amendment or supplement thereto, or contesting the powers of the City or the Authority or their authority with respect to the Bonds or any action of the City or the Authority contemplated by any of said documents, nor, to the knowledge of the City or the Authority, is there any basis therefor.

RATING

S&P Global Ratings, a Standard & Poor's Financial Services LLC business ("S&P"), has assigned the rating of "____" to the Bonds. Such rating reflects only the view of S&P and any desired explanation of the significance of such rating should be obtained from S&P at 55 Water Street, New York, NY 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. There is no assurance such rating will continue for any given period of time or that such rating will not be revised downward or withdrawn entirely by S&P if in the judgment of S&P, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price for the Bonds.

CONTINUING DISCLOSURE

Pursuant to Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"), the City has covenanted to provide certain financial information and operating data relating to the City and the balances of funds relating to the Bonds, by not later than March 31 of each fiscal year commencing with the report for the Fiscal Year ending June 30, 2022 (the "Annual Information"), and to provide notices of the occurrence of certain enumerated events, if deemed by the City to be material. The Annual Information and notices of material events will be filed by the City or the Dissemination Agent, with the Municipal Securities Rulemaking Board via its Electronic Municipal Market Access ("EMMA") system. The nature of the information to be provided in the Annual Information and the notices of material events is set forth in APPENDIX F—FORM OF CONTINUING DISCLOSURE CERTIFICATE.

During the past five years City has not failed to make all required filings with EMMA [TO BE CONFIRMED].

TAX MATTERS

Federal tax law contains a number of requirements and restrictions which apply to the Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters. The County has covenanted to comply with all requirements that must be satisfied in order for the interest on the Bonds to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the Bonds to become includible in gross income for federal income tax purposes retroactively to the date of delivery of the Bonds.

Subject to compliance by the County with certain covenants, in the opinion of Bond Counsel, under present law, interest on the Bonds is excludible from gross income of the owners thereof for federal income tax purposes and is not includible as an item of tax preference in computing the federal alternative minimum tax for individuals under the Internal Revenue Code of 1986, as amended (the "Code"). For tax years beginning after December 31, 2022, interest on the Bonds may affect the corporate alternative minimum tax for certain corporations.

In rendering its opinion, Bond Counsel will rely upon certifications of the County with respect to certain material facts within the County's knowledge. Bond Counsel's opinion represents its legal judgment based upon its review of the law and the facts that it deems relevant to render such opinion and is not a guarantee of a result.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Bonds should consult their tax advisors as to applicability of any such collateral consequences.

The issue price for original issue discount (as further discussed below) and market discount purposes (the "OID Issue Price") for each maturity of the Bonds is the price at which a substantial amount of such maturity of the Bonds is first sold to the public (excluding bond houses and brokers and similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The OID Issue Price of a maturity of the Bonds may be different from the price set forth, or the price corresponding to the yield set forth, on the inside cover page hereof.

If the OID Issue Price of a maturity of the Bonds is less than the principal amount payable at maturity, the difference between the OID Issue Price of each such maturity, if any, of the Bonds (the "OID Bonds") and the principal amount payable at maturity is original issue discount.

For an investor who purchases an OID Certificate in the initial public offering at the OID Issue Price for such maturity and who holds such OID Certificate to its stated maturity, subject to the condition that the County complies with the covenants discussed above, (a) the full amount of original issue discount with respect to such OID Certificate constitutes interest which is excludable from the gross income of the owner thereof for federal income tax purposes; (b) such owner will not realize taxable capital gain or market discount upon payment of such OID Certificate at its stated maturity; (c) such original issue discount is not included as an item of tax preference in computing the alternative minimum tax for individuals under the Code; and (d) the accretion of original issue discount in each year may result in certain collateral federal

income tax consequences in each year even though a corresponding cash payment may not be received until a later year. Owners of OID Bonds should consult their own tax advisors with respect to the state and local tax consequences of original issue discount on such OID Bonds.

Owners of Bonds who dispose of Bonds prior to the stated maturity (whether by sale, redemption or otherwise), purchase Bonds in the initial public offering, but at a price different from the OID Issue Price or purchase Bonds subsequent to the initial public offering should consult their own tax advisors.

If a Certificate is purchased at any time for a price that is less than the Certificate's stated redemption price at maturity or, in the case of an OID Certificate, its OID Issue Price plus accreted original issue discount reduced by payments of interest included in the computation of original issue discount and previously paid (the "Revised Issue Price"), the purchaser will be treated as having purchased a Certificate with market discount subject to the market discount rules of the Code (unless a statutory de minimis rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a Certificate is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser's election, as it accrues. Such treatment would apply to any purchaser who purchases an OID Certificate for a price that is less than its Revised Issue Price even if the purchase price exceeds par. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such Certificate. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the Bonds.

An investor may purchase a Certificate at a price in excess of its stated principal amount. Such excess is characterized for federal income tax purposes as "bond premium" and must be amortized by an investor on a constant yield basis over the remaining term of the Certificate in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium relating to a tax-exempt bond. The amortized bond premium is treated as a reduction in the tax-exempt interest received. As bond premium is amortized, it reduces the investor's basis in the Certificate. Investors who purchase a Certificate at a premium should consult their own tax advisors regarding the amortization of bond premium and its effect on the Certificate's basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the Certificate.

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to Bonds delivered prior to enactment. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

The Internal Revenue Service (the "Service") has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the Service will commence an audit of the Bonds. If an audit is commenced, under current procedures the Service may treat the County as a taxpayer and the Owners may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Bonds until the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax-exempt obligations, including the Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any Certificate owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any Certificate owner who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

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

Ownership of the Bonds may result in other State and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Bonds. Prospective purchasers of the Bonds should consult their tax advisors regarding the applicability of any such State and local taxes.

The complete text of the final opinion that Bond Counsel expects to deliver upon the issuance of the Bonds is set forth in APPENDIX E—PROPOSED FORM OF BOND COUNSEL OPINION.

UNDERWRITING

Following a negotiated sale, the Bonds are being purchased by Oppenheimer & Co., Inc. (the “Underwriter”) at a price of \$_____.00 (equal to the principal amount of the Bonds of \$_____, plus an original issue premium of \$_____, less an Underwriter’s discount of \$_____). The reoffering yield and/or prices of the Bonds are shown on the cover . After a bona fide initial public offering at the price stated on the cover page hereof, the Underwriter may offer and sell the Bonds to certain dealers and others at prices lower than the initial public offering price. The offering price may be changed from time to time by the Underwriter.

FINANCIAL STATEMENTS

The City’s financial statements for the Fiscal Year ended June 30, 2022, included in APPENDIX B—ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE CITY FOR THE FISCAL YEAR ENDED JUNE 30, 2022, have been audited by the City’s Auditor, as stated in its reports appearing in such appendix. The City’s Auditor has not undertaken to update its reports or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by the City’s Auditor with respect to any event subsequent to its report.

OTHER INFORMATION

All summaries and explanations of the Indenture, the Lease Agreement and the other documents referred to herein are qualified in their entirety by reference to such documents, and references herein to the Bonds are qualified in their entirety by reference to the form thereof included in the Indenture.

Any statements in this Official Statement involving matters of opinion are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Authority and the purchasers or owners of the Bonds.

Copies of the Indenture and the Lease Agreement are available for inspection from the Trustee.

MISCELLANEOUS

Insofar as any statements made in this Official Statement involve matters of opinion, assumptions, projections, anticipated events or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact, and actual results may differ substantially from those set forth herein. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the owners of the Bonds.

The summaries of certain provisions of the Bonds, statutes and other documents or agreements referred to in this Official Statement do not purport to be complete, and reference is made to each of them for a complete statement of their provisions. Copies are available for review by making requests to the City.

The Appendices are an integral part of this Official Statement and must be read together with all other parts of this Official Statement. The audited financial statements of the City, including a summary of significant accounting policies, for the Fiscal Year ended June 30, 2022, are contained in Appendix B.

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

BRISBANE/GUADALUPE VALLEY
MUNICIPAL IMPROVEMENT DISTRICT
FINANCING AUTHORITY

By _____
Executive Director

CITY OF BRISBANE

By _____
City Manager

APPENDIX A

GENERAL, ECONOMIC AND DEMOGRAPHIC INFORMATION RELATING TO THE CITY AND THE COUNTY

The following information concerning the City of Brisbane and San Mateo County is included only for the purpose of supplying general information regarding the City and the County. The Bonds are not a debt of the County, the State or any of its political subdivisions, and none of the County, the State nor any of their political subdivisions, except for the City, are liable therefor.

Although reasonable efforts have been made to include up-to-date information in this Appendix A, some of the information is not current due to delays in reporting of information by various sources. It should not be assumed that the trends indicated by the following data would continue beyond the specific periods reflected herein.

Introduction

City of Brisbane. The City was incorporated on November 27, 1961, as a general law city under the laws of the State of California (the “State”). The City is located in in San Mateo County (the “County”) and is bordered by the cities of San Francisco, Daly City, and South San Francisco. The San Bruno Mountain range surrounds the City to west and the San Francisco Bay is the easterly border of the City. The City’s borders encompass approximately 20.1 square miles (3.1 sq. mi. land and 17 sq. mi. or 85% water). The main arterial road serving Brisbane is Bayshore Boulevard. The boulevard continues north to San Francisco and south to South San Francisco and San Francisco International Airport. U.S. Route 101 also goes past the city on the eastern side adjacent to San Francisco Bay. The City is part of the general San Francisco/Silicon Valley area with a largely commuter workforce.

San Mateo County. The County is one of nine counties bordering San Francisco Bay. It covers most of the San Francisco Peninsula. The County is the third-smallest county in the State by land area. San Francisco International Airport is located at the northern end of the county, and Silicon Valley begins at the southern end. The County’s built-up areas are mostly suburban with some areas being very urban and are home to several corporate campuses for companies. The County hosts the headquarters of Visa Inc, Sony Interactive Entertainment, Electronic Arts, YouTube, Genentech, and Gilead Sciences, as well as a hub of venture capital firms in Menlo Park and several other technology-related companies.

Population

The table below summarizes population of the City, the County, and the State for the last five years.

CITY OF BRISBANE, SAN MATEO COUNTY, and CALIFORNIA Population

Year	City of Brisbane	San Mateo County	State of California
2018	4,654	770,927	39,519,535
2019	4,642	771,160	39,605,361
2020	4,621	771,061	39,648,938
2021	4,789	751,596	39,303,157
2022 ⁽¹⁾	4,721	744,662	39,185,605

Source: California Department of Finance, E-4 Population Estimate for Cities, Counties, and the State, 2010-22, with 2010 Census Benchmark.

(1) Latest available data.

Employment

The following table summarizes historical employment and unemployment for the County, the State and the United States:

SAN MATEO COUNTY, CALIFORNIA, and UNITED STATES Civilian Labor Force, Employment, and Unemployment (Annual Averages)

Year	Area	Labor Force	Employment	Unemployment	Unemployment Rate ⁽¹⁾
2018	San Mateo County	454,900	444,900	10,000	2.2
	California	19,398,200	18,582,800	815,400	4.2
	United States	162,075,000	155,761,000	6,314,000	3.9
2019	San Mateo County	460,000	450,600	9,400	2.0
	California	19,411,600	18,627,400	784,200	4.0
	United States	163,539,000	157,538,000	6,001,000	3.7
2020	San Mateo County	433,900	404,100	29,700	6.9
	California	18,821,200	16,913,100	1,908,100	10.1
	United States	160,742,000	147,795,000	12,947,000	8.1
2021	San Mateo County	431,200	411,500	19,700	4.6
	California	18,923,200	17,541,900	1,381,200	7.3
	United States	161,204,000	152,581,000	8,623,000	5.3
2022 ⁽²⁾	San Mateo County	431,200	411,500	19,700	4.6
	California	19,252,000	18,440,900	811,100	4.2
	United States	164,287,000	158,291,000	5,996,000	3.6

Source: California Employment Development Department, Monthly Labor Force Data for Counties, Annual Average 2010-22, and US Department of Labor.

- (1) The unemployment rate is computed from unrounded data; therefore, it may differ from rates computed from rounded figures available in this table.
- (2) Latest available full-year data.

Major Employers in the City and the County

The following table lists the top 10 employers within the City for the 2021 calendar year.

CITY OF BRISBANE Top 10 Employers For the 2021 Calendar Year ⁽¹⁾

<u>Employer</u>	<u>Employees</u>	<u>% of Total</u>
Cutera Inc.	298	11.04%
LeeMAH Electronics Inc.	230	8.52
Bi-Rite Foodservice Distributors	225	8.33
Expeditors Intl Inc	199	7.37
The Realreal Inc	188	6.96
Ultragenyx Pharmaceutical Inc	163	6.04
Cal Pacific Systems	160	5.93
Transdev Services Inc	159	5.89
Amazon Fresh	158	5.85
Greenleaf	122	4.52
Total Top 10	<u>1,902</u>	<u>70.44%</u>

Source: City of Brisbane 2021-22 Annual Comprehensive Financial Report.

(1) Latest available full-year data.

The following table lists the top 10 employers within the County for the 2021 calendar year.

SAN MATEO COUNTY Top 10 Employers For the 2021 Calendar Year ⁽¹⁾

<u>Employer</u>	<u>Employees</u>	<u>% of Total</u>
Meta (Facebook Inc.)	15,407	3.51%
Genentech Inc.	12,000	2.73
Oracle Corp.	9,149	2.08
United Airlines	7,894	1.80
San Mateo County	5,705	1.30
Gilead Sciences Inc.	4,190	.95
YouTube	2,384	.54
Sony Interactive Entertainment	1,855	.42
Alaska Airlines	1,591	.36
Electronic Arts Inc.	1,478	.34
Total Top 10	<u>61,653</u>	<u>14.03%</u>

Source: San Mateo County Fiscal Year 2021-22 ACFR.

(2) Latest available full-year data.

Construction Activity

The following table reflects the five-year history of building permit valuation for the City and the County:

CITY OF BRISBANE Building Permits and Valuation (Dollars in Thousands)

	2017	2018	2019	2020 ⁽¹⁾	2021 ⁽²⁾
<u>Permit Valuation:</u>					
New Single-family	\$ 1,200	\$ 4,750	\$ 4,645	n/a	\$ 2,133
New Multi-family	925	-	-		-
Res. Alterations/Additions	1,697	2,269	1,020		1,607
Total Residential	3,822	7,019	5,665		3,740
Total Nonresidential	20,572	148,520	9,345		1,520
Total All Building	24,394	155,540	15,011		5,260
<u>New Dwelling Units:</u>					
Single Family	2	8	5		3
Multiple Family	3	-	-		-
Total	5	8	5		3

SAN MATEO COUNTY Building Permits and Valuation (Dollars in Thousands)

	2017	2018	2019	2020	2021 ⁽²⁾
<u>Permit Valuation:</u>					
New Single-family	\$ 338,186	\$ 330,908	\$ 486,257	\$ 273,328	\$ 371,580
New Multi-family	210,996	195,226	322,896	154,590	223,839
Res. Alterations/Additions	503,351	424,804	365,784	310,315	282,684
Total Residential	1,052,534	950,939	1,174,938	738,234	878,103
Total Nonresidential	2,390,996	2,555,752	1,419,871	1,379,975	990,221
Total All Building	3,443,530	3,506,691	2,594,809	2,118,209	1,868,325
<u>New Dwelling Units:</u>					
Single Family	441	443	497	548	657
Multiple Family	1,169	1,046	1,049	439	638
Total	1,610	1,489	1,546	987	1,295

Source: Construction Industry Research Board: "Building Permit Summary."

Note: Columns may not sum to totals due to independent rounding.

(1) 2020 data for Brisbane is not available.

(2) Latest available full year data.

Household 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 nation for the past five years.

**CITY OF BRISBANE, SAN MATEO COUNTY,
STATE OF CALIFORNIA AND UNITED STATES
Median Household Effective Buying Income**

	2018	2019	2020	2021	2022
City of Brisbane	\$ 83,429	\$ 91,375	\$ 97,414	\$ 111,077	\$ 117,969
San Mateo County	93,319	96,614	102,641	120,425	123,273
California	62,637	65,870	67,956	77,058	77,175
United States	52,841	55,303	56,790	64,448	65,326

Source: Nielsen, Inc.

APPENDIX B

**ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE CITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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APPENDIX C
CITY INVESTMENT POLICY

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APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE LEGAL DOCUMENTS

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4. The Lease Agreement has been duly approved by the City and the Authority and constitutes a legal, valid and binding obligation of the City and the Authority enforceable against the City and the Authority in accordance with its terms.

5. The Indenture establishes a valid first and exclusive lien on and pledge of the Revenues (as such term is defined in the Indenture) and other funds pledged thereby for the security of the Bonds, in accordance with the terms of the Indenture.

6. Subject to the Authority's and the City's compliance with certain covenants, under present law, interest on the Bonds is excludible from gross income of the owners thereof for federal income tax purposes and is not includible as an item of tax preference in computing the alternative minimum tax for individuals under the Internal Revenue Code of 1986, as amended (the "Code"). For tax years beginning after December 31, 2023, interest on the Bonds may affect the corporate alternative minimum tax for certain corporations. Failure to comply with certain of such Authority and City covenants could cause interest on the Bonds to be includible in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

7. Interest on the Bonds is exempt from personal income taxation imposed by the State of California.

Ownership of the Bonds may result in other tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds, the Indenture and the Lease Agreement may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and also may be subject to the exercise of judicial discretion in accordance with general principles of equity.

Our opinion represents our legal judgment based upon such review of the law and the facts that we deem relevant to render our opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

APPENDIX F

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This CONTINUING DISCLOSURE CERTIFICATE (the “Disclosure Certificate”) is executed and delivered by the CITY OF BRISBANE, CALIFORNIA (the “City”) in connection with the issuance by the Brisbane/Guadalupe Valley Municipal Improvement District Financing Authority (the “Authority”) of its \$ _____* Brisbane/Guadalupe Valley Municipal Improvement District Financing Authority Lease Revenue Bonds, Series 2023 (the “Bonds”). The Bonds are being issued pursuant to an Indenture of Trust, dated as of June 1, 2023 (the “Indenture”), by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”). Pursuant to Section 5.11 of that certain Lease Agreement, dated as of June 1, 2023, by and between the Authority and the City, the City covenants and agrees as follows:

Section 1. Definitions. In addition to the definitions set forth above and, in the Trust Agreement, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section 1, 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 the date that is nine months after the end of the City’s fiscal year (currently March 31 based on the City’s fiscal year end of June 30).

“*Dissemination Agent*” shall mean, initially, NBS or any successor Dissemination Agent designed in writing by the City and which has been filed with the then current Dissemination Agent a written acceptance of such designation.

“*Fiscal Year*” means any twelve-month period beginning on October 1 in any year and extending to the next succeeding September 30, both dates inclusive, or any other twelve-month period selected and designated by the City as its official fiscal year period under a certificate of the City filed with the Trustee.

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

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

“*Participating Underwriter*” means collectively, Oppenheimer & Co., Inc., the original Underwriter of the Bonds.

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

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

Section 2. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2- 12(b)(5).

* Preliminary, subject to change.

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, 2024, with the report for fiscal year 2022-23 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 Significant Event under Section 5(c). 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 in a timely manner shall provide (or cause the Dissemination Agent to provide) to the MSRB, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A.

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

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

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

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

(a) *Financial Statements.* Audited financial statements of the City for the preceding fiscal year, prepared in accordance with generally accepted accounting principles. If the City's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) *Other Annual Information.* Unless otherwise provided in the audited financial statements filed on or prior to the annual filing deadline for Annual Reports provided for in Section 3 above, financial information and operating data with respect to the City for preceding fiscal year, of the type provided in Tables _____ and _____ in the official statement for the Bonds in the section therein entitled "CITY FINANCIAL INFORMATION."

(c) *Cross References.* Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which are available to the public on EMMA. The City shall clearly identify each such other document so included by reference.

If the document included by reference is a final official statement, it must be available from EMMA.

(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 Significant Events.

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

(i) Principal and interest payment delinquencies;

(ii) Non-payment related defaults, if material;

(iii) Unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) Unscheduled draws on credit enhancements reflecting financial difficulties;

(v) Substitution of credit or liquidity providers, or their failure to perform;

(vi) 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 security, or other material events affecting the tax status of the security;

(vii) Modifications to rights of security holders, if material;

(viii) Bond calls, if material, and tender offers;

(ix) Defeasances;

(x) Release, substitution, or sale of property securing repayment of the securities, if material;

(xi) Rating changes;

(xii) Bankruptcy, insolvency, receivership or similar event of the City or other obligated person;

(xiii) The consummation of a merger, consolidation, or acquisition involving the City or an obligated person, or the sale of all or substantially all of the assets of the City or an obligated person (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;

(xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material;

(xv) The incurrence of a financial obligation of the City or other obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City or other obligated person, any of which affect security holders, if material; or

(xvi) A default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the City or other obligated person, any of which reflect financial difficulties.

(b) Whenever the City obtains knowledge of the occurrence of a Significant 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

Significant Event. Notwithstanding the foregoing, notice of Significant Events described in subsection (a)(viii) 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 Trust Agreement.

(c) The City acknowledges that the events described in subparagraphs (a)(ii), (a)(vii), (a)(viii) (if the event is a bond call), (a)(x), (a)(xiii), (a)(xiv) and (a) (xv) of this Section 5 contain the qualifier “if material.” 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 the City determines the event’s occurrence is material for purposes of U.S. federal securities law. The City intends that the words used in paragraphs (xv) and (xvi) and the definition of “financial obligation” to have the meanings ascribed thereto in SEC Release No. 34-83885 (August 20, 2018) or any further guidance or release provided by the SEC.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(xii) 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.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under this 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.

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 Dissemination Agent, with or without appointing a successor Dissemination Agent. 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 Trust Agreement for amendments to the Trust Agreement 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.

The Dissemination Agent shall not be obligated to enter into any amendment increasing or affecting its duties or obligations hereunder.

A notice of any amendment made pursuant to this Section 9 shall be filed in the same manner as for a Significant 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 Significant 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 Significant 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 Significant Event.

Section 11. Default. If the City fails to comply with any provision of this Disclosure Certificate, the Participating Underwriter 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 Trust Agreement, and the sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance.

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

(a) Article IX of the Trust Agreement is hereby made applicable to this Disclosure Certificate as if this Disclosure Certificate were (solely for this purpose) contained in the Trust Agreement. The Dissemination Agent shall be entitled to the protections and limitations from liability afforded to the Trustee thereunder. 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 they 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 by the City hereunder and shall not be deemed to be acting in any fiduciary capacity for the City, the Bond holders or any other party. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the 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 notices or communications to or among any of the parties to this Disclosure Certificate may be given as follows:

City: City of Brisbane
50 Park Place
Brisbane, CA 94005
Attention: Finance Director

Dissemination Agent: NBS
62605 Temecula Parkway, Suite 100
Temecula, CA 92592
Attention: _____

Participating Underwriter: Oppenheimer & Co., Inc.
580 California Street, Suite 2300
San Francisco, CA 94104
Attention: _____

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

Date: [Closing Date]

NBS, as Dissemination Agent

By _____
Authorized Officer

EXHIBIT A

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Obligor: City of Brisbane

Name of Issue: Brisbane/Guadalupe Valley Municipal Improvement District Financing Authority Lease Revenue Bonds, Series 2023

Date of Issuance: [Closing Date]

NOTICE IS HEREBY GIVEN that the Obligor has not provided an Annual Report with respect to the above-named Issue as required by the Continuing Disclosure Certificate, dated [Closing Date], furnished by the Obligor in connection with the Issue. The Obligor anticipates that the Annual Report will be filed by _____.

Date: _____

NBS, as Dissemination Agent

By _____
Authorized Officer

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APPENDIX G

BOOK-ENTRY ONLY SYSTEM

The following description of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, redemption premium, if any, and interest with respect to the Bonds to The Depository Trust Company (“DTC”), New York, NY, its Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the Bonds and other related transactions by and between DTC, its Participants and the Beneficial Owners is based solely on the understanding of the Authority of such procedures and record keeping from information provided by DTC. Accordingly, no representations can be made concerning these matters and neither DTC, its 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 its Participants, as the case may be. The City, the Authority, the Trustee and the Underwriter understand that the current “Rules” applicable to DTC are on file with the Securities and Exchange Commission and that the current “Procedures” of DTC to be followed in dealing with Participants are on file with DTC.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 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 users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC is rated AA+ by Standard & Poor’s. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized

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

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

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

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

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

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

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

The foregoing information concerning DTC and DTC's book-entry system has been provided by DTC, and neither the Authority nor the Trustee takes any responsibility for the accuracy thereof.

NEITHER THE AUTHORITY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS WITH RESPECT TO THE PAYMENTS OR THE PROVIDING OF NOTICE TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS OR THE SELECTION OF BONDS FOR REDEMPTION.

Neither the Authority nor the Trustee can give any assurances that DTC, DTC Participants, Indirect Participants or others will distribute payments of principal of, premium, if any, and interest on the Bonds paid to DTC or its nominee, as the registered Owner, or any redemption or other notice, to the Beneficial Owners or that they will do so on a timely basis or that DTC will serve and act in a manner described in this Official Statement.

In the event that the book-entry system is discontinued as described above, the requirements of the Indenture will apply.

The City, the Authority and the Trustee cannot and do not give any assurances that DTC, the Participants or others will distribute payments of principal, interest or premium, if any, evidenced by the Bonds paid to DTC or its nominee as the registered owner, or will distribute any redemption notices or other notices, to the Beneficial Owners, or that they will do so on a timely basis or will serve and act in the manner described in this Official Statement. Neither the Authority nor the Trustee are responsible or liable for the failure of DTC or any Participant to make any payment or give any notice to a Beneficial Owner with respect to the Bonds or an error or delay relating thereto.

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