NRF
Draft 5/14/2021

PRELIMINARY OFFICIAL STATEMENT DATED JUNE ____, 2021

NEW ISSUE – FULL BOOK ENTRY

Ratings:
Moody's: "__"
Standard & Poor's: "___"
(See "RATINGS" herein.)

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the 2021A-1 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, interest on the 2021A-1 Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Interest on the 2021 Bonds and is exempt from State of California personal income taxes Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the 2021 Bonds. See "TAX MATTERS."

[PAR AMOUNT][*]
San Mateo County
Joint Powers Financing Authority
Lease Revenue Bonds
(Cordilleras Mental Health Center Replacement Project)
2021 Series A-1

[PAR AMOUNT][*]
San Mateo County
Joint Powers Financing Authority
Refunding Lease Revenue Bonds
(Maple Street Correctional Center)
2021 Series A-2
(Federally Taxable)

Dated: Date of Delivery **Due: June 15, as shown on the inside front cover**

The San Mateo County Joint Powers Financing Authority (the "Authority") is offering [PAR AMOUNT][*] of its Lease Revenue Bonds (Cordilleras Mental Health Center Replacement Project), 2021 Series A-1 (the "2021A-1 Bonds") and [PAR AMOUNT][*] of its Refunding Lease Revenue Bonds (Maple Street Correctional Center), 2021 Series A-2 (Federally Taxable) (the "2021A-2 Bonds" and, collectively with the 2021A-1 Bonds, the "2021 Bonds"). The 2021 Bonds are being issued by the Authority pursuant to a Trust Agreement, dated as of April 1, 2014, as supplemented from time to time, (the "Trust Agreement"), including as supplemented by a First Supplemental Trust Agreement (as described herein) by and between the Authority and U.S. Bank National Association, as trustee (the "Trustee"). The 2021 Bonds are being issued for the purpose of providing funds, together with other available moneys, to (i) finance the acquisition, construction and equipping of the _____________ (the "2021 Project"), (ii) refund certain bonds previously issued by the Authority, (iii) pay capitalized interest on the 2021 Bonds through __________, and (iv) pay costs of issuance of the 2021 Bonds. See "PLAN OF FINANCE" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

The 2021 Bonds are issuable as fully registered bonds and, when issued, 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 for the 2021 Bonds, and individual purchases of the 2021 Bonds will be made in book-entry form only. Ownership interests in the 2021 Bonds will be in denominations of $5,000 and integral multiples thereof. Beneficial owners of the 2021 Bonds will not receive physical certificates representing the 2021 Bonds purchased, but will receive a credit balance on the books of the nominees of such purchasers. Interest on the 2021 Bonds is payable on June 15 and December 15 of each year, commencing December 15, 2021. Principal of, premium, if any, and interest on the 2021 Bonds will be paid by the Trustee to DTC, which is obligated in turn to remit such principal, premium, if any, and interest to its DTC Participants for subsequent disbursement to the beneficial owners of the 2021 Bonds, as described herein. See APPENDIX B – "BOOK-ENTRY SYSTEM" attached hereto.

[The 2021 Bonds are subject to optional, mandatory sinking fund and extraordinary redemption prior to maturity, all as described herein. See "THE 2021 BONDS—Redemption of the 2021 Bonds" herein.]

[The 2021 Bonds are limited obligations of the Authority payable solely from, and secured solely by, Revenues of the Authority, consisting primarily of Base Rental Payments to be received by the Authority from the County under a Facility Lease, dated as of April 1, 2014 (the "Facility Lease"), as amended and supplemented including as supplemented by a First Amendment to Facility Lease by and between the Authority and the County, for the right to use and occupy certain real property and facilities (the "Facilities"), as more fully described herein. The County will agree in the Facility Lease to make all Base Rental Payments, subject to abatement of such Base Rental Payments in the event of delayed completion or material damage to or destruction of the Facilities, a material title defect with respect to the Facilities or a taking of the Facilities in whole or in part. Pursuant to the Trust Agreement, the 2021 Bonds are secured by a pledge of and charge and lien upon the Revenues equal to the pledge, charge and lien securing any additional bonds issued under the Trust Agreement.]

The 2021 Bonds are limited obligations of the Authority and are payable, as to interest thereon, principal thereof and any premiums upon the redemption of any thereof, solely from the Revenues and certain funds and accounts held by the Trustee as provided in the Trust Agreement. All the 2021 Bonds are equally secured by a pledge of and charge and lien upon the Revenues, and the Revenues constitute a trust fund for the security and payment of the interest on and principal of and redemption premiums, if any, on the 2021 Bonds as provided herein. The 2021 Bonds do not constitute a debt of the County, the State or any of its political subdivisions within the meaning of any constitutional debt limitation, and neither the County, the State nor any of its political subdivisions is liable thereon, nor in any event shall the 2021 Bonds be payable out of any funds or properties other

[*] Preliminary, subject to change

than those of the Authority as provided in the Trust Agreement. NEITHER THE FULL FAITH AND CREDIT OF THE AUTHORITY NOR THE COUNTY IS PLEDGED FOR THE PAYMENT OF THE INTEREST ON OR PRINCIPAL OF THE 2021 BONDS AND NO TAX OR OTHER SOURCE OF FUNDS OTHER THAN THE REVENUES IS PLEDGED TO PAY THE INTEREST ON OR PRINCIPAL OF THE 2021 BONDS. NEITHER THE PAYMENT OF THE PRINCIPAL OF NOR INTEREST ON THE 2021 BONDS CONSTITUTES A DEBT, LIABILITY OR OBLIGATION OF THE COUNTY OR THE COMMUNITY DEVELOPMENT COMMISSION OF THE COUNTY OF SAN MATEO, THE PARTIES TO THE AGREEMENT CREATING THE AUTHORITY.

MATURITIES, PRINCIPAL AMOUNTS,
INTEREST RATES, YIELDS AND CUSIPs
(See Inside Front Cover)

This cover page contains certain information for general reference only. It is not intended to be a summary of the security or terms of this issue. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision with respect to the 2021 Bonds. Capitalized terms used on this cover page not otherwise defined shall have the meanings set forth herein.

The 2021 Bonds are offered when, as and if issued, subject to approval of validity by Orrick, Herrington & Sutcliffe LLP, San Francisco, California, Bond Counsel to the Authority, and subject to certain other conditions. Certain legal matters will be passed upon for the Underwriters by Stradling Yocca Carlson & Rauth, San Francisco, California. Certain legal matters will be passed upon for the Authority and for the County by County Counsel and by Norton Rose Fulbright US LLP, San Francisco, California, Disclosure Counsel to the Authority and the County. It is expected that the 2021 Bonds will be available for delivery through the facilities of DTC in New York, New York, on or about June __, 2021.

Citigroup **Morgan Stanley**

Siebert Williams Shank **RBC Capital Markets**

June __, 2021

$(PAR AMOUNT)*
San Mateo County Joint Powers Financing Authority
Lease Revenue Bonds
(Cordilleras Mental Health Center Replacement Project)
2021 Series A-1

MATURITY SCHEDULE*

$__________ Serial Bonds

Maturity (June 15)	Principal Amount	Interest Rate	Yield	CUSIP[†] Number
	$			

$________ ____% Term Bonds due June 15, ____ Priced to Yield: ____%; CUSIP[†]: ____

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[*] Preliminary, subject to change.

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(PAR AMOUNT)*
San Mateo County Joint Powers Financing Authority
Refunding Lease Revenue Bonds
(Maple Street Correctional Center)
2021 Series A-2
(Federally Taxable)

MATURITY SCHEDULE*

$__________ Serial Bonds

Maturity (June 15)	Principal Amount	Interest Rate	Yield	CUSIP[†] Number
	$			

$________ ____% Term Bonds due June 15, ____ Priced to Yield: ____%; CUSIP[†]: ____

* Preliminary, subject to change.

† Copyright © 2021 CUSIP Global Services. CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Capital IQ on behalf of the American Bankers Association. This information is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services Bureau. CUSIP numbers have been assigned by an independent company not affiliated with the County, the Authority or the Underwriters and are included solely for the convenience of the registered owners of the 2021 Bonds. None of the County, the Authority or the Underwriters is responsible for the selection of uses of these CUSIP numbers, and no representation is made as to their correctness on the 2021 Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the 2021 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the 2021 Bonds.

COUNTY OF SAN MATEO

Board of Supervisors

Dave Pine, First District
Carole Groom, Second District
Don Horsley, Third District
Warren Slocum, Fourth District
David Canepa, Fifth District

County Officials

Mike Callagy, County Manager
John C. Beiers, County Counsel

SAN MATEO COUNTY JOINT POWERS FINANCING AUTHORITY

Governing Board

Paul Scannell, President
John M. Gemello, Secretary
Thomas F. Casey, Member
Jim Saco, Member
Donna Vaillancourt, Member

SPECIAL SERVICES

Orrick, Herrington & Sutcliffe LLP
San Francisco, California
Bond Counsel

Norton Rose Fulbright US LLP
San Francisco, California
Disclosure Counsel

California Financial Services
Santa Rosa, California
Municipal Advisor

U.S. Bank National Association
St. Paul, Minnesota
Trustee

No dealer, broker, salesperson or any other person has been authorized by the Authority, the County or the Underwriters to give any information or to make any representations other than those contained herein and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. 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 2021 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 2021 Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. The information and expressions of opinions herein are subject to change without notice, and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority or the County since the date hereof. This Official Statement, including any supplement or amendment hereto, is intended to be deposited with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access website.

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

The issuance and sale of the 2021 Bonds have 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. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make such offer or solicitation.

IN CONNECTION WITH THIS OFFERING OF THE 2021 BONDS, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2021 BONDS AT LEVELS ABOVE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements." Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget," "project," "projection" or other similar words. Such forward-looking statements include but are not limited to certain statements contained in the information under the captions "THE COUNTY OF SAN MATEO" and "COUNTY FINANCIAL INFORMATION" in this Official Statement. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The County does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations or events, conditions or circumstances on which such statements are based occur.

The County maintains various websites. However, the information presented therein is not part of this Official Statement and should not be relied upon in making investment decisions with respect to the 2021 Bonds.

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San Mateo County
Joint Powers Financing Authority
Refunding Lease Revenue Bonds
(Maple Street Correctional Center)
2021 Series A-2
(Federally Taxable)

INTRODUCTION

This Introduction is qualified in its entirety by reference to the more detailed information included and referred to elsewhere in this Official Statement, including the cover page, the inside cover page and the appendices (the "Official Statement"). The offering of the 2021 Bonds to potential investors is made only by means of the entire Official Statement. Capitalized terms used in this Introduction and not otherwise defined herein shall have the respective meanings assigned to them elsewhere in this Official Statement. See APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS—CERTAIN DEFINITIONS" herein.

Purpose

The purpose of this Official Statement, including the cover page and appendices hereto, is to provide certain information concerning the sale and delivery by the San Mateo County Joint Powers Financing Authority (the "Authority") of its [PAR AMOUNT]* Lease Revenue Bonds (Cordilleras Mental Health Center Replacement Project), 2021 Series A-1 (the "2021A-1 Bonds") and [PAR AMOUNT]* of its Refunding Lease Revenue Bonds (Maple Street Correctional Center), 2021 Series A-2 (Federally Taxable) (the "2021A-2 Bonds" and, collectively with the 2021A-1 Bonds, the "2021 Bonds").

[The 2021 Bonds are being issued by the Authority for the purpose of providing funds, together with other available moneys, to (i) finance the reconstruction and equipping of the Cordilleras Mental Health Center (the "2021 Project"), (ii) refund certain bonds previously issued by the Authority, (iii) pay capitalized interest on the 2021 Bonds through __________, and (iv) pay costs of issuance of the 2021 Bonds. See "PLAN OF FINANCE" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.]

The County of San Mateo

The County, one of 58 counties in the State of California (referred to herein as the "State" or "California"), was established in 1856. The County is governed by a five-member Board of Supervisors (the "Board") elected to staggered four-year terms. The Board appoints the County Manager to manage the day-to-day affairs of the County. The County occupies 455 square miles and contains 20 cities on a peninsula bounded by San Francisco to the north, Santa Clara County to the south, San Francisco Bay to the east, and the Pacific Ocean to the west, has an estimated population of 773,244 as of January 1, 2020, and an adopted fiscal year 2020-21 General Fund budget of $2.44 billion. See "THE COUNTY OF SAN MATEO" and "COUNTY FINANCIAL INFORMATION" herein.

Authority for Issuance of the 2021 Bonds

The 2021 Bonds are being issued pursuant to the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State, and a Trust

* Preliminary, subject to change

Agreement, dated as of April 1, 2014 (the "Trust Agreement"), by and between the Authority and U.S. Bank National Association, as trustee (the "Trustee") as amended and supplemented and as further supplemented by a First Supplemental Trust Agreement, dated as of June 1, 2021, relating to the 2021 Bonds (as amended and supplemented from time to time, (the "Trust Agreement"). Pursuant to the Trust Agreement, the Authority has previously issued its $_____________ Lease Revenue Bonds (Capital Projects), 2014 Series A (Maple Street Correctional Center) (the "2014 Bonds"). The County will enter into the Facility Lease (as defined herein) pursuant to and in accordance with the Government Code of the State, other applicable laws of the State and resolutions adopted by the County and the Authority prior to the issuance of the 2021 Bonds.

Following delivery of the 2021 Bonds, only the 2014 Bonds and the 2021 Bonds will be outstanding under the Trust Agreement. The 2021 Bonds, together with any additional bonds issued under the Trust Agreement ("Additional Bonds"), are collectively referred to herein as the "Bonds."

Security for the 2021 Bonds

The 2021 Bonds are limited obligations of the Authority payable solely from, and secured solely by, Revenues of the Authority, consisting primarily of Base Rental Payments to be received by the Authority from the County under a Facility Lease, originally dated as of April 1, 2014 (the "Facility Lease"), by and between the Authority and the County, as amended and supplemented, and as further amended by a First Amendment to Facilities Lease, dated as June 1, 2021. The Base Rental Payments to be made by the County pursuant to the Facility Lease are payable by the County from its general fund (the "General Fund") to the Authority for the right of the County to use and occupy the ___________________________________ (collectively, the "Facilities"). The County will agree in the Facility Lease to construct the Mental Health Center as agent of the Authority and to make all Base Rental Payments, subject to abatement of such Base Rental Payments in the event of delayed completion or material damage to or destruction of the Facilities or a taking of the Facilities in whole or in part. [Pursuant to a Site Lease, dated as of June 1, 2021 (the "Site Lease"), between the County and the Authority, the County will lease the 2021 Project Site to the Authority.]

Pursuant to the Trust Agreement, the 2021 Bonds are secured by a pledge of and charge and lien upon the Revenues equal to the pledge, charge and lien securing $__________ of outstanding Bonds and any Additional Bonds issued under the Trust Agreement. See "SECURITY FOR THE 2021 Bonds—Pledge Under the Trust Agreement." On or about June _, 2021, the Authority expects to issue its $[PAR AMOUNT]* San Mateo County Joint Powers Financing Authority Refunding Lease Revenue Bonds (Federally Taxable), 2021 Series B pursuant to a separate trust agreement. Certain other long-term obligations payable from the General Fund have been issued and are currently outstanding under trust agreements other than the Trust Agreement. See "COUNTY FINANCIAL INFORMATION–Indebtedness–Long-Term Obligations" herein.

Leased Property

The Leased Property supporting Base Rental Payments under the Facility Lease consists of various County facilities. See "THE LEASED PROPERTY" herein.

COVID-19 Pandemic

For a discussion of the impact of the COVID-19 pandemic on the County please see "THE COUNTY" and "COUNTY FINANCIAL INFORMATION" herein.

The 2021 Bonds Constitute Limited Obligations

The 2021 Bonds are limited obligations of the Authority and are payable, as to interest thereon, principal thereof and any premiums upon the redemption of any thereof, solely from the Revenues and certain funds and accounts held by the Trustee as provided in the Trust Agreement. All the 2021 Bonds are equally secured by a

* Preliminary, subject to change

pledge of and charge and lien upon the Revenues, and the Revenues constitute a trust fund for the security and payment of the interest on and principal of and redemption premiums, if any, on the 2021 Bonds as provided herein. The 2021 Bonds do not constitute a debt of the County, the State or any of its political subdivisions within the meaning of any constitutional debt limitation, and neither the County, the State nor any of its political subdivisions is liable thereon, nor in any event shall the 2021 Bonds be payable out of any funds or properties other than those of the Authority as provided in the Trust Agreement. NEITHER THE FULL FAITH AND CREDIT OF THE AUTHORITY NOR THE COUNTY IS PLEDGED FOR THE PAYMENT OF THE INTEREST ON OR PRINCIPAL OF THE 2021 BONDS AND NO TAX OR OTHER SOURCE OF FUNDS OTHER THAN THE REVENUES IS PLEDGED TO PAY THE INTEREST ON OR PRINCIPAL OF THE 2021 BONDS. NEITHER THE PAYMENT OF THE PRINCIPAL OF NOR INTEREST ON THE 2021 BONDS CONSTITUTES A DEBT, LIABILITY OR OBLIGATION OF THE COUNTY OR THE COMMUNITY DEVELOPMENT COMMISSION OF THE COUNTY OF SAN MATEO (THE "COMMUNITY DEVELOPMENT COMMISSION"), THE PARTIES TO THE AGREEMENT CREATING THE AUTHORITY.

Bondowners' Risks

Certain events could affect the County's ability to make the Base Rental 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 2021 Bonds.

Continuing Disclosure

The County will covenant pursuant to a Continuing Disclosure Agreement (the "Continuing Disclosure Agreement") to provide certain financial information and operating data relating to the County by not later than March 30 of each calendar year, commencing with the report for fiscal year 2020-21 (ending June 30, 2021) with respect to the 2021 Bonds (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events (the "Listed Events"), not in excess of ten business days after the occurrence of a Listed Event. The Annual Report and the notices of Listed Events will be filed by the County with the Municipal Securities Rulemaking Board (the "MSRB") or any other entity designated or authorized by the Securities and Exchange Commission (the "SEC") to receive such reports. Until otherwise designated by the MSRB or the SEC, filings with the MSRB will be made through the Electronic Municipal Market Access ("EMMA") website of the MSRB, currently located at http://emma.msrb.org. See "CONTINUING DISCLOSURE" herein and APPENDIX F – "PROPOSED FORM OF CONTINUING DISCLOSURE AGREEMENT" hereto.

Summaries Not Definitive

Brief descriptions of the 2021 Bonds, the Authority, the County and the Facilities are included in this Official Statement, together with summaries of the Site Lease, the Facility Lease and the Trust Agreement. Such descriptions and summaries do not purport to be comprehensive or definitive. All references herein to the 2021 Bonds, the Site Lease, the Facility Lease and the Trust Agreement are qualified in their entirety by reference to the actual documents, or with respect to the 2021 Bonds, the forms thereof included in the Trust Agreement, copies of all of which are available upon request at the corporate trust office of the Trustee at 60 Livingston Avenue, St. Paul, Minnesota 55107.

Additional Information

The County regularly prepares a variety of publicly available reports, including audits, budgets and related documents. Any owner of the 2021 Bonds may obtain a copy of any such report, as available, from the Trustee or the County. Additional information regarding this Official Statement may be obtained by contacting the Trustee or:

Mr. Robert Manchia
Chief Financial Officer, County of San Mateo
Hall of Justice and Records
400 County Center, First Floor

Redwood City, California 94063
(650) 363-4597

PLAN OF FINANCE

[The 2021 Bonds are being issued by the Authority for the purpose of providing funds, together with other available moneys, to (i) finance the reconstruction and equipping of the Cordilleras Mental Health Center (the "2021 Project"), (ii) refund certain bonds previously issued by the Authority, (iii) pay capitalized interest on the 2021 Bonds through __________, and (iv) pay costs of issuance of the 2021 Bonds.]

ANNUAL DEBT SERVICE REQUIREMENTS

The table below shows the annual debt service on the 2014 Bonds and the 2021 Bonds. The 2014 Bonds and the 2021 Bonds will be the only Outstanding Bonds issued under the Trust Agreement at the time of issuance of the 2021 Bonds. On or about June __, 2021, the Authority expects to issue its $[PAR AMOUNT]† San Mateo Country Joint Powers Financing Authority Refunding Lease Revenue Bonds (Federally Taxable), 2021 Series B pursuant to a separate trust agreement. Certain other long-term obligations payable from the General Fund have been issued and are currently outstanding under trust agreements other than the Trust Agreement. See "COUNTY FINANCIAL INFORMATION—Indebtedness—Long-Term Obligations" herein.

Period Ending (June 30)	Outstanding Bonds(1)		2021 Bonds		Total Debt Service(2)
	Principal	Interest	Principal	Interest	

(1) Accounts for refunds of [a portion of] the 2014 Bonds with the proceeds of the 2021 Bonds.
(2) Totals may not add due to rounding.

† Preliminary, subject to change.

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of the proceeds of the 2021 Bonds and other available amounts are as follows:

	2021 A-1 Bonds	2021 A-2 Bonds
Sources of Funds		
Principal Amount of Bonds	$	$
Net Original Issue Premium		
Equity Contribution		
Total Sources	$	$
Uses of Funds		
Deposit to Project Fund	$	$
Deposit to Interest Account		
Refunding of the 2014 Bonds[(1)]		
Refunding of Prior Notes		
Costs of Issuance[(2)]		
Total Uses	$	$

(1) To be deposited to the escrow fund for the refunding of the 2014 Bonds.
(2) Includes legal fees, financing and consulting fees, Underwriters' discount, fees of bond and disclosure counsel and Underwriters' counsel, financial advisory fees, printing costs, rating agency fees and other miscellaneous expenses.

THE 2021 BONDS

General

The 2021 Bonds will initially be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the 2021 Bonds. Payments of principal, premium, if any, and interest on the 2021 Bonds will be paid by the Trustee to DTC which is obligated in turn to remit such principal, premium, if any, and interest on the 2021 Bonds to its DTC Participants for subsequent disbursement to the Beneficial Owners (as defined herein) of the 2021 Bonds. See "—DTC and the Book-Entry System" below.

The 2021 Bonds will be dated the date of their initial delivery and will bear interest from such date payable on December 15, 2021, and semi-annually thereafter on June 15 and December 15 of each year (each, an "Interest Payment Date"). Interest on the 2021 Bonds will be calculated on the basis of a 360-day year of twelve 30-day months. Ownership interests in the 2021 Bonds will be in denominations of $5,000 or any integral multiple thereof ("Authorized Denominations").

Redemption of the 2021 A-1 Bonds

Optional Redemption of the 2021 A-1 Bonds. The 2021 A-1 Bonds maturing on or before June 15, 20__ are not subject to optional redemption prior to their respective stated maturities. The 2021 A-1 Bonds maturing on or after June 15, 20__ are subject to optional redemption prior to their respective stated maturities at the written direction of the Authority, from any moneys deposited by the Authority or the County, as a whole or in part (in such maturities as are designated in writing by the Authority to the Trustee) on any date on or after June 15, 20__, at a redemption price equal to 100% of the principal amount of the 2021 A-1 Bonds called for redemption plus accrued interest thereon to the Redemption Date, without premium.

Mandatory Redemption of the 2021 A-1 Bonds. The 2021 A-1 Term Bonds maturing on June 15, 20__ are subject to redemption prior to their stated maturity, in part on June 15 of each year, on and after June 15, 20__ by lot, from and in the amount of the Mandatory Sinking Fund payments set forth below at a redemption price equal to the sum of the principal amount thereof, plus accrued interest thereon to the Redemption Date, without premium.

2014 Term Bond due June 15, 20__

Date (June 15)	Mandatory Sinking Fund Payment
	$
†	

† Maturity.

Extraordinary Redemption of the 2021 A-1 Bonds. The 2021 A-1 Bonds are subject to redemption by the Authority on any date prior to their respective stated maturities, upon notice as provided in the Trust Agreement, as a whole or in part by lot within each stated maturity of the 2021 A-1 Bonds, in integral multiples of Authorized Denominations, from prepayments made by the County from the net proceeds received by the County due to a taking of the Facilities or portions thereof under the power of eminent domain, or from the net proceeds of insurance received for material damage to or destruction of the Facilities or portions thereof or from the net proceeds of title insurance, under the circumstances described in the Trust Agreement and the Facility Lease, at a redemption price equal to the principal amount thereof, without premium, plus accrued interest thereon to the Redemption Date. Whenever less than all of the Outstanding 2021 A-1 Bonds are to be redeemed on any one date, the Trustee shall select, in accordance with written instructions from the Authority, the 2021 A-1 Bonds to be redeemed so that the aggregate annual principal amount of and interest on the 2021 A-1 Bonds which will be payable after such Redemption Date will be as nearly proportional as practicable to the aggregate annual principal amount of and interest on the 2021A-1 Bonds Outstanding prior to such Redemption Date.

Redemption of the 2021 A-2 Bonds

Optional Redemption of the 2021 A-2 Bonds. The 2021 A-2 Bonds maturing on or before June 15, 20__ are not subject to optional redemption prior to their respective stated maturities. The 2021 A-2 Bonds maturing on or after June 15, 20__ are subject to optional redemption prior to their respective stated maturities at the written direction of the Authority, from any moneys deposited by the Authority or the County, as a whole or in part (in such maturities as are designated in writing by the Authority to the Trustee) on any date on or after June 15, 20__, at a redemption price equal to 100% of the principal amount of the 2021 A-2 Bonds called for redemption plus accrued interest thereon to the Redemption Date, without premium.

Mandatory Redemption of the 2021 A-2 Bonds. The 2021 A-2 Term Bonds maturing on June 15, 20__ are subject to redemption prior to their stated maturity, in part on June 15 of each year, on and after June 15, 20__ by lot, from and in the amount of the Mandatory Sinking Fund payments set forth below at a redemption price equal to the sum of the principal amount thereof, plus accrued interest thereon to the Redemption Date, without premium.

2021 Term Bond due June 15, 20__

Date (June 15)	Mandatory Sinking Fund Payment
	$
†	

† Maturity.

Extraordinary Redemption of the 2021 A-2 Bonds. The 2021 A-2 Bonds are subject to redemption by the Authority on any date prior to their respective stated maturities, upon notice as provided in the Trust Agreement, as a whole or in part by lot within each stated maturity of the 2021 A-2 Bonds, in integral multiples of Authorized Denominations, from prepayments made by the County from the net proceeds received by the County due to a taking of the Facilities or portions thereof under the power of eminent domain, or from the net proceeds of insurance received for material damage to or destruction of the Facilities or portions thereof or from the net proceeds of title insurance, under the circumstances described in the Trust Agreement and the Facility Lease, at a redemption price equal to the principal amount thereof, without premium, plus accrued interest thereon to the Redemption Date. Whenever less than all of the Outstanding 2021 A-2 Bonds are to be redeemed on any one date, the Trustee shall select, in accordance with written instructions from the Authority, the 2021 A-2 Bonds to be redeemed so that the aggregate annual principal amount of and interest on the 2021 A-2 Bonds which will be payable after such Redemption Date will be as nearly proportional as practicable to the aggregate annual principal amount of and interest on the 2021 A-2 Bonds Outstanding prior to such Redemption Date.

Selection of 2021 Bonds for Redemption.

If less than all of the Outstanding 2021 Bonds maturing by their terms on any one date are to be redeemed at any one time, the Trustee shall select the 2021 Bonds of such maturity to be redeemed by lot and shall promptly notify the Authority in writing of the numbers of the 2021 Bonds so selected for redemption. For purposes of such selection, the 2021 Bonds shall be deemed to be composed of multiples of minimum Authorized Denominations and any such multiple may be separately redeemed.

Notice of Redemption.

Notice of redemption of any 2021 Bond will be mailed by the Trustee, not less than 20 nor more than 60 days prior to the redemption date, to the respective owners of the 2021 Bonds designated for redemption at their addresses appearing on the registration books of the Trustee. So long as DTC is acting as the securities depository for the 2021 Bonds, notice of redemption will be mailed to DTC, not to the Beneficial Owners of the 2021 Bonds. Each notice of redemption shall state the date of such notice, the date of issue of the 2021 Bonds, the redemption date, the Redemption Price, the place or places of redemption (including the name and appropriate address of the Trustee), the CUSIP number (if any) of the maturity date or maturities, and, if less than all of any such maturity is to be redeemed, the distinctive certificate numbers of the 2021 Bonds of such maturity, to be redeemed and, in the case of 2021 Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall also state that on said date there will become due and payable on each of said 2021 Bonds the Redemption Price thereof, together with interest accrued thereon to the redemption date, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such 2021 Bonds be then surrendered at the address of the Trustee specified in the redemption notice. Failure to receive such notice shall not invalidate any of the proceedings taken in connection with such redemption.

The Trustee may give a conditional notice of redemption prior to the receipt of all funds or satisfaction of all conditions necessary to effect the redemption, provided that redemption shall not occur unless and until all conditions have been satisfied and the Trustee has on deposit and available or, if applicable, has received, all of the funds necessary to effect the redemption; otherwise, such redemption shall be cancelled by the Trustee and the Trustee shall mail notice of such cancellation to the recipients of the notice of redemption being cancelled.

The Authority may, at its option, on or prior to the date fixed for redemption in any notice of optional redemption, rescind and cancel such notice of redemption by Written Request to the Trustee and the Trustee shall mail notice of such cancellation to the recipients of the notice of redemption being cancelled.

Effect of Redemption.

If notice of redemption has been duly given pursuant to the Trust Agreement and money for the payment of the redemption price of the 2021 Bonds called for redemption plus accrued interest to the Redemption Date is held by the Trustee, then on the redemption date designated in such notice the 2021 Bonds so called for redemption shall become due and payable, and from and after the date so designated for redemption, the interest on such 2021 Bonds will cease to accrue. Such 2021 Bonds will cease to be entitled to any benefit or security under the Trust Agreement and the bondholders of such 2021 Bonds will have no rights in respect thereof except to receive payment of the Redemption Price thereof plus accrued interest to the Redemption Date.

DTC and the Book-Entry System

DTC will act as securities depository for the 2021 Bonds. The 2021 Bonds are being issued in fully-registered form and, when issued, will be registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered 2014 Bond certificate will be issued for each maturity of the 2021 Bonds of each series, each in the aggregate principal amount of such maturity, and will be deposited with DTC. So long as Cede & Co. is the registered owner of the 2021 Bonds, as nominee of DTC, references herein to the owners of the 2021 Bonds shall mean Cede & Co. and shall not mean the actual purchasers of the 2021 Bonds (the "Beneficial Owners"). The information in this section and in Appendix B concerning DTC and DTC's book-entry system is based solely on information provided by DTC, and no representations can be made by the County, the Authority or the Trustee concerning the accuracy thereof. See APPENDIX B – "BOOK-ENTRY SYSTEM" for a further description of DTC and its book-entry system.

THE LEASED PROPERTY

The Leased Property supporting Base Rental Payments under the Facility Lease consists of the following County facilities.

Maple Street Correctional Facility

[Update] The Maple Street Correctional Facility was constructed on a 4.85 acre parcel of land in Redwood City. The Maple Street Correctional Facility consists of a 275,000 square foot three-story housing unit, an administrative wing, and a surface parking lot that accommodates 185 vehicles. The housing unit is designed to accommodate a total of [576] beds for both men and women. The first floor of the two-story support wing includes inmate processing, a natural light-filled visitor lobby, video visitation, kitchen, laundry and loading docks. The second floor of the two-story support wing includes jail administration, transitional housing, a medical clinic, locker rooms and staff dining with an outdoor dining area.

Construction of the Maple Street Correctional Facility commenced in ________ and was completed in _________. [Update numbers] [The total cost of the construction of the Maple Street Correctional Facility was approximately $_____ million and the insured value is approximately $_____ million.

Cordilleras Mental Health Center

The current facility contains a licensed locked 68-bed mental health rehabilitation center and a licensed 49-bed adult residential facility. The 2021 Project will replace the current facility with four separate buildings of approximately 9600 square feet each. Each building will have a 16-bed capacity. The 2021 Project will include (i) support spaces for medical exams, offices, supplies and utility rooms, (ii) two outdoor courtyards, (iii) meditation and exercise areas, (iv) kitchenettes and dining areas and (v) visitation areas.

Construction of the 2021 Project commenced in ____________. County officials believe that the County possessed all permits and environmental authorizations necessary to commence construction of the 2021 Project, and will continue to apply for additional permits as necessary (which County officials reasonably expect the County will receive in the normal course) during construction.

The County has entered a "Construction Manager at Risk" contract (the "2021 Project Contract") with Skanska USA Building Inc. (the "Construction Manager"), whereby the Construction Manager provides professional construction management services in connection with the 2021 Project. Pursuant to the 2021 Project Contract, the Construction Manager is responsible for management of all phases of construction of the 2021 Project, including assisting the County in procuring design-build trade contracts with multiple trade contractors for components of the 2021 Project. As of November 11, 2020, certain contracts had been awarded for approximately

$104.8 million, or 67.6%, of the 2021 Project costs, all within planned budgeted amounts. The remaining trade contracts are out for bid.

The Construction Manager will maintain a builder's risk insurance policy that covers up to $105,000,000.00 for the duration of construction of the 2021 Project. The Construction Manager will also maintain coverage for comprehensive general liability and umbrella/excess liability insurance for the duration of the 2021 Project. In addition, each trade contractor will provide a payment and performance bond in the amount of such trade contractor's construction work.

The 2021 Project Contract identifies a construction completion date of October 23, 2023 at a cost not to exceed $104,822,470.00. However, the County anticipates that the 2021 Project Contract will be amended to extend the construction completion date to December 30, 2023.

Pursuant to the 2021 Project Contract, the Construction Manager may extend the construction completion date of the 2021 Project in the event of (i) unforeseen site conditions, including any unknown existing conditions on the 2021 Project Site, (ii) any *force majeure* event not due to any act or omission of the Construction Manager or any trade contractor, (iii) rain delays due to rainfall exceeding 0.1 inch on any calendar day, (iv) design errors or omission and (v) changes initiated by the County that impact the critical path of the construction schedule. In the event that the construction time requirements are exceeded without an approved amendment to the 2021 Project Contract, the County is entitled to assess daily liquidated damages against the Construction Manager.

The County estimates that total costs for the 2021 Project will be approximately $155 million, of which approximately $8.63 million has been expended to date. The 2021 Project cost estimates includes a contingency of $2.5 million, of which approximately $0 million has been expended to date.

SECURITY FOR THE 2021 BONDS

Pledge Under the Trust Agreement

The Trust Agreement provides that the 2021 Bonds are payable solely from, and are secured by a lien on, all Revenues (as defined below), any other amounts (including proceeds of the sale of the 2021 Bonds) held by the Trustee in any fund or account established under the Trust Agreement (other than amounts on deposit in the Rebate Fund) and any other amounts (excluding Additional Payments) received by the Authority in respect of the Facilities. "Revenues" consist of (i) all Base Rental Payments and other payments paid by the County and received by the Authority pursuant to the Facility Lease (but not Additional Payments), and (ii) all interest or other income from any investment of any money in any fund or account (other than the Rebate Fund) established pursuant to the Trust Agreement or the Facility Lease.

The 2021 Bonds are limited obligations of the Authority and are payable, as to interest thereon, principal thereof and any premiums upon the redemption of any thereof, solely from the Revenues and certain funds and accounts held by the Trustee as provided in the Trust Agreement. All the 2021 Bonds are equally secured by a pledge of and charge and lien upon the Revenues, and the Revenues constitute a trust fund for the security and payment of the interest on and principal of and redemption premiums, if any, on the 2021 Bonds as provided herein. The 2021 Bonds do not constitute a debt of the County, the State or any of its political subdivisions within the meaning of any constitutional debt limitation, and neither the County, the State nor any of its political subdivisions is liable thereon, nor in any event shall the 2021 Bonds be payable out of any funds or properties other than those of the Authority as provided in the Trust Agreement. NEITHER THE FULL FAITH AND CREDIT OF THE AUTHORITY NOR THE COUNTY IS PLEDGED FOR THE PAYMENT OF THE INTEREST ON OR PRINCIPAL OF THE 2021 BONDS AND NO TAX OR OTHER SOURCE OF FUNDS OTHER THAN THE REVENUES IS PLEDGED TO PAY THE INTEREST ON OR PRINCIPAL OF THE 2021 BONDS. NEITHER THE PAYMENT OF THE PRINCIPAL OF NOR INTEREST ON THE 2021 BONDS CONSTITUTES A DEBT, LIABILITY OR OBLIGATION OF THE COUNTY OR THE COMMUNITY DEVELOPMENT COMMISSION, THE PARTIES TO THE AGREEMENT CREATING THE AUTHORITY.

Outstanding Parity Bonds

As of June 1, 2021, the Authority had outstanding $_________ aggregate principal amount of 2014 Bonds, secured by a pledge, charge and lien upon the Revenues equal to the pledge, charge and lien securing the 2021 Bonds. A portion of the net proceeds of the 2021 Bonds will be used to redeem all or a portion of the outstanding 2014 Bonds. Following delivery of the 2021 Bonds, only the unrefunded 2014 Bonds and the 2021 Bonds will be outstanding under the Trust Agreement.

Base Rental Payments

Revenues of the Authority pledged under the Trust Agreement to the payment of the 2021 Bonds consist primarily of the Base Rental Payments to be made by the County to the Authority under the Facility Lease. The obligation of the County to pay Base Rental Payments to the Authority when due is a General Fund obligation of the County. THE COUNTY HAS NOT PLEDGED THE FULL FAITH AND CREDIT OF THE COUNTY, THE STATE OR ANY AGENCY OR DEPARTMENT THEREOF TO THE PAYMENT OF SUCH BASE RENTAL PAYMENTS. For a further description of the Base Rental Payments, see "BASE RENTAL PAYMENTS" herein.

FOR INFORMATION REGARDING THE COUNTY, INCLUDING FINANCIAL INFORMATION, SEE "THE COUNTY OF SAN MATEO" AND "COUNTY FINANCIAL INFORMATION" HEREIN AND APPENDIX A AND APPENDIX C ATTACHED HERETO. SEE ALSO "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING COUNTY REVENUES AND EXPENDITURES" HEREIN.

The County's obligation to pay Base Rental Payments is subject to abatement. However, during periods of abatement, any moneys, to the extent available for such purpose, in any of the funds and accounts established under the Trust Agreement (except the Rebate Fund), or proceeds of rental interruption insurance are available to pay Base Rental Payments. See "—Abatement" and "RISK FACTORS—Abatement Risk" herein.

Amendments to Trust Agreement and Facility Lease

Proposed Trust Agreement Amendment Effective when 2014 Bonds are no longer Outstanding. Pursuant to a proposed amendment set forth in the First Supplemental Trust Agreement, the Trust Agreement will be amended to change the requirements for amendments to the Facility Lease and the Site Lease. See APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS – THE TRUST AGREEMENT – Springing Amendments" herein.

Proposed Facility Lease Amendment Effective when 2014 Bonds are no longer Outstanding.

Also effective when no 2014 Bonds are Outstanding, the Facility Lease will be amended to i) change the deliverables required of the County in connection with the substitution of Leased Property, (ii) permit the County to release Leased Property from the Facility Lease and Site Lease upon satisfaction of certain conditions, (iii) amend the Base Rental Payment schedule pursuant to the Trust Agreement based on changes in the fair rental value of the Facilities and (iv) provide for prepayment of Base Rental Payments upon satisfaction of the requirements of the Trust Agreement. See APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS – THE FACILITY LEASE – Springing Amendments" herein.

[Series 2014 Reserve Account]

[The Trust Agreement establishes the "Series 2014 Reserve Account," which will be maintained by the Trustee. Funds in the Series 2014 Reserve Account will be available to pay only the principal of and interest on the 2014 Bonds. [Additional Bonds, including the 2021 Bonds, may or may not, at the option of the Authority, have a Reserve Requirement.] [The 2021 Bonds will not have a Reserve Requirement.] The amount of $__________ is correctly deposited in the Series 2014 Reserve Account.

All money in the Series 2014 Reserve Account will be used and withdrawn by the Trustee for the purpose of replenishing the Interest Account or the Principal Account, in that order, in the event of any deficiency at any time in either of such accounts, with respect to the 2014 Bonds, except that so long as the Authority is not in default under the Trust Agreement, any cash amounts in the Series 2014 Reserve Account in excess of the Series 2014 Reserve Account Requirement will be withdrawn from the Series 2014 Reserve Account and deposited to the Revenue Fund on or before each Interest Payment Date.

See APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS—THE TRUST AGREEMENT—Reserve Fund" hereto.]

Substitution of Facilities

Pursuant to the Facility Lease, the County and the Authority may substitute real property for all or for part of the Facilities being leased for purposes of the Site Lease and the Facility Lease ("Substitute Property"), but only after the County shall have filed with the Authority and the Trustee, with copies to each rating agency then providing a rating for the Bonds, all of the following:

a) Executed copies of the Facility Lease or amendments thereto containing the amended description of the Facilities to reflect the Substitute Property;

b) A Certificate of the County with copies of the Facility Lease or the Site Lease, if needed, or amendments thereto containing the amended description of the Facilities to reflect the Substitute Property stating that such documents have been duly recorded in the official records of the County Recorder;

c) A Certificate of the County, stating that the County intends to use and maintain the Substitute Property for at least the remaining term of the Bonds, and that the annual fair rental value of the Substitute Property will be at least equal to 100% of the maximum amount of Base Rental Payments becoming due in the then current year or in any subsequent year during the term of the Bonds;

d) Either (i) a policy of title insurance in an amount equal to the principal amount of Bonds then Outstanding (or, if only part of the Facilities will be substituted, in an amount equal to such proportion of the principal amount of the Bonds then Outstanding as the fair rental value of the Substitute Property bears to the fair rental value of the existing Facilities), naming the County as insured owner and showing good and marketable title to the Substitute Property, or (ii) a Certificate of the County stating that, based upon a Title Commitment, if available, the County has good and marketable title to the Substitute Property. The term "Title Commitment" shall mean an irrevocable commitment to issue a CLTA standard coverage owner's policy of title insurance, issued by a national title insurance company, which policy if issued would insure fee simple title in the County, or if not available, a preliminary title report issued by a national title insurance company, in each case subject only to such exceptions to title as would not render such property insufficient for the needs and operations of the County;

e) A Certificate of the County stating that such substitution does not adversely affect the County's use and occupancy of the Facilities; and

f) An Opinion of Counsel stating that such substitution (i) complies with the terms of the Constitution and laws of the State and of the Trust Agreement; and (ii) will not, in and of itself, cause the interest on the 2021 Bonds to be included in gross income for federal income tax purposes.

The requirements for substituting real property for all or for part of the Facilities may change while the 2021 Bonds are outstanding. See APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS – THE FACILITY LEASE – Springing Amendments" herein.

Changes to 2021 Project

[Pursuant to the Facility Lease, the County may alter the 2021 Project or issue change orders altering the construction contract plans and specifications during the course of construction, if such changes do not materially reduce or diminish the capacity, adaptability or usefulness of the 2021 Project, and the Authority agrees to cooperate fully with the County to cause such change orders to be implemented. Before the County issues any such change orders which, together with all other change orders, would increase the aggregate cost of construction of the 2021 Project above the moneys available or to be available for such purpose in the Project Fund, or delay completion of the 2021 Project beyond November 30, 2015, the County must arrange with the Authority to pay the increased cost resulting from such change orders, or to pay the Base Rental Payments to become due and payable through the expected completion of the 2021 Project, until such time as the 2021 Project is scheduled to be completed, and, shall deposit funds sufficient to pay such increased cost or such Base Rental Payments, as the case may be, with the Trustee.]

Additional Bonds

Pursuant to the Trust Agreement, the Authority and the Trustee may, by a supplemental trust agreement, provide for the issuance of Additional Bonds, subject to satisfaction of certain provisions contained in the Trust Agreement. Additional Bonds will be payable from the Revenues as provided in the Trust Agreement and secured by a pledge of and charge and lien upon the Revenues equal to the pledge, charge and lien securing the outstanding Bonds theretofore issued under the Trust Agreement, subject to the terms and conditions of the Trust Agreement. Additional Bonds may or may not be secured by a debt service reserve account. See APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS—THE TRUST AGREEMENT—Additional Bonds" herein. See also "PLAN OF FINANCE," "COUNTY FINANCIAL INFORMATION—County Debt Limit" and "—Indebtedness—Anticipated Financings" herein.

Investment of Bond Funds

Pursuant to the Trust Agreement, all money held by the Trustee in any of the funds or accounts established pursuant to the Trust Agreement are required to be invested only in "Permitted Investments" as defined in the Trust Agreement. See APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS—CERTAIN DEFINITIONS" herein.

BASE RENTAL PAYMENTS

General

Pursuant to the Facility Lease, as rent for the use and occupancy of the Facilities, the County covenants to pay Base Rental Payments and also to pay Additional Payments in amounts required by the Authority for the payment of all costs and expenses incurred by the Authority in connection with the Facilities as described in the Facility Lease, including without limitation, the fees, costs and expenses and all administrative costs of the Authority related to the Facilities and the fees of auditors, accountants, attorneys or architects. The Facility Lease provides for the County to pay all Base Rental Payments directly to the Trustee for application as provided in the Trust Agreement. See APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS—FACILITY LEASE—Rental Payments" hereto.

County General Fund Obligation

The obligation of the County to pay Base Rental Payments and Additional Payments when due is a General Fund obligation of the County. THE COUNTY HAS NOT PLEDGED THE FULL FAITH AND CREDIT OF THE COUNTY, THE STATE OR ANY AGENCY OR DEPARTMENT THEREOF TO THE PAYMENT OF SUCH BASE RENTAL PAYMENTS.

Notwithstanding any dispute between the County and the Authority, the County must make all Base Rental Payments and Additional Payments when due without deduction or offset of any kind and cannot withhold any such payments pending final resolution of such dispute. The Facility Lease is a "net-net-net lease" and the County agrees that the rents provided for therein will be an absolute net return to the Authority free and clear of any expenses, charges or set-offs whatsoever. See APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS—FACILITY LEASE—Payments to be Unconditional" hereto.

Covenant to Budget and Appropriate.

Pursuant to the Facility Lease, the County covenants to take such action as may be necessary to include Base Rental Payments and Additional Payments due in its annual budgets and to make the necessary annual appropriations for all such payments. Such covenants are deemed to be duties imposed by law, and it is the duty of each and every public official of the County to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the County to carry out and perform such covenants. See APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS—FACILITY LEASE—Appropriations Covenant" hereto.

Insurance

The Facilities will be insured to the extent set forth in the Facility Lease. The Facility Lease requires the County to maintain or cause to be maintained insurance throughout the term of the Facility Lease (but during the period of construction of the 2021 Project, only if such insurance is not provided by the Construction Manager or a Contractor under a construction contract). Such insurance will, as nearly as practicable, cover loss or damage to any structures constituting any part of the Facilities by fire and lightning, with extended coverage insurance, vandalism and malicious mischief insurance and sprinkler system leakage insurance. The extended coverage insurance will, 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 shall be in an amount equal to the replacement cost (without deduction for depreciation) of all structures constituting any part of the Facilities, excluding the cost of excavations, of grading and filling, and of the land (except that such insurance may be subject to deductible clauses for any one loss of not to exceed $500,000 or comparable amount adjusted for inflation), or in the alternative, shall be in an amount and in a form sufficient (together with moneys held under the Trust Agreement), in the event of total or partial loss, to enable all Bonds then outstanding to be redeemed. Pursuant to the Facility Lease, the County may self-insure for such risks. The proceeds of all property insurance must be used to repair, reconstruct or replace the Facilities or any portion thereof which is destroyed or damaged or to redeem Bonds. The County self-insures its real property with respect to most hazards; the County maintains excess insurance coverage for claims over $100,000 and up to a maximum replacement value of $500 million. See "COUNTY FINANCIAL INFORMATION—Self-Insurance Programs" herein.

The County currently insures all of its buildings against earthquake and flood damage through a $25 million per occurrence and in the aggregate property insurance policy, which is subject to a deductible equal to 5% of the value of each building affected, or a minimum of $250,000, whichever is greater. The County makes no pledge to maintain such insurance and may discontinue earthquake coverage at its sole discretion. See "RISK FACTORS—Risk of Uninsured Loss" and "—Risk of Earthquake" herein. See also APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS—FACILITY LEASE—Insurance" hereto.

Pursuant to the Facility Lease, during the period of construction of the 2021 Project, casualty insurance for the construction amount shall be provided by the Construction Manager or by a Contractor under a construction contract. Commencing with its use and occupancy of the 2021 Project, the County is also required to procure or cause to be procured and maintain or cause to be maintained, rental interruption or use and occupancy insurance to cover loss, total or partial, of the rental income from or loss of the use of the Facilities as a result of any of the hazards covered by the extended insurance coverage described in the previous paragraph, in an amount at least equal to the maximum Base Rental Payments coming due and payable during any two consecutive Fiscal Years during the remaining term of the Facility Lease, except that such insurance may be subject to a deductible clause of not to exceed $500,000 or comparable amount adjusted for inflation. The County may not self-insure for rental interruption insurance. See APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS—FACILITY LEASE—Insurance" hereto.

Abatement.

Base Rental Payments are paid by the County in each rental payment period for and in consideration of the right of use and occupancy of the Facilities during each such period for which said rental is to be paid.

Prior to the expected occupancy of the 2021 Project, Base Rental Payments are payable from proceeds of the 2021 Bonds on deposit in the Interest Account under the Trust Agreement (the "Capitalized Interest Period"). If the Authority, for any reason whatsoever, cannot deliver possession of the 2021 Project by the end of the Capitalized Interest Period, the rent payable under the Facility Lease with respect to the 2021 Project shall be abated proportionately, in the proportion which the construction cost of the part or parts of the 2021 Project not yet delivered to the County bears to the aggregate construction cost of the 2021 Project, with respect to the period between the end of the Capitalized Interest Period and the time when the Authority delivers possession. There can be no assurance that the construction of the 2021 Project will be substantially completed within the estimated budget or by the expected completion date. Pursuant to the Trust Agreement, Additional Bonds can be issued upon compliance with certain conditions to pay the costs of completing the 2021 Project, but there is no assurance that Additional Bonds can or would be issued. See "SECURITY FOR THE 2021 BONDS—Additional Bonds" and "RISK FACTORS—Abatement Risk" herein.

In addition, the Base Rental Payments and Additional Payments will be abated proportionately during any period in which by reason of any damage or destruction or defect in title (other than by condemnation which is otherwise provided for in the Facility Lease) there is substantial interference with the use and occupancy of the Facilities by the County, in the proportion in which the cost of that portion of the Facilities rendered unusable bears to the cost of the whole Facilities. Such abatement will continue for the period commencing with such damage or destruction or defect in title and ending with the substantial completion of the work of repair or reconstruction or resolution of the defect in title. In the event of any such damage, destruction or defect, the Facility Lease continues in full force and effect and the County waives any right to terminate the Facility Lease by virtue of any such damage, destruction or defect. In the event the Facilities cannot be repaired during the period of time that proceeds of the County's rental interruption insurance will be available in lieu of Base Rental Payments (a period of two years) plus the period for which funds are available from the Series 2014 Reserve Account, or in the event that casualty insurance proceeds are insufficient to provide for complete repair of the Facilities, there could be insufficient funds to cover payments to Bondowners in full. See APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS—FACILITY LEASE—Insurance."

Default and Remedies

Events of Default under the Facility Lease include the following: (i) the failure of the County to pay any rental payable under the Facility Lease when the same becomes due and payable, (ii) the failure of the County to keep, observe or perform any term, covenant or condition of the Facility Lease to be kept or performed by the County after notice and the elapse of a 60-day grace period, (iii) the County's interest in the Facility Lease or any part thereof be assigned or transferred, either voluntarily or by operation of law or otherwise, without the written consent of the Authority, as provided for in the Facility Lease, (iv) the County or any assignee shall file any petition or institute any proceeding under any act or acts, state or federal, dealing with or relating to the subject or subjects of bankruptcy or insolvency, or under any amendment of such act or acts, either as a bankrupt or as an insolvent, or as a debtor, or in any similar capacity, wherein or whereby the County asks or seeks or prays to be adjudicated a bankrupt, or is to be discharged from any or all of the County's debts or obligations, or offers to the County's creditors to effect a composition or extension of time to pay the County's debts or asks, seeks or prays for reorganization or to effect a plan of reorganization, or for a readjustment of the County's debts, or for any other similar relief, or if any such petition or any such proceedings of the same or similar kind or character be filed or be instituted or taken against the County, or if a receiver of the business or of the property or assets of the County shall be appointed by any court, except a receiver appointed at the instance or request of the Authority, or if the County shall make a general or any assignment for the benefit of the County's creditors, or (v) the County shall abandon or vacate the Facilities.

Upon the occurrence of any Event of Default described above, the County will be deemed to be in default under the Facility Lease and the Trustee may exercise any and all remedies available pursuant to law or granted to the Authority pursuant to the Facility Lease and assigned to the Trustee pursuant to the Trust Agreement. Upon any such default, the Trustee, as assignee of the Authority, in addition to all other rights and remedies it may have at law, shall have the option to do any of the following:

a) To terminate the Facility Lease in the manner in the Facility Lease provided, notwithstanding any re-entry or re-letting of the Facilities as described by paragraph (b) below, and to re-enter the Facilities and, to the extent permitted by law, remove all persons in possession thereof and all personal property whatsoever situated upon the Facilities and place such personal property in storage in any warehouse or other suitable place located within the County.

b) Without terminating the Facility Lease, (i) to collect each installment of rent as it becomes due and enforce any other terms or provision of the Facility Lease to be kept or performed by the County, regardless of whether or not the County has abandoned the Facilities, or (ii) to exercise any and all rights of entry and re-entry upon the Facilities.

In addition to the other remedies set forth above, upon the occurrence of an Event of Default, the Trustee, as assignee of the Authority, shall be entitled to proceed to protect and enforce the rights vested in the Trustee, as assignee of the Authority, by the Facility Lease and under the Site Lease or by law or by equity. The provisions of the Facility Lease and the duties of the County and of its trustees, officers or employees shall be enforceable by the Trustee, as assignee of the Authority, by mandamus or other appropriate suit, action or proceeding in any court of competent jurisdiction. Without limiting the generality of the foregoing, the Trustee, as assignee of the Authority, shall have the right to bring the following actions:

a) *Accounting*. By action or suit in equity to require the County and its trustees, officers and employees and its assigns to account as the trustee of an express trust.

b) *Injunction*. By action or suit in equity to enjoin any acts or things which may be unlawful or in violation of the rights of the Authority.

c) *Mandamus*. By mandamus or other suit, action or proceeding at law or in equity to enforce the Authority's rights against the County (and its board, officers and employees) and to compel the County to perform and carry out its duties and obligations under the law and its covenants and agreements with the County as provided in the Facility Lease.

If an Event of Default occurs under the Facility Lease, there is no remedy of the acceleration of the total Base Rental Payments due over the term of the Facility Lease, and the Trustee is not empowered to sell a fee simple interest in the Facilities and use the proceeds of such sale to redeem the 2021 Bonds or pay debt service thereon. See APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS—FACILITY LEASE—Default; Remedies" hereto.

FOR A FURTHER DESCRIPTION OF THE PROVISIONS OF THE FACILITY LEASE, INCLUDING THE TERMS THEREOF AND A DESCRIPTION OF CERTAIN COVENANTS THEREIN, INCLUDING CONSTRUCTION, MAINTENANCE, UTILITIES, TAXES, ASSESSMENTS, INSURANCE AND EVENTS OF DEFAULT AND AVAILABLE REMEDIES, SEE "SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS—FACILITY LEASE" IN APPENDIX D ATTACHED HERETO.

THE COUNTY OF SAN MATEO

General

The County was established on April 19, 1856. Located on the San Francisco Peninsula, coastal mountains run north and south through the County, dividing the lightly populated western part from the heavily populated eastern corridor between San Francisco to the north and Santa Clara County to the south. The County covers 455 square miles and contains 20 incorporated cities and the San Francisco International Airport. By population, San Mateo County is the 14th largest county in the State, with 773,244 persons according to the California Department of Finance preliminary population estimates as of January 1, 2020. The county seat is located in Redwood City.

As of January 1, 2020, approximately 66,083 people lived in the unincorporated area of the County. County departments provide municipal services for the unincorporated area of the County, including but not limited to, law enforcement, fire prevention, land use and zoning, building permits and local road building and maintenance.

Police services are also provided by the County on a contract basis for the cities and towns of Half Moon Bay, Millbrae, Woodside, Portola Valley and San Carlos, each of which are within the County's boundaries.

County Government

The County is a charter county and is governed by a Board of Supervisors whose members serve four-year terms on a full time basis. Each member of the Board (a "Supervisor") must reside in one of five geographical districts in the County. The Supervisors are elected by the eligible voters of their districts. The Board appoints the County Manager to administer County affairs. The County Manager appoints all non-elected department heads with the exception of the Chief Probation Officer. The Board appoints the County Counsel. Elected officials include the Assessor-County Clerk-Recorder, the County Controller, the County Coroner, the County District Attorney, the County Sheriff and the County Treasurer-Tax Collector.

Brief biographies of the Supervisors (in alphabetical order), the County Manager, the County Treasurer-Tax Collector and the County Controller follow:

David J. Canepa is a fourth generation San Mateo County resident who grew up in Pacifica before settling into Daly City, where he currently resides with his wife Ana and young son David Piero. He is a former Daly City mayor and currently serves as Board President on the San Mateo County Board of Supervisors.

He was elected to the San Mateo County Board of Supervisors in November 2016 and was unanimously appointed by his fellow supervisors to the Metropolitan Transportation Commission (MTC) on Jan. 12, 2021. He also sits on the Bay Area Air Quality Management District and several other local and regional boards.

Supervisor Canepa supports MTC's vision to plan and partner for the next generation with bold leadership to improve mobility and end the chronic housing shortage in the Bay Area. Housing, transportation and health care will continue to top Canepa's priority list as he works collaboratively to implement transformative policies that will lead to a better quality of life for all Bay Area residents.

Carole Groom was elected to the Board in June 2010, served as Board President in 2011, 2015, and 2019. Prior to Supervisor Groom's appointment in 2009, she served nine years on the San Mateo City Council, including two terms as Mayor, and on the San Mateo Planning and Public Works Commissions.

Supervisor Groom's legislative priorities include expanded access to quality preschool and literacy, healthcare for all, environmental protection, preservation of the County's parks, and growing the local economy. In December 2012, she was appointed to the California Coastal Commission by then California State Assembly Speaker, John Perez.

Since 2011, Supervisor Groom has worked with the San Mateo County Office of Education and Silicon Valley Community Foundation to increase the reading proficiency of third graders countywide. The initiative, called The Big Lift, was formally launched in 2013 and seeks to raise the reading proficiency of third grade students in San Mateo County through key interventions including access to high quality preschool, inspiring summer experiences, reducing chronic absenteeism and increasing family engagement around literacy.

In 2014, Supervisor Groom and Supervisor Dave Pine began the process of establishing Peninsula Clean Energy (PCE), a community choice energy program, to provide consumers with an option for more renewable energy sources. With the support of the Board and participation of all 20 San Mateo County cities, in 2016, the Joint Powers Authority was formally created to launch Peninsula Clean Energy. In 2020, PCE served nearly 300,000 residential and business accounts across San Mateo County.

Her professional experience includes 18 years as a Vice President of Mills-Peninsula Health Services. Carole Groom resides in the city of San Mateo.

Don Horsley was elected to the Board as the District 3 Supervisor in 2010 and assumed office in January 2011. He was re-elected in 2014 and again in 2018 for a third and final term. He has served twice as President of the Board. He will be President for a third time in 2022.

A former San Mateo County Sheriff, Supervisor Horsley also served as an elected member of the Sequoia Healthcare District prior to being elected to the Board. Supervisor Horsley also serves on the boards of Health Plan of San Mateo, the San Mateo County Transportation Authority, the Housing Our People Effectively ("HOPE") Interagency Council, and the Local Agency Formation Commission. Supervisor Horsley has made agricultural issues on the coast and within the unincorporated area one of his priorities as a supervisor. He has also championed innovative solutions to farmworker housing challenges on the Coastside. Transportation issues, from solving the potential deterioration of Highway 1 at Surfer's Beach to the creation of the Devil's Slide Trail County Park, have been highlights of Supervisor Horsley's tenure. He has also been deeply involved with environmental issues in the county, including flooding problems in Pescadero. He is a board member of the newly created Flood and Sea Level Rise Resiliency District and also a member of the San Mateo County Express Lanes JPA, creating a widened Highway 101 through San Mateo County that will include HOV and dedicated bus lanes. Since approximately 70% of all Building and Planning issues for San Mateo County take place within the Third District's unincorporated areas, Supervisor Horsley is particularly committed to facilitating interaction between the public and the permitting process. He has also made it a goal to initiate health care options for people living in the Pescadero area and the Midcoast. Supervisor Horsley lives in Emerald Lake Hills with his wife Elaine.

Dave Pine was first elected to the San Mateo County Board of Supervisors in a special election in May 2011, and subsequently reelected in 2012, 2016 and 2020.

He served as Board President in 2014 and 2018. He represents District 1 which includes Burlingame, Hillsborough, Millbrae, and portions of San Bruno and South San Francisco; the unincorporated communities of San Mateo Highlands, Baywood Park and Burlingame Hills; and the San Francisco Airport.

As a board member for the San Francisco Bay Conservation and Development Commission (BCDC), the San Francisco Bay Restoration Authority, the San Mateo County Flood and Sea Level Rise Resiliency District Board, and the San Francisquito Creek Joint Powers Authority, Supervisor Pine has worked extensively on the intersecting issues of flood control, sea level rise and tidal land restoration. He is also the founding chair of the Peninsula Clean Energy Authority and serves on the boards of the San Mateo County Transit District (SamTrans), the Peninsula Corridor Joint Powers Board (Caltrain), the Bay Area Regional Collaborative, and Joint Venture Silicon Valley.

Supervisor Pine previously was a school board member for the Burlingame School District from 2003 to 2007 and the San Mateo Union High School District from 2007 to 2011. He is also a past president of the San Mateo County School Boards Association.

Before focusing his career on public service, Pine worked as an attorney representing start-up and high-growth technology companies. After working in private practice with Fenwick & West, he served as Vice President and General Counsel for Radius, Excite@Home, and Handspring.

Originally from New Hampshire, Pine is a graduate of Dartmouth College, where he was awarded a Harry S. Truman scholarship and was elected, at age 19, to the New Hampshire State House of Representatives. Following his undergraduate studies, Pine earned his Juris Doctorate from the University of Michigan Law School.

Warren Slocum was elected to the Board in November 2012 and represents the Fourth District which includes East Palo Alto, a portion of Menlo Park, Redwood City, and the unincorporated community of North Fair Oaks.

When he was elected by his peers as President of the Board in January 2020, Supervisor Slocum set as his top priority to honor the diversity of the county by making advances through the lenses of equity and social progress. This includes, working collaboratively building more affordable housing, moving the needle to resolve homelessness particularly for families and veterans, and reducing traffic congestion. In fact, since his election to the

Board of Supervisors, Warren has been focused on improving the quality of life for all people on the Peninsula, and issues of transportation, housing, immigrants, veterans, and youth. He is a fierce advocate for social justice and has introduced and co-sponsored legislation to establish a Language Access Policy, Veterans Commission, Office of Community Affairs, and the Office of Immigrant Affairs.

As a member of the Board, Warren serves the County on several Boards and Commissions including the Local Agency Formation Commission, Housing Endowment & Regional Trust, and the Housing Our People Effectively Interagency Action Council and was instrumental in the hiring of the County's first Chief Equity Officer.

Warren is a proud Vietnam veteran who earned his degree from San Diego State University. Previously, Warren served as the San Mateo County Assessor-County Clerk Recorder & Chief Elections Officer. He and his wife, Maria Diaz-Slocum, a member of the Redwood City School Board, call Redwood City home. Warren is a technology enthusiast, an amateur photographer, a dog lover, and coffee aficionado who believes in the concept "#DreamBig."

Michael P. Callagy joined the County in 2013 as a Deputy County Manager and was named Assistant County Manager in April 2016. In November 2018, he assumed the role of County Manager after being appointed by the Board of Supervisors.

Michael Callagy has more than 37 years of public sector service experience. Before joining the County, he spent 29 years with the San Mateo Police Department where he ran day-to-day operations as the deputy police chief until his retirement. He is a licensed attorney in the state of California and in addition to his law degree from Santa Clara University, holds a Bachelor of Arts and Master's in public administration from the College of Notre Dame and a Master's in homeland defense and security from the Naval Postgraduate School.

As County Manager, Michael Callagy oversees the efficient running of daily County operations and carries out policies established by the Board of Supervisors.

A dedicated family man, he lives in Foster City with his wife and four children.

Sandie Arnott is the first woman elected to the position of San Mateo County Treasurer-Tax Collector. She was elected in November 2010 and re-elected in June 2014 and June 2018. She was initially employed by the office in 1989 and has served as Deputy Treasurer-Tax Collector since 2002. Since her election, Sandie Arnott's priorities have been focused on improving payment processes by making them more efficient and environmentally friendly. She opened remote tax collection locations in South San Francisco and Half Moon Bay and provided mailbox drop-off service during peak tax collection periods. She introduced Live Chat website assistance and online property auctions in 2011. E-billing for secured property taxes was made available in 2015. She replaced the 30-year-old tax collection system she inherited with Grant Street Group's state-of-the-art TaxSys solution in September of 2019. She is now serving her constituents with a full-featured system, employing modern and secure private cloud technology, easily configurable interfaces to key County systems, and real-time dashboards with a view into daily operations. Sandie Arnott realized success in her legislative campaign to reinstate the Senior Citizens and Disabled Tax Postponement Program in 2016, and AB2738, which she authored to protect school bond proceeds/taxpayer dollars, was signed into law on September 22, 2016. She currently serves as ex-Officio Trustee of the San Mateo County Employees Retirement Association (SamCERA); past President of the California Association of County Treasurers & Tax Collectors (CACTTC) and is a member of the San Mateo County Treasury Oversight Committee, the CACTTC Legislative Committee. Sandie Arnott was selected by State Treasurer Betty Yee to serve on a special Property Tax Procedures Manual Committee and was chosen by the California State Association of Counties (CSAC) to serve on a California Debt Investment Advisory Committee (CDIAC) steering committee. She was recently selected to serve on the Legislative Committee of the National Association of County Collectors, Treasurers and Finance Officers (NACCTFO) and is a Director on the North Peninsula Food Board Pantry & Dining Center of Daly City. She served as President of Women in County Government in 1997-98.

Juan Raigoza assumed the office of County Controller in January 2015. Controller Raigoza began working for the County of San Mateo Controller's Office in 2001 as a senior internal auditor and later managed two divisions within the office. Prior to being elected as Controller, he served as the Assistant Controller for three years. During his time with the County, Raigoza developed expertise in governmental accounting, auditing, and internal controls. His work experience and knowledge of information systems, operations management, and financial accounting enables him to assess business and accounting functions and develop business processes and information technology solutions to improve the County's operational and financial performance.

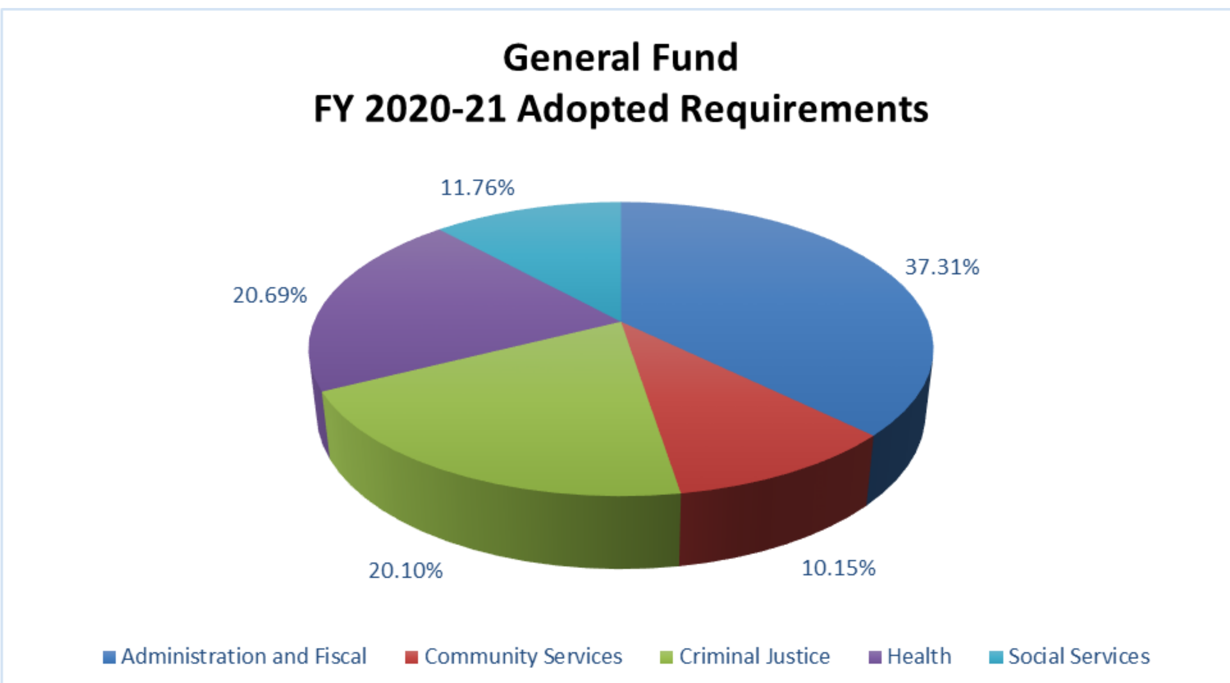
He is a member of the Government Finance Officers Associations (GFOA) of the United States and Canada and currently serves as the 2nd Vice President of California State Association of County Auditors. His office has received the GFOA's awards for excellence in financial reporting for the County of San Mateo's Comprehensive Annual Financial Report for 20 consecutive years and Popular Annual Financial Report for 18 consecutive years.

Prior to joining the County, Raigoza worked for two Big-4 accounting firms. He worked as a state and local tax consultant with Ernst & Young and as a management consultant with Deloitte & Touche. Controller Raigoza also worked as a tax auditor for the California Franchise Tax Board, where he conducted income tax compliance audits of large multi-national corporations headquartered in the San Francisco Bay Area. He earned an undergraduate degree in Business Administration with a concentration in finance and accounting, and a Master of Business Administration with an emphasis in management information systems from the California State University, Chico.

County Services

Many of the County's functions are required under County ordinances or by State or federal mandate. State and federally mandated programs, primarily in the social and health services areas, are directed to be maintained at certain minimum levels, which may, under some conditions, limit the County's ability to control its budget. However, under designated State and federal programs, eligible costs are subject to reimbursement according to specific guidelines.

The chart below shows the General Fund adopted budget requirements for each of the major service areas during fiscal year 2020-21:



Source: County.

Health-Related Services

General. Under State law, the County is required to administer State and federal health programs, and to provide for a portion of their costs with local revenues, such as sales and property taxes. These services are provided under the County's health system ("County Health"), which includes the following divisions: Aging and Adult Services, Behavioral Health and Recovery Services (BHRS), Correctional Health, Emergency Medical Services, Environmental Health, Family Health, Health Administration, Health Coverage Unit, Health Information Technology, and Public Health Policy and Planning. The County provides these medical care services to all County residents regardless of their ability to pay. The County is also responsible for all medical care of the indigent in the County pursuant to State law.

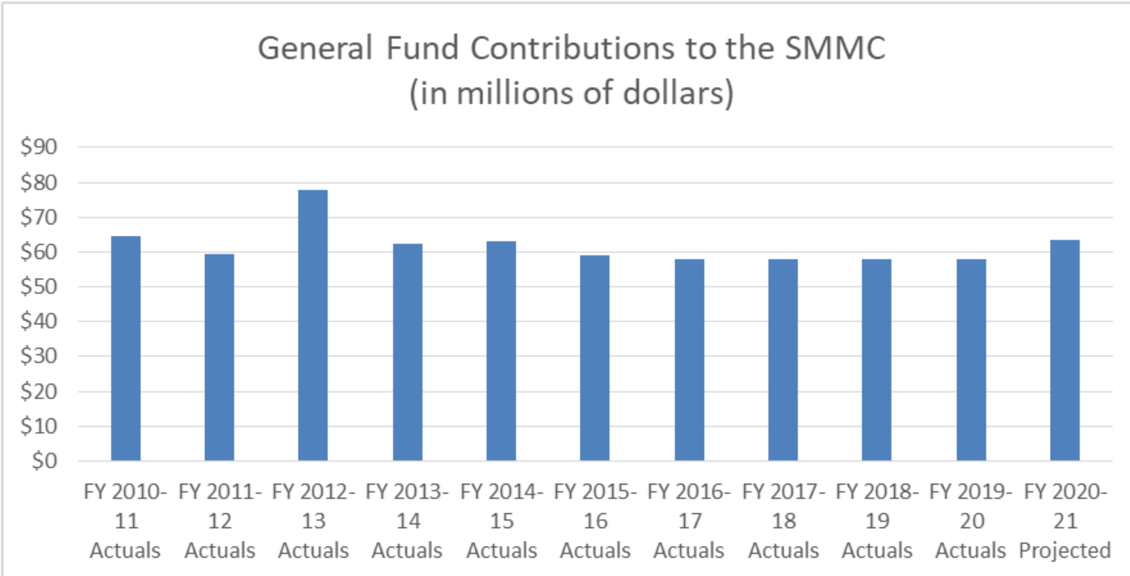
The Board approved $959.1 million for fiscal year 2020-21 in total requirements (expenditures and department reserves) for all County Health services and programs. The General Fund cost of all County Health services and programs (net of State and federal reimbursements and other revenue), is budgeted at $182 million or 10.4% of the County's fiscal year 2020-21 Adopted Budget for General Funds. These costs were exclusive of certain COVID-19 pandemic health related costs which were allocated to and paid from discretionary revenue sources, including federal and State reimbursement. See "COUNTY FINANCIAL INFORMATION – COVID-19 Pandemic and Impact on County."

During fiscal year 2020-21, the cost of General Fund operating divisions within County Health are funded with approximately 32% from State funds (including realignment revenues described in "COUNTY FINANCIAL INFORMATION—State Funding" below), approximately 4% from federal funds, approximately 23% from charges for services, and approximately 28% from County funds, with the remaining 13% being funded primarily by aid from local agencies, miscellaneous revenues and existing fund balances.

The County owns and operates an acute care hospital and a long-term care facility, with a combined total of 448 licensed beds, as well as seven Federally Qualified Health Centers (FQHCs). Collectively, these facilities are referred to as the SMMC. The hospital provides a full array of emergency, inpatient, psychiatric, imaging, laboratory, specialty health, skilled nursing, and surgical services. The FQHCs provide community-oriented primary and specialty care across the County and provided approximately 232,000 ambulatory visits to County residents in fiscal year 2019-20.

The SMMC is operated as an enterprise fund, separate and apart from the County's General Fund. The SMMC is funded by a number of revenue sources, including State and federal funds, pharmaceutical and medical supply sales, and net patient revenue, as well as contributions from the General Fund. During fiscal year 2019-20, the cost of the SMMC was funded with approximately 40% from State and federal funds (including realignment revenues described in "COUNTY FINANCIAL INFORMATION—State Funding" below), approximately 37% in net patient revenues, approximately 14% from the General Fund, with the remaining 9% funded by the sales of pharmaceuticals and medical supplies, and miscellaneous revenues.

The County annually makes General Fund contributions to support the operations of the SMMC and meet its State mandate to provide medical care to the indigent population. The County's contribution had remained relatively flat for the seven years preceding the COVID-19 pandemic. In fiscal year 2019-20, the SMMC received a $58.1 million contribution from the General Fund. The chart below illustrates the General Fund historical contributions to the SMMC over a ten-year period as well as the projected contribution for fiscal year 2020-21. The contribution to the SMMC has been budgeted to increase by $5.5M, to $63.6M for fiscal year 2020-21 and such increase is expected to remain in place through fiscal years 2021-22 and 2022-23 before being reevaluated for fiscal year 2023-24. See "COUNTY FINANCIAL INFORMATION—2020-21 County Budget" and "—Future Year Budgets" herein.



Source: County.

See also "COUNTY FINANCIAL INFORMATION—State Reimbursement Payments" herein for a description of the financing of the SMMC. See also APPENDIX C – "COMPREHENSIVE ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED JUNE 30, 2020."

Health Care Reform. The Affordable Care Act (ACA), which became effective January 1, 2014, changed health care coverage for Americans in two significant ways. It expanded Medicaid (called Medi-Cal in California) to cover more impoverished individuals and provides subsidies for low and middle income Americans who can now purchase insurance through State-established health insurance marketplaces.

The County has seen the effects of the expansion of Medi-Cal under the ACA. As of January 1, 2021, the Health Plan of San Mateo (HPSM), a separate legal entity from the County, had 37,470 additional Medi-Cal members compared to membership levels prior to ACA and a total Medi-Cal membership of 121,847.

An additional change with California's implementation of the ACA was the addition of treatment for substance use and moderate mental illnesses for adults enrolled in Medi-Cal. Medi-Cal benefits were previously limited to treating only those with very serious mental illness conditions. This growth in Medi-Cal membership and benefits presents challenges and opportunities for the County Health to meet the medical and behavioral healthcare needs of residents relying on the public safety net.

As a direct result of the ACA, the SMMC is now serving 14,551 additional Medi-Cal members. However, the number of patients served by the County's Access and Care for Everyone (ACE) program initially declined as a result of the ACA and with the expansion of Medi-Cal but has since grown. The ACE program is designed to meet the County's indigent healthcare responsibilities and serve County residents who are not eligible for Medi-Cal, Medicare, private insurance or other third-party payers. Enrollment in ACE is currently 24,828 (April 2021), compared to a 2013 (prior to the Affordable Care Act) enrollment of 31,000. In addition, because a greater percentage of the patients served by the SMMC have insurance, until fiscal year 2020-21, the SMMC had been able to meet the needs of a growing number of residents enrolled in the ACE program without increases in the amount of County General Fund or State realignment funds. As noted above, the County increased the General Fund contribution by $5.5M for fiscal year 2020-21 and fiscal year 2021-22 to enable the SMMC to meet increased needs while working through other uncertainties during the COVID-19 pandemic.

County Health Challenges. County Health's revenues, which are primarily from the Federal and State government, including through the Medi-Cal program, have not kept pace with increases in the costs of doing business, resulting in a structural gap that has required actions to increase revenues and reduce expenses. The projected structural gap for fiscal year 2021-22 is $17 million, requiring actions that will be presented to the Board of Supervisors at its budget hearings in June 2021. County Health has reduced the structural deficit from a projected $52 million to $17 million even while prioritizing mitigation of the COVID-19 pandemic. The deficit reduction was attributable to higher reimbursement levels, the increased use of telehealth and employee reductions. As noted above, the County has budgeted an additional $5.5M in contributions to the SMMC through fiscal year 2023-24 to help address this deficit.

At this time, the County's position is that County Health would receive no greater increase in County contribution than other General Fund Departments. The potential structural gap has not been included in the "COUNTY FINANCIAL INFORMATION – Revenue Growth Projects – Five Year Revenue and Expenditure Projections" described below."

Other County Services

Justice Services. The County criminal justice system is supported primarily by local County revenues and State funding. State legislation adopted in 1997 transferred responsibility from the counties to the State for providing court facilities for all judicial officers, support positions and court operations. The County is responsible for maintenance of effort requirements for court-related fines and forfeitures and court operations, including County facility payments for court facilities transferred to the State in fiscal year 2008-09 in compliance with the Trial Court Facilities Act of 2002. The Sheriff's Office provides law enforcement, prevention, education, and community policing to the unincorporated areas of the County and within eight contract jurisdictions; provides specialized investigative services through the Investigations Bureau and the Forensic Laboratory Division; and emergency management coordination through the Homeland Security Division. The Sheriff's Office also provides incarceration and rehabilitative services for pretrial and court-sentenced adult inmates housed in the two County jails. The fiscal year 2020-21 adopted budget for the Sheriff's Office is $290 million or 12% of the General Fund budget, including a General Fund cost of $144 million (net of State and Federal reimbursements and other revenue, including Proposition 172 Local Public Safety Protection and Improvement Act of 1993, and California's Public Safety Realignment Act of 2011).

The San Mateo County Sheriff's Office Corrections Division operates two jail facilities including the Maguire Correctional Facility and the Maple Street Correctional Center. For fiscal year 2019-20, the average daily inmate population was 877 inmates. To address aging and outdated facilities, general overcrowding, and a need for programming space designed to reduce recidivism, the County built the Maple Street Correctional Center, a 254,000 square foot three-story housing unit designed to accommodate a total of 576 beds for both men and women. Construction of the Maple Street Correctional Center began in May 2013 and was completed in March 2016. The total cost of the construction of the Maple Street Correctional Facility was approximately $165 million. In fiscal year 2014-15 the Board approved plans to add 256 inmate beds to the Maquire Correctional Facility, which upon the closing of the older section of the Maguire Correctional Facility and elimination of 280 inmate beds, resulted in a net reduction of 24 beds. This project was funded with General Fund Excess Educational Revenue Augmentation Fund ("ERAF") reserves and was occupied in October 2016.

Human Services. The County provides a variety of services to low income and underserved populations. Through the Human Services Agency, the County conducts administration of public assistance benefits, veterans services, health insurance eligibility, employment services, placement and skills training, child care services, child protective services, prevention services, foster placement and adoption, foster youth transition support, and homelessness reduction, prevention, and shelter referrals.

The General Fund cost of all human services programs (net of State and federal reimbursements and other revenue) is budgeted for fiscal year 2020-21 at $58.0 million (a 1.0% increase from fiscal year 2019-200 or approximately 2.4% of the General Fund budget. The Board approved $275.9 million in total requirements for all human services programs in the budget for fiscal year 2020-21. The cost of all human service programs is being funded approximately 40% with state funds (including realignment revenues (described below), approximately 20% with federal funds and approximately 21% with county funds, with the remaining 19% being funded from miscellaneous revenues, charges for services and existing fund balances. As was the case with COVID-19 pandemic health care related costs, increased human services costs related to the COVID-19 pandemic were allocated to and paid from discretionary revenue sources, including Federal and State reimbursement. See "COUNTY FINANCIAL INFORMATION – COVID-19 Pandemic and Impact on County."

Disaster Services. The County coordinates a network of disaster services to handle floods, fires, storms, earthquakes and other major emergencies.

The San Mateo Office of Emergency Services ("OES"), under the County Manager's Office (CMO), operates under a Joint Powers Agreement between the County and 20 cities/towns in the County. OES provides training and exercises, emergency response coordination and support, planning and communications coordination, public education and grant administration for a total budgeted General Fund cost of $1.3 million in fiscal year 2020-21. As was the case with COVID-19 pandemic health care related costs, increased human services costs related to the COVID-19 pandemic were allocated to and paid from discretionary revenue sources, including Federal and State reimbursement. See "COUNTY FINANCIAL INFORMATION – COVID-19 Pandemic and Impact on County."

General Government. The County is responsible for the administration of the property tax system, including property assessment which is the custodial responsibility of the Assessor, assessment appeals which is the responsibility of the Assessment Appeals Board under the County Managers Office, collection of taxes which is the responsibility of the Treasurer-Tax Collector and the Office of the Controller which is responsible for the distribution of taxes to cities, successor agencies to redevelopment agencies, special districts, local school districts and the County.

A second major government service is the County's Voter Registration and Election Division, which serves over 441,000 registered voters and provides 756 voting precincts with an All-Mailed Ballot/Vote Center Election model for a total budgeted General Fund cost of approximately $5.1 million in fiscal year 2020-21.

The Elections Division is also facing a complex and demanding project of adjusting voting boundaries. In addition to the decennial adjustments required by the census, a number of jurisdictions are considering or in the process of transitioning to district elections, requiring additional adjustments to precinct boundaries. This task requires a coordinated team effort to implement these changes.

Parks. The County operates a network of 24 parks and recreation areas which serve millions of park visitors annually. The County park system encompasses over 16,000 acres of park land, 190 miles of trails, and facilities that include playgrounds, free picnic areas and reservable campgrounds, picnic areas, and shelters for a total budgeted General Fund cost of approximately $14.3 million in fiscal year 2020-21.

Libraries. The County operates a library system, governed by a joint powers authority, which is comprised of 13 community libraries and one bookmobile. The network of libraries serves approximately 2.3 million visitors annually for a total budgeted General Fund cost of $193,514 in fiscal year 2020-21 (out of a total cost of $66.4 million).

County Employment

The number of authorized permanent employment positions for fiscal year 2020-21 was 5,755. The following table sets forth the total number of authorized County employment positions for the fiscal years listed.

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Table 1
COUNTY OF SAN MATEO
AUTHORIZED PERMANENT EMPLOYMENT POSITIONS

Fiscal Year	Authorized Permanent Employment Positions
2011-12	5,179
2012-13	5,062
2013-14	5,182
2014-15	5,286
2015-16	5,421
2016-17	5,491
2017-18	5,530
2018-19	5,535
2019-20	5,647
2020-21	5,755

Source: Adopted Budgets, County.

Employee Relations and Collective Bargaining

County employees include eleven labor organizations represented by bargaining agents and four unrepresented groups. The principal labor organizations represented by bargaining agents include the American Federation of State, County and Municipal Employees Local 829 ("AFSCME") and Service Employees International Union Local 521 ("SEIU"), which together total approximately 59.4% of all permanent County employees. Contracts with these two organizations expire on October 2, 2021.

Employee Relations and Collective Bargaining

County employees include eleven labor organizations represented by bargaining agents and four unrepresented groups. The principal labor organizations represented by bargaining agents include the American Federation of State, County and Municipal Employees Local 829 ("AFSCME") and Service Employees International Union Local 521 ("SEIU"), which together total approximately 59.4% of all permanent County employees. Contracts with these two organizations expire on October 2, 2021.

The number of County employees represented by various bargaining agents as well as the number of non-represented employees are shown in the following table.

Table 2
COUNTY OF SAN MATEO
EMPLOYEE BARGAINING REPRESENTATION
AND NON-REPRESENTED EMPLOYEES
(As of March 9, 2021)

Bargaining Agents:	Number of Employees[1]	Contract Expiration Date
AFSCME	1,696	October 2, 2021
California Nurses Association	380	December 31, 2021
Deputy Sheriffs Association	439	January 9, 2021
SEIU	1,322	October 2, 2021
Building Construction and Trades Council	82	February 3, 2024
Union of American Physicians and Dentists	115	May 14, 2022
San Mateo County Council of Engineers	16	February 19, 2022
Probation and Detention Association	173	May 14, 2022
Organization of Sheriff's Sergeants	63	April 4, 2021
Law Enforcement Unit	42	December 23, 2023
Extra-Help: AFSCME and SEIU	1,478	January 22, 2022
Non-represented employees:		
Unrepresented Attorneys	83	N/A
Confidential	105	N/A
Management	567	N/A
Unrepresented Extra-Help and Limited Term	2,007	N/A

(1) Excludes Court employees. Includes term, extra help and permanent filled positions.
Source: County.

The County is currently negotiating with the Deputy Sheriffs Association and the Organization of Sheriff's Sergeants.

In the event a labor contract expires before the County reaches an agreement, the existing terms and conditions of employment will remain in place throughout the negotiations process. If the County and the represented organization reach an impasse (i.e., there is a deadlock in negotiations), the County and the labor organization may agree to mediation in an attempt to resolve any remaining issues. If such mediation is unsuccessful, then the represented organization may request further oversight by a three-person panel, consisting of one representative selected by the County, one representative selected by the represented organization, and a chairperson that is appointed by the State's Public Employment Relations Board. The three-person panel is empowered to conduct investigations, make inquiries, hold hearings, and take any steps necessary to resolve the bargaining impasse. If the impasse is not settled within 30 days after the appointment of the three-person panel, and the parties do not agree to an extension of time, the panel must submit written findings of fact and recommended terms of settlement to the parties. These findings and recommendations are made available to the public within ten days of their receipt. Finally, once the findings and recommendations are made public, the County may implement its last, best and final offer. Prior to doing so the County must hold a public hearing regarding the impasse.

The County has never experienced a major work stoppage by County employees. In March 2019, the County's Human Services Unit, one of the eleven units represented by AFSCME, staged a two-day strike of one of the nine AFSME units during the negotiations process. During this time, all County departments remained open, although certain services were centralized.

COUNTY FINANCIAL INFORMATION

The following is a description of the County's budget process, historical budget information, changes in fund balance, balance sheets, its major revenues and expenditures, indebtedness, investments and certain other financial information relating to the County. *Certain statistical and economic data provided in this section is historical and may differ materially from future results and may differ materially from future results as a result of economic or other factors, including the COVID-19 pandemic.*

COVID-19 Pandemic and Impact on County

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic (the "COVID-19 pandemic") by the World Health Organization and is currently affecting many parts of the world, including the United States and California. On March 4, 2020, the Governor of California (the "Governor") proclaimed a state of emergency in California as a result of the threat of COVID-19. Under the California Emergency Services Act, during a state of emergency, the Governor has authority over all agencies of the state government and can exercise the State's police powers. The Governor's powers also include the power to promulgate, issue, and enforce orders and regulations as he deems necessary.

Currently, State public health restrictions are primarily governed by "The California Blueprint for a Safer Economy" (the "Blueprint"), which sets forth criteria or loosening or tightening restrictions on activities. California Counties are assigned to tiers based on test positivity and adjusted case rate for tier assignment. In general, County public health orders currently reflect the State restrictions under the Blueprint, but can include additional restrictions. In addition to testing and positivity rates, coronavirus vaccine availability and vaccination rates may impact the County's tier designation under the Blueprint. Currently, approximately 469,888 individuals have been vaccinated in San Mateo County, constituting 73.2% of the county population over the age of 16. The County has consistently maintained a testing rate among the top five counties in the State. The State has announced that the Blueprint criteria and most associated restrictions are expected to be lifted statewide as of June 15, 2021.

The COVID-19 pandemic has negatively affected travel, commerce, investment values, and financial markets globally, and is expected to continue to negatively affect economic output worldwide and within the County. Impacts to the County associated with the COVID-19 pandemic include, but are not limited to disruption of the regional and local economy and travel through San Francisco International Airport with corresponding decreases in the County's revenues from documentary transfer tax, sales tax and investment income, and increased costs of County operations. The County is projecting that the COVID-19 pandemic will impact its sources of General Fund revenue in the current fiscal year and in fiscal year 2021-22. The County has estimated that General Fund revenue could decline by $20 million in the aggregate in fiscal year 2020-21 from the prior fiscal year. This decline if almost entirely due to the impact of decreased operations at San Francisco International Airport (SFO). SFO passenger traffic was down 80% in February 2021 relative to February 2020, due to the COVID-19 pandemic. The County receives sales tax revenue from merchandise sales at the Airport; SFO has historically accounted for approximately 40% of the County's sales tax revenue. In addition, the County imposes a vehicle rental gross receipts tax revenue on car rental operations at SFO. The County also anticipates only very modest growth in the unsecured tax roll revenue through fiscal year 2025-26 due to the impact of relocation of aircraft from SFO during the COVID 19 pandemic. See "COUNTY FINANCIAL INFORMATION – Future Year Budgets."

The County is estimating that it will incur additional costs in an amount of approximately $5 million related to the COVID-19 pandemic for fiscal year 2020-21 and $80 million for fiscal year 2021-22. The County has received, or expects to receive, approximately $400 million in Federal and State funding to address the COVID-19 pandemic, as described below. The County has received allocations in the amount of $151.7 million in funds provided via the Coronavirus Relief Fund under the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act") directly from the federal government or through the State. The funds have been placed in a special restricted fund established within the County treasury and may only be accessed for purposes permitted under the CARES Act, which, under current guidelines from the U.S. Department of the Treasury, is limited to certain necessary expenditures incurred due to the public health emergency with respect to the COVID-19 pandemic between March 1, 2020 and December 31 2021. Funds received by the County under the CARES Act are not available for expenses incurred after December 31, 2021 or for payment of debt service on the 2021 Bonds, and may not be used to fill shortfalls in government revenue to cover expenditures that would not otherwise qualify under the statute.

In addition to CARES Act funding, the County believes that some portion of County COVID-19 pandemic response efforts may be eligible for FEMA disaster assistance. These expenditures include the purchase of PPP, vaccinations and testing costs, and emergency response costs, including the provision of food services through the County "Plates" program which distributed food to needy residents. The County estimated that these FEMA-eligible reimbursements are approximately $100 million and the County has made application for these costs.

On March 11, 2021, the federal government enacted a bill known as the American Rescue Plan. The legislation provides more than $360 billion in emergency funding for state, local, territorial, and tribal governments to ensure that they are in a position to keep front-line public workers on the job and paid, while also distributing coronavirus vaccines, scaling coronavirus testing, reopening schools, and maintaining other vital services. The County expects to receive a total of approximately $148 million in direct funding under the Local Fiscal Recovery Funds provided under the American Rescue Plan. These funds are available to respond to the COVID-19 pandemic public health emergency or its negative economic impacts; to provide premium pay to eligible County workers performing essential work or grants to eligible employers that have eligible workers who perform essential work; for the provision of government services to the extent of the reduction in County revenue due to the COVID–19 pandemic public health emergency relative to revenues collected in the most recent full fiscal year; or to make necessary investments in water, sewer, or broadband infrastructure.

The continued outbreak of COVID-19 could lead to additional or modified public health restrictions and have a continued adverse effect on the County's operations and financial condition. In addition, other initiatives that may be adopted by the federal or State governments in response to the COVID-19 pandemic may have various levels of negative impact on the County's revenues as well. In addition, there is uncertainty regarding the impacts on the County of the State Budget. See "COUNTY FINANCIAL INFORMATION – State Funding." The County cannot predict the magnitude of these impacts on General Fund revenues. However, as of the date of this Official Statement, the County does not believe the impacts of the COVID-19 pandemic will materially impact the County's ability to repay the 2021 Bonds.

Budget Procedures and Policies

The County is required by State law to adopt a balanced budget by October 2nd of each year. The County Manager's Office (the "CMO") prepares a five-year forecast of the County's General Fund revenues and expenditures based on current year expenditures, the Governor's annual proposed State budget, the State and local economy, and other projected revenue trends. Based on this forecast, the County budget is developed and projected resources are tentatively allocated to the various County programs. The County implemented a two-year budget process beginning with fiscal years 2013-15. As part of its process for developing the two-year budgets, the County projects General Fund discretionary revenue and expenses over a five-year planning horizon. See "—2020-21 County Budget" and "—Future Year Budgets" below.

Each year, the CMO presents the recommended budget for the upcoming fiscal year to the Board. The fiscal year 2020-21 Adopted Budget is the second year of the fiscal years 2019-21 two-year budget cycle. The Board is required by the County Budget Act to approve the recommended budget for the upcoming fiscal year no later than June 30.

Between January and the time the State adopts its own budget (which must be adopted by each house of the State Legislature by no later than June 15), representatives of the CMO monitor, review and analyze the State budget and all adjustments made by the Legislature of the State (the "State Legislature"), as well as all other expenditure and revenue trends. Upon the State's adoption of its budget, the CMO recommends revisions to the County's recommended budget to align County expenditures with revenues based on year-end closing activities and September budget revisions, including final fund balance adjustments. The County then adopts the budget for the fiscal year, in accordance with State law, on or before October 2.

The County has historically employed extensive fiscal planning and conservative budget practices to ensure that annual revenues plus available resources are sufficient to cover ongoing annual expenses while maintaining healthy fund balances. As a matter of policy, the County conservatively differentiates ongoing revenues and ongoing expenditures from revenue sources that it deems temporary. See e.g., "—Future Year Budgets – Measure K Revenue." In addition, fund balances and reserves are viewed as one-time sources of funding used only for one-time purposes or as part of a multi-year financial plan to balance the budget. By adhering to these policies, the County avoids operating deficits created through dependency on one-time funding for ongoing expenditures.

To ensure that the budget remains in balance throughout each fiscal year, each month the CMO monitors actual expenditures and revenue receipts. In the event of a projected year-end deficit, immediate steps are taken to ensure expenditures and revenues are balanced.

2020-21 County Budget

The adopted budget for fiscal year 2020-21, following year-end closing activities and September budget revisions, including final fund balance adjustments, was adopted by the Board on September 29, 2020. The General Fund budget for fiscal year 2020-21 amounts to $2.44 billion, representing an increase of 21.20% or $427 million over fiscal year 2019-20. The increase was largely due to the County's response to the COVID-19 pandemic, and one-time outlays for capital and IT improvements, including those funded with Measure K (half-cent sales tax) proceeds. See "—Measure K Revenues" below.

The General Fund began fiscal year 2020-21 with a fund balance of $696.3 million inclusive of General Fund contingencies and reserves, which is $107.9 million more than the prior fiscal year. This increase was largely due to Excess Educational Revenue Augmentation Fund (ERAF) proceeds of $180.0 million, net of a $29.7 million lump sum contribution to the San Mateo County Employees' Retirement Association (SamCERA) in keeping with the Board's plan to substantially reduce the County's unfunded pension liability by 2023, as further described in "—Retirement Program—Plan Description" below. See also "—County General Fund Reserves and Reserves Policies" herein.

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The following table presents the summary of the General Fund budget for the current fiscal year and each of the five previous fiscal years, as set forth in the respective adopted budgets.

Table 3
COUNTY OF SAN MATEO
ADOPTED COUNTY BUDGET – GENERAL FUND
FISCAL YEARS 2015-16 THROUGH 2020-21

	Adopted 2015-16 Budget	**Adopted 2016-17 Budget**	**Adopted 2017-18 Budget**	**Adopted 2018-19 Budget**	**Adopted 2019-20 Budget**	**Adopted 2020-21 Budget**
SOURCES:						
Taxes:						
Property Taxes[1]	$338,695,161	$369,194,578	$394,721,269	$426,217,146	465,771,922	484,086,279
Excess ERAF[2]	55,000,000	55,000,000	55,000,000	55,000,000	60,000,000	65,000,000
Sales Taxes[3]	25,786,000	25,141,677	25,017,432	25,467,746	25,977,101	21,186,650[5]
Measure K Sales Tax[4]	98,907,618	120,297,830	129,444,764	120,770,412	136,485,705	139,656,549[6]
All Other Taxes	25,130,203	23,352,658	25,953,886	26,567,641	29,448,215	20,673,667[7]
Licenses, Permits and Franchises	6,482,374	7,089,603	7,030,866	7,288,690	7,277,274	7,502,859
Fines, Forfeitures and Penalties	7,484,059	7,074,284	5,984,342	5,986,842	6,410,121	6,626,557
Use of Money and Property	8,550,086	10,386,903	11,769,397	15,990,860	19,177,140	28,033,805
Intergovernmental Revenues[8]	465,414,277	463,447,487	505,294,625	504,826,610	524,153,942	664,953,087
Charges for Services	142,489,014	142,899,427	139,954,615	146,725,074	169,243,889	186,144,570
Interfund Revenue	74,646,958	77,855,295	77,236,555	77,804,089	83,580,226	78,802,390
Miscellaneous Revenue	36,660,713	33,649,923	38,411,316	36,934,906	26,527,905	25,944,912
Other Financing Sources	460,542	5,720,034	2,085,000	11,829,461	17,285,907	18,415,712
Total Revenue	$1,285,707,005	$1,341,109,699	$1,417,904,067	$1,461,409,477	1,571,339,347	1,747,027,037
Fund Balance	416,463,403	421,909,308	450,064,032	499,527,400	588,454,492	696,309,009
TOTAL SOURCES	$1,702,170,408	$1,763,019,007	$1,867,968,099	$1,960,936,877	2,159,793,839	2,443,336,046
REQUIREMENTS:						
Salaries and Benefits	$730,697,936[7]	$777,567,201	$817,750,982	$836,369,190	898,354,803	956,209,308
Services and Supplies	474,039,639	474,850,981	516,917,154	483,352,086	531,329,711	549,158,844
Other Charges	292,282,846	334,173,046	352,469,310	334,778,147	365,186,967	459,403,746
Reclassification of Expenses						(253,538)
Fixed Assets	23,665,074	31,686,890	19,155,604	28,922,383	34,091,889	25,257,577
Other Financing Uses	177,115,444	189,324,172	176,038,047	184,328,483	222,397,270	310,783,002
Gross Appropriations	$1,697,800,939	$1,807,602,290	$1,882,331,097	$1,867,750,289	2,051,360,640	2,300,558,939
Intrafund Transfers	(211,395,678)	(214,643,674)	(204,328,741)	(191,402,685)	(213,218,648)	(145,570,306)
Net Appropriations	$1,486,405,261	$1,592,958,616	$1,678,002,356	$1,676,347,604	1,838,141,992	2,154,988,633
Contingencies/Dept Reserves	215,765,147	170,060,391	189,965,743	284,589,273	321,651,847	288,347,413
General Reserves (Non-Gen Fd	–					
Non-General Fund Reserves	–					
TOTAL REQUIREMENTS	$1,702,170,408	$1,763,019,007	$1,867,968,099	$1,960,936,877	2,159,793,839	2,443,336,046

(1) Property Taxes include Secured, Unsecured, Supplementals and In-Lieu VLF (as defined herein) amounts.
(2) See "—Return of Local Property Taxes – Excess ERAF" below.
(3) Sales Tax includes Sales and Use Taxes and In-Lieu Sales & Use Tax Revenue.
(4) Measure K sunsets on March 31, 2043.
(5)) Decrease in Sales Tax mainly due to the impact of the COVID-19 pandemic on the San Francisco International Airport and travel-related taxes earned. See "—COVID-19 Pandemic and Impact on County."
(6) Measure K Sales Tax remained steady due mainly to the effects of the *Wayfair* decision. See "—Future Year Budgets – Measure K Revenues."
(7) Decrease is the effect of the COVID-19 pandemic. See "—COVID-19 Pandemic and Impact on County."
(5) Includes COVID-19 pandemic relief funds from federal and state government as well as realignment revenues.

Source: County Controller.

Future Year Budgets

General. County fiscal staff use the "off-budget" year of the two-year cycle to focus on process improvement initiatives to enhance organizational efficiency and improve service delivery and to develop performance dashboards on the County's website that demonstrate progress in achieving the Board's Shared Vision 2025 community goals as well as goals being established for the Measure K sales tax proceeds.

As part of its process for developing the budgets for fiscal years 2021-22 and 2022-23, the County has projected General Fund discretionary revenue and expenses over a five-year planning horizon.

Projections described herein, including Tables 4, 5, 6 and 7, were generated by County staff to assist with the preparation of the County's biannual budget. Actual results during the projection periods are subject to a number of uncertainties relating to economic activity, population, State and federal expenditures and other factors including the continued effects of the COVID-19 pandemic. Therefore, actual results may differ from such projections, and such differences may be material.

Revenue Growth Projections. The tables below form the basis of the County's General Fund discretionary "revenue growth projections" for the current fiscal year and the following five fiscal years. To better understand these tables, a description of certain revenues of special significance to the County and their impact for budgetary purposes is provided below.

Measure T Revenues. A ballot measure authorizing the County to levy a business license tax on the gross receipts of vehicle rental businesses in the unincorporated area of the County at a rate of two and one-half percent (2.5%), collected on or after July 1, 2012, known as San Mateo County Vehicle Business License Tax, Measure T ("Measure T"), was approved by County voters and took effect July 1, 2012. In fiscal year 2019-20, Measure T resulted in incremental revenues of $10.9 million, which is expected to decrease to $4.1 million by fiscal year 2025-26, mainly due to the decrease in travel through the San Francisco International Airport and corresponding decrease in vehicle rentals resulting from the COVID-19 pandemic. Measure T revenues are considered "ongoing" for purposes of the County's budget planning. See "—Five-Year Revenue and Expenditure Projections" below.

Measure K Revenues. A ballot measure to impose a ten-year countywide half-cent sales tax increase was approved by County voters and took effect April 1, 2013. In November 2016, the voters passed Measure K, extending the half-cent sales tax for an additional 20 years, through 2043. In fiscal year 2019-20, sales tax revenues from Measure K proceeds were $94.1 million, and the County projects these tax revenues to increase to $111.4 million by fiscal year 2025-26 despite the drop in sales revenue in fiscal year 2020-21. Measure K sales tax revenue did not experience the same decrease as other sales taxes experienced as a result decrease in travel through the San Francisco International Airport due to the COVID-19 pandemic. In addition, the County continued to earn Measure K funds on products ordered from businesses outside of the State as a result of legislation enacted as a result of the United States Supreme Court decision in *South Dakota v. Wayfair, Inc.*, requiring that businesses or market facilitators pay sales tax based on sales into the State per year. This legislation helped capture much of the shift to online transactions that occurred as a result of the COVID-19 pandemic.. Measure K proceeds are used to fund a variety of governmental purposes and projects, although a small portion emanating from the sale of aviation fuel (estimated at $3.5 million in fiscal year 2021-22) are restricted for airport purposes. Importantly, because Measure K sunsets March 31, 2043, sales tax revenues generated from Measure K are not considered "ongoing" for purposes of the County's budget planning. See "—Five-Year Revenue and Expenditure Projections" below.

Excess ERAF. The County also receives certain property tax revenues known as Excess ERAF (as defined below). In fiscal year 2019-20, Excess ERAF revenues were approximately $180 million. Pursuant to State law, the County, and the cities and special districts within the County, are mandated to shift a portion of their property tax dollars to the local Educational Revenue Augmentation Fund ("ERAF"), which is utilized to pay certain educational funding obligations of the State. The State uses funds from the ERAF to fund local school districts up to their minimum State-guaranteed amounts. For some school districts ("LCFF Districts"), local property taxes are insufficient to fully fund the school district's minimum State-guaranteed local control funding formula ("LCFF") amount, and the State is required to provide the difference which is paid through ERAF monies. School districts that have property taxes equal to or exceeding the State-guaranteed funding amount ("Basic Aid Districts") do not require funds from the ERAF. Pursuant to the State Revenue and Taxation Code, any property tax contributions made by local taxing entities to the ERAF in excess of the amount necessary to fully fund all LCFF Districts in their counties to their State-mandated school funding levels ("Excess ERAF") are returned to the local taxing entities that contributed to the ERAF. Because these distributions may be impacted by future property tax growth, school enrollment, or State legislation reallocating ERAF funds, by Board policy, 50% of ERAF funds are not included in "ongoing revenues" and are only available for "one time" uses. See "—County General Fund Reserves and Reserves Policies" and "—Return of Local Property Taxes – Excess ERAF" below.

This table contains projections of growth rates for the major sources of revenue under in the County's budgeting process. As noted above, actual results may differ from such projections and such differences may be material. These assumed growth projections are further discussed below.

Table 4
COUNTY OF SAN MATEO
GENERAL FUND DISCRETIONARY REVENUE GROWTH PROJECTIONS
FISCAL YEARS 2019-20 THROUGH 2025-26

	Fiscal Year 2019-20[1]	Fiscal Year 2020-21	Fiscal Year 2021-22	Fiscal Year 2022-2023	Fiscal Year 2023-24	Fiscal Year 2024-25	Fiscal Year 2025-26
Secured Property Tax	7.1%	7.0%	5.0%	4.0%	4.0%	4.0%	4.0%
Unsecured Property Tax	0.9%	1.5%	1.0%	1.0%	1.0%	1.0%	1.0%
Excess ERAF (Ongoing Portion)	0.0%	8.3%	15.4%	6.7%	6.3%	5.9%	0.0%
Vehicle Rental Tax (Measure T) [2]	-5.5%	-65.6%	2.0%	2.0%	2.0%	2.0%	2.0%
Sales Tax [3]	-1.0%	-30.8%	10.0%	20.0%	10.0%	3.0%	3.0%
Property Transfer Tax	-9.1%	1.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Transient Occupancy Tax[4]	25.8%	32.5%	12.9%	11.7%	10.7%	9.8%	9.1%
Property Tax In-Lieu of VLF	2.0%	-22.5% [5]	5.0%	5.0%	5.0%	5.0%	5.0%
Interest & Investment Income	-11.1%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Other Revenue	44.4%	-23.3%	0.3%	0.3%	0.3%	0.3%	0.3%
Overall Growth	6.97%	-5.64%	5.52%	4.49%	4.16%	3.86%	3.15%
Public Safety Sales Tax (Prop. 172)	0.0%	1.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Measure K Sales Tax	-4.6%	-8.0%	6.5%	2.0%	2.0%	2.0%	2.0%

(1) Reflects actual growth.
(2) Drop in Measure T revenue in fiscal years 2019-20 and 2020-21 is attributed to COVID-19 pandemic effects on vehicle rental. See "—Measure T Revenues>"
(3) Drop in sales tax revenue in fiscal year 2020-21 is attributed to COVID-19 pandemic effects. See "—COVID-19 Pandemic and Impact on County."
(4) Reflects opening of the 350 room airport Hyatt in 2019.
(5) See "COUNTY FINANCIAL INFORMATION – VLF Swap" for discussion of circumstances leading to drop in Property Tax In-Lieu of VLF revenue and options for the County to seek allocations from the State for any shortfalls.

Source: County.

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The following table shows the five-year projected aggregate growth in General Fund discretionary revenues, which aligns with the percent growth projections in the previous table. The assumed projections are discussed below. This table contains projections and the actual results may differ from such projections and such differences may be material.

Table 5
COUNTY OF SAN MATEO
GENERAL FUND DISCRETIONARY REVENUE PROJECTIONS – 5-YEAR PROJECTED GROWTH
Fiscal Year 2020-21 to Fiscal Year 2025-26

	Fiscal Year 2020-21	Fiscal Year 2025-26	5-Year Aggregate Growth
Secured Property Tax	$306,310,717	$375,007,511	$ 68,696,795
Unsecured Property Tax	11,550,271	12,145,027	594,758
Excess ERAF (Ongoing)[(1)]	65,000,000	90,000,000	25,000,000
Vehicle Rental Tax (Measure T)	3,749,661	4,139,929	390,268
Sales Tax	19,543,275	30,104,985	10,561,710
Property Transfer Tax	10,394,009	12,049,506	1,655,496
Transient Occupancy Tax	2,774,138	4,637,378	1,863,240
Property Tax In-Lieu of VLF	91,320,683	116,550,904	25,230,221
Interest & Investment Income	26,216,349	30,075,360	3,859,010
Other Revenue	65,720,664	66,643,866	923,202
General Purpose Revenue Growth	$602,579,767	$741,354,466	$138,774,698
Public Safety Sales Tax (Prop. 172)[(2)]	$ 86,498,387	$ 95,501,209	$ 9,002,822
Measure K Sales Tax	$ 86,556,313	$ 111,382,979	$ 24,826,666
Excess ERAF (One-Time)	$ 120,019,420	$ -	$ -

(1) One-half of anticipated Excess ERAF (anticipated ERAF may be based on a multi-year average of prior year Excess ERAF) is budgeted and no assumption for one-time revenues is made in future years.
(2) Collected by the State and allocated by the State Controller to each qualified county in proportion to its share of the total taxable sales in all qualified counties during the most recent calendar year.
Source: County

These growth assumptions represent an increase in General Fund revenues of $138.7 million over the next five years. Based on the close of the secured tax roll, Secured Property Tax revenues increased 7.0% in fiscal year 2020-21 and are projected to grow 4.0-5.0% through fiscal year 2025-26 for a projected increase of $68.7 million over the five-year period. Unsecured Property Tax increased 1.5% in fiscal year 2020-21 and are projected to grow 1.0 – 1.5% through fiscal year 2025-26 for a projected increase of $594,756 over the five-year period. Sales tax growth is projected to decrease by 30.8% in fiscal year 2020-21, but then grow at 2.0% through fiscal year 2025-26 for a projected increase of $10.6 million over the five-year period. Property Tax In Lieu of VLF is projected to decrease by 22.5% in FY 2020-21 but then increase at 5% through fiscal year 2025-26 for a projected increase of, $25.2 million over the next five years. Transient Occupancy Tax (TOT) is projected to grow around 9.0 – 12.9%. Finally, the Proposition 172 Public Safety Sales Tax, which is impacted by both local and statewide sales activity, is projected to grow 2% annually or $9.0 million over the five-year period.]

Expenditure Growth Projections. Ongoing discretionary expenditures are expected to grow $118.3 million or 18.6% in the aggregate over the five-year period. Salaries and benefits will account for most of this increase. Net of revenue offsets derived from labor increases, salaries and benefits are expected to grow by $60 million from fiscal year 2020-21 to fiscal year 2025-26. The County uses a blended 30% offset to account for increased revenues that will result from federal and State funding, including grants, and increased fees and contract revenues. With these offsets, the net impact to the General Fund is projected to grow $42 million (or 3.5% per year).

In its expenditure projections, the County factors in 5% annual growth for health benefits, 2% annual growth for dental benefits, and applies the blended retirement contribution rate of 38% (the statutory rate for fiscal year 2020-21) for fiscal years 2021-22 through 2025-26. See "Employee Relations and Collective Bargaining" above.

A summary of the increases for projected employee costs is provided in the table below. The following table contains projections; actual results may differ from such projections and such differences may be material.

Table 6
SUMMARY OF SALARY AND BENEFITS INCREASES
Fiscal Year 2020-21 through 2025-26[1]

Expenditure	Fiscal Year 2017-18 Adopted Budget	Fiscal Year 2022-23 Projected	Five Year Increase	Aggregate Percent Change
Salaries[2]	$667,301,531	$717,259,181	$49,957,650	7.49%
Overtime/Extra Help/Special	68,843,248	69,251,763	408,515	0.59%
FICA & Medicare	38,920,972	42,369,359	3,448,387	8.86%
County Retirement Contribution	232,925,797	250,733,083	17,807,286	7.65%
County Retirement Pre-Pay[3]	39,700,000		(39,700,000)	-100.00%
Other Retirement	702,809	1,199,371	496,562	70.65%
Health & Dental Benefits	113,228,654	129,651,122	16,422,468	14.50%
Worker's Compensation	17,792,518	18,133,332	340,814	1.92%
Other Benefits	10,591,324	21,382,651	10,791,327	101.89%
Total Salaries & Benefits	$1,190,006,853	$1,249,979,862	$59,973,010	5.04%
Claiming Revenue Offset (30%)			$17,991,903	
Net Increase in Salaries and Benefits			$41,981,107	

(1) Excludes overtime, extra help, prepayments to SamCERA and other labor costs.
(2) Salaries are projected at 2%. The County will be entering into labor negotiations for most bargaining units in FY 2021-22 and FY 2022-23. See "—Employee Relations and Collective Bargaining."
(3) The pre-pay of the pension is projected to end in FY 2022-23.
Source: County.

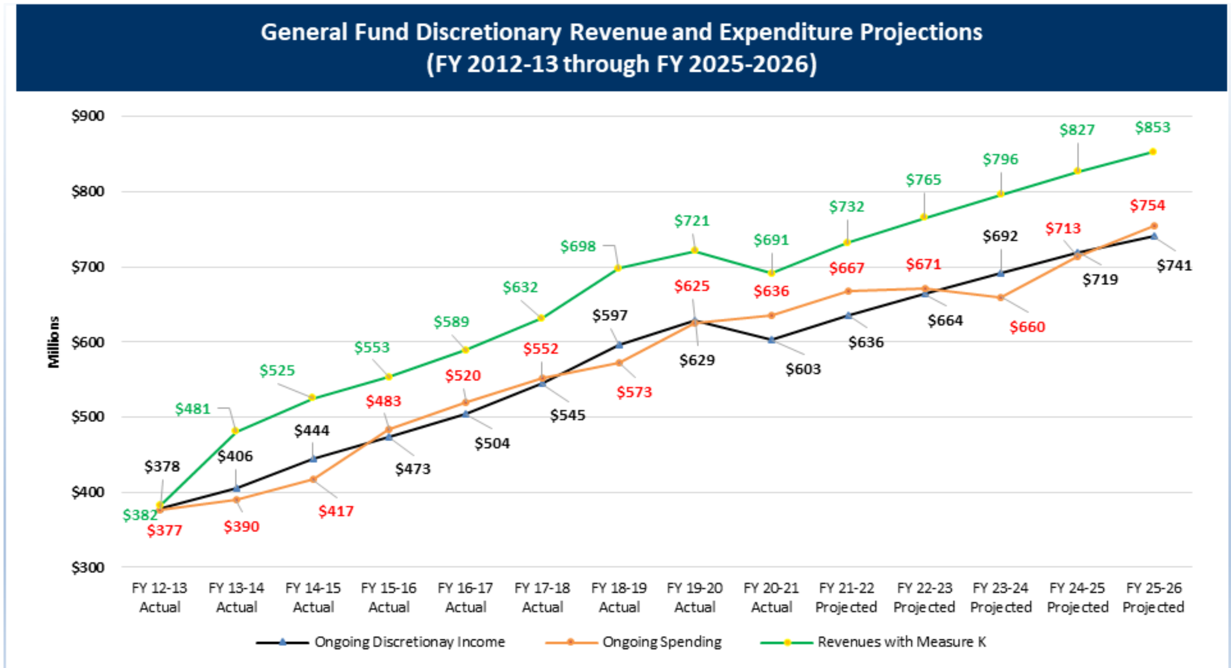
In August 2013, the Board adopted a plan to pay down the County's unfunded pension liability, beginning with a $50 million contribution in fiscal year 2013-14 followed by annual contributions of $10 million through fiscal year 2022-23. The plan also includes funding the retirement system at a rate of 38% even as the statutory rate declines, as further described in "—Retirement Program—County's Required Contributions" below. These contributions, though ten years in duration, are considered one-time in nature and will be made from Excess ERAF revenues.

Five-Year Revenue and Expenditure Projections. The following table illustrates that, given the assumptions above, ongoing spending will exceed ongoing discretionary income through fiscal year 2025-26. As described below, ongoing discretionary revenue, for County budget planning purposes, do not include Measure K sales tax revenues which are expected to generate between $88.0 and $111.4 million each year over the next five years. If Measure K revenues are included in discretionary revenue, then such revenues would exceed expenditures by approximately $83.9 million in fiscal year 2022-23. However, the ongoing spending projections in the table also do not include the additional spending that will result from the allocation of Measure K revenues in discretionary revenue. In 2020, the Board approved the use of $172.8 million of Measure K Sales Tax proceeds, including $71.0 million in prior year rollovers, for a variety of countywide projects. Also not included in the discretionary revenue projections are the remaining 50% of Excess ERAF moneys, which are currently being allocated for one-time purposes. See "County General Fund Reserves and Reserves Policies" below.

As described above under "Health-Related Services – Health System Challenges" the projections below do not include the impact of potential revenue shortfalls of the SMMC.

The following table contains projections; actual results may differ from such projections and such differences may be material.

Table 7
COUNTY OF SAN MATEO
GENERAL FUND DISCRETIONARY REVENUE AND EXPENDITURE PROJECTIONS(1)
Fiscal Years 2012-13 through 2025-26
($ in Millions)



Source: County.

County 5-Year Capital Improvement Plan (including Information Technology)

The County of San Mateo's Five-Year Capital Improvement Plan (CIP) is a planning tool that identifies both the short- and long-term capital improvement and information technology needs of the County. Capital appropriations and priorities are set for each two-year budget cycle. Recognizing the dynamic environment in which the County operates, the plan is expected to change from year to year, as needs and funding sources change and evolve.

The CIP details capital projects from the following County departments: the Project Development Unit (PDU), the Department of Public Works (DPW), the Parks Department, and the Information Services Department (ISD). The following table reflects the current understanding of the funding sources for projects included in the CIP.

Table 8
COUNTY OF SAN MATEO
5-YEAR CAPITAL IMPROVEMENT PLAN

Funding Source	FY 2019-20 Adopted	FY 2020-21 Recommended	FY 2021-24 Projected	5-Year Projected Funding
General Fund	$155,399,773	$135,446,544	$35,447,360	$326,293,677
Bonds(1)	114,386,352	75,191,000	178,770,000	368,347,352
Departmental	61,517,614	58,402,757	15,097,000	135,017,371
Measure K	42,718,909	16,050,000	4,107,316	62,876,225
Proposition 172	8,750,000	6,000,000	8,850,000	23,600,000
State/Federal	6,000,000	2,900,000	2,800,000	11,700,000
Donations	70,000			70,000
TOTAL	$3,888,842,649	$293,990,301	$245,071,676	$927,904,626

(1) See “COUNTY FINANCIAL INFORMATION – Indebtedness – Anticipated Financings” below.
Source: County.

County General Fund Reserves and Reserves Policies

The Board approved the original County Reserves Policy in April 1999, which was revised most recently in June 2012 (the “Reserves Policy”). The County’s fiscal officers initiated the creation of the Reserves Policy to reduce the negative fiscal impacts on the County during times of economic uncertainty and potential funding losses from other governmental agencies.

The Reserves Policy establishes a minimum General Fund reserves requirement of 10%, as follows: General Fund operating departments (2%), a General Reserve (5%), and General Fund Appropriation for Contingencies (3%). In addition, the Reserves Policy requires that the County set aside reserves for Countywide Capital Improvements ($2 million) and Countywide Automation Projects ($2 million), and provides guidelines for the use of these funds.

Pursuant to the Reserves Policy, departments shall maintain reserves of at least 2% of Net Appropriations to be used only for the following: (i) one-time emergencies, (ii) unanticipated mid-year losses of funding, (iii) short-term coverage of costs associated with unanticipated caseload increases, and (iv) short-term coverage of costs to avoid employee lay-offs provided there is a long-term financial plan to attain a structurally balanced budget. The General Fund Appropriation for Contingencies is available for one-time emergencies and economic uncertainties. The General Reserve of 5% is available for any lawful purpose. In fiscal year 2020-21, the appropriated General Fund Reserves and Contingencies of $288.3 million (or 13.4% of Net Appropriations) exceed the Reserves Policy’s minimum reserves requirements of 10%.

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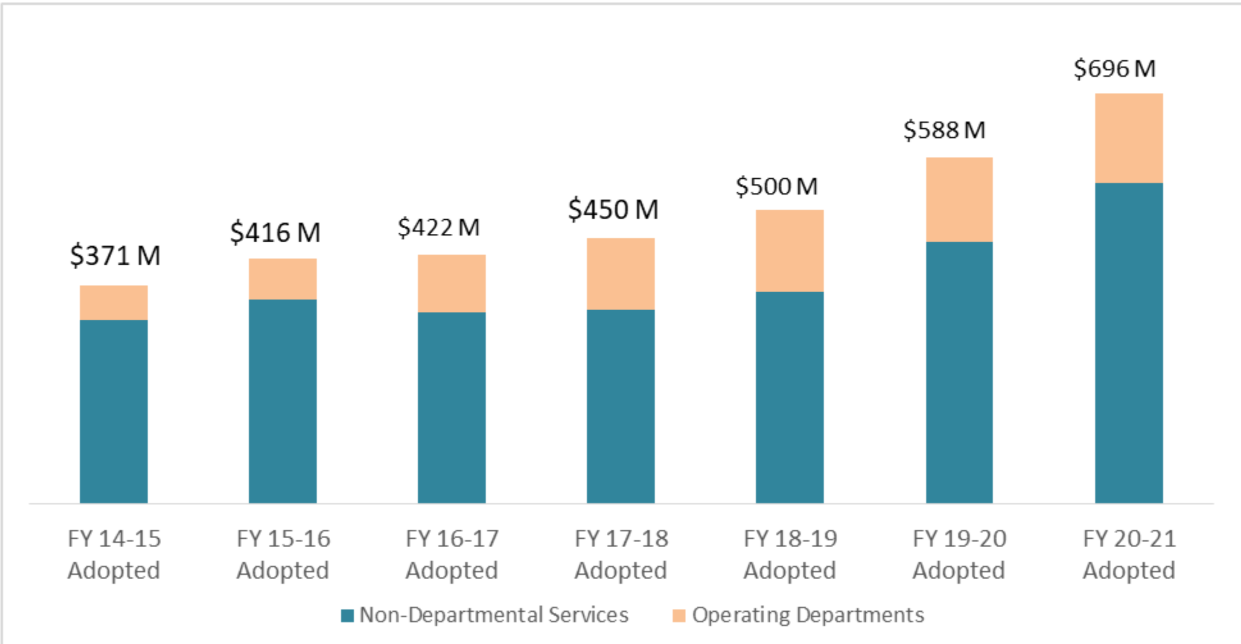
The following table presents the General Fund balance at the beginning of each of fiscal years identified in the table.

Table 9
COUNTY OF SAN MATEO
BEGINNING GENERAL FUND BALANCES
Fiscal Years 2014-15 through 2020-21
($ in Millions)



Source: County.

The following table represents appropriated General Fund contingencies and reserves, including Excess ERAF, for the fiscal years listed in the table. The County has historically appropriated 50% of Excess ERAF, which has the effect of lowering appropriated reserves. The difference between General Fund balance in the table above (Table 10) and the appropriated balance shown below represents an expenditure of reserves for one-time purposes.

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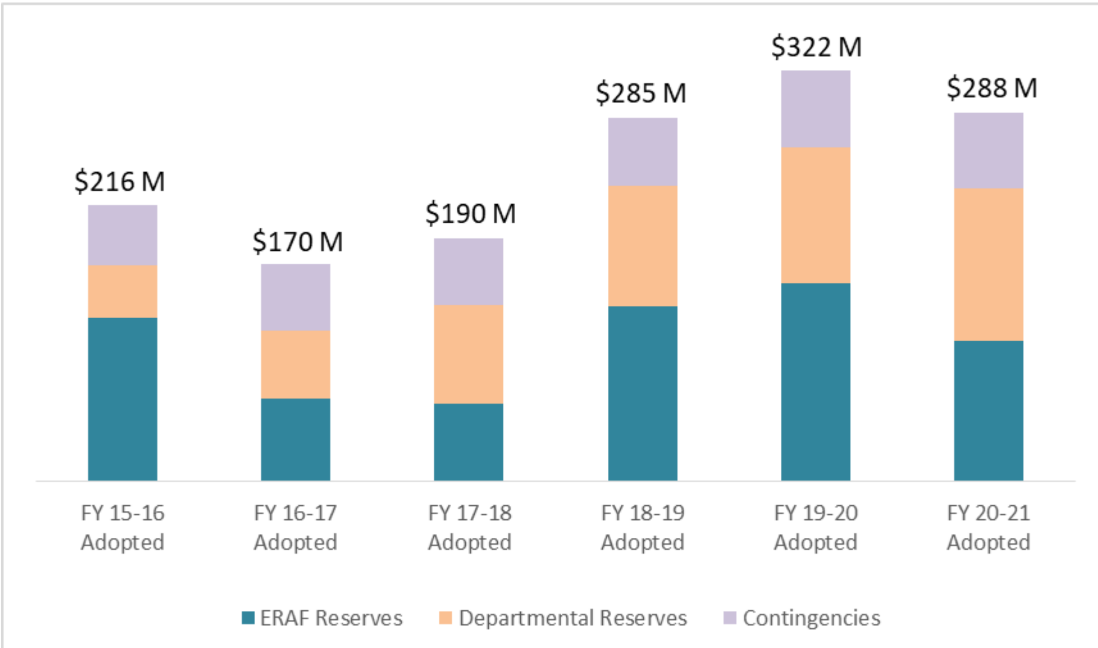
Table 10
COUNTY OF SAN MATEO
GENERAL FUND CONTINGENCIES AND RESERVES
Fiscal Years 2015-16 through 2020-21
($ in Millions)



Source: County.

On January 31, 2012, the Board authorized the use of 50% of future Excess ERAF proceeds for ongoing purposes; the rest can only be used for one-time purposes as described in the Reserves Policy. The table below describes the "one-time" use of Excess ERAF proceeds during recent years.

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TABLE 11
COUNTY OF SAN MATEO
"ONE-TIME" USE OF EXCESS ERAF
Representative Uses

Fiscal Year	Amount ($ in Millions)	Use
2007-08	141.2	Prefund the County's Other Post Employment Benefits ("OPEB")
2010-11	56.7	Purchase two office buildings and a parking garage for County use ($40 million) – which the County later sold for $87 million – and the acquisition of the Maple Street Correction Center site ($16.7 million)
2012-13	61.0	Contribution to Pension UAAL ($50 million); Jail planning, architecture and site preparation relating to the Maple Street Correctional Center and the 2014 Project Site ($11 million)
2014-15	46.3	Build-out of Warm Shell for Maple Street Correctional Center ($25.6 million); Contribution to Pension UAAL ($10.0 million); acquisition of 2700 Middlefield Road, Redwood City for affordable housing ($10.7 million)
2015-16	30.4	Contribution to Pension UAAL ($19.5 million); contribution to Half Moon Bay for new library ($6 million); start-up loans to Peninsula Clean Energy ($3 million); acquisition of 3060-3080 Middlefield Road, Redwood City for public parking ($1.9 million)
2016-17	51.5	Contribution to Pension UAAL ($33.6 million); acquisition of Coastside Clinic ($9.5 million); contribution to County Events Center for paving project ($3.6 million); contribution to County Airports Enterprise Fund for capital improvements ($2.8 million); contribution to Enhanced Flood Control Zone ($2 million)
2017-18	42.7	Contribution to Pension UAAL ($27.6 million); contribution to Half Moon Bay for new library ($5.7 million); loan to Half Moon Bay for new library ($5.7 million); contribution to Enhanced Flood Control Zone ($2 million); loan to Brisbane for new library ($1.7 million)
2018-19	52.7	Contribution to Pension UAAL ($50.7 million); Parking Structure II ($2.0 million)
2019-20	102.7	Contribution to Pension UAAL ($29.7 million); Morgue ($10.0 million); Homeless Shelter ($5.0 million); Parks Projects ($10.0 million); County Office Building III ($10.0 million); Parking Structure II ($38.0 million)
2020-21	126.3	Contribution to Pension UAAL ($39.7 million); Morgue ($15.0 million); Homeless Shelter ($5.0 million); Parks Projects ($10.0 million); County Office Building III ($48.0 million); Parking Structure II ($18.0 million); 3060-3080 Middlefield Road Purchase ($573,000)
2021-22	38.0	Contribution to Pension UAAL ($10.0 million); Homeless Shelter ($20.0 million); Parks Projects ($8.0 million)
2022-23	74.0	Contribution to Pension UAAL ($10.0 million); Court Space for Board of Supervisors Chambers and County Manager's Office ($9.0 million); Parks Projects ($5.0 million); County Office Building III ($50.0 million)

Source: County.

State Funding

Overview. California counties administer numerous health and social service programs as the administrative agent of the State and pursuant to State law. Many of these programs have been either wholly or partially funded with State revenues which have been subject each year to the State budget and appropriation process.

The County is dependent upon the State and federal funding for a significant portion of its revenues. In fiscal year 2020-21, State and federal funding accounts for approximately 33% and 12%, respectively, of General Fund revenues. See "2020-21 County Budget" above.

History of State Funding. Over the past twenty-five years, the State budget has experienced broad fluctuations as the State responded to the economic recession of the early 1990's, the economic recovery later in the same decade, the 2001 recession and subsequent recovery, and the 2008 recession and subsequent recovery. With the steady improvement in the State economy since the 2008 recession and the passage of a temporary statewide tax increase, the State has experienced significant improvement to its budget stability and overall financial condition.

The State's budgetary decisions in response to the changing economic environment will continue to have a significant financial and programmatic impact on counties, cities, and other local jurisdictions.

The State Budget Process. The State's fiscal year begins on July 1 and ends on June 30, Pursuant to the State Constitution, the Governor of the State is required to propose a budget for the next fiscal year (the "Governor's Budget") to the State Legislature no later than January 10 of each year. The Governor's Budget is then revised in May and a final budget must be adopted by each house of the State Legislature by no later than June 15. The budget becomes law upon the signature of the Governor.

Under State law, the annual proposed Governor's Budget cannot provide for projected expenditures in excess of projected revenues and balances available from prior fiscal years. Following the submission of the Governor's Budget, the State Legislature takes up the proposal. Under the State Constitution, money may be drawn from the State Treasury only through an appropriation made by law. The primary source of the annual expenditure authorizations is the Budget Act as approved by the State Legislature and signed by the Governor. The Budget Act must be approved by each house of the State 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 State 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 each house of the State Legislature and be signed by the Governor. 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. However, delays in the adoption of a final State budget in any fiscal year may affect payments of State funds during such budget impasse.

Impact of State Budget. [This section to be Updated After May Revise] Total revenues from the State represent approximately __% of the County General Fund revenues appropriated in the budget for fiscal years _______ and _______, and thus changes in State revenues could have a significant impact on the County's finances. In a typical year, the Governor releases two primary proposed budget documents: (1) the Governor's Proposed Budget required to be submitted in January; and (2) the "May Revision" to the Governor's Proposed Budget. The Governor's Proposed Budget as revised by the May Revision is then considered and typically revised by the State Legislature. Following that process, the State Legislature adopts, and the Governor signs, the State budget. County policy makers review and estimate the impact of both the Governor's Proposed Budget and the May Revision prior to the County adopting its own budget.]

On June 29, 2020, Governor Newsom signed a final State budget for Fiscal Year 2020-21 (the "2020 Budget Act"). The 2020-21 State Budget contemplated ending Fiscal Year 2020-21 with $8.3 billion in the Budget Stabilization Account (the General Fund's "rainy-day" fund), $2.6 billion in the Special Fund for Economic Uncertainties (a fund to meet General Fund obligations in the event of declining revenues or unanticipated expenditures and for disaster relief), $450 million in the Safety Net Reserve (used to maintain benefits and services for CalWORKs and Medi-Cal participants during economic downturns) and $3.2 billion in the Reserve for Liquidation of Encumbrances. The 2020 Budget Act reflected the expected extraordinary impacts of the COVID-19 pandemic on the State's economy, including a then-projected State budget deficit of about $54 billion.

The Proposed 2021-22 State Budget indicates that the revenue forecast was finalized prior to the passage of the December 2020 federal stimulus bill, which was then-expected to provide about $106 billion allocable to State and other governmental services, as well as California residents and businesses. The Governor's May Revision to the Proposed 2021-22 State Budget will include a revised revenue forecast that will reflect federal assistance as enacted, which is estimate to provide an additional $7 billion to the State to address COVID-19 pandemic related costs and mitigate learning loss reflected in the Governor's budget.

On February 23, 2021, Governor Newsom signed into law a comprehensive package of immediate fiscal actions ahead of the traditional state budget process intended to provide needed relief to individuals, families and businesses suffering the most significant economic hardship due to the COVID-19 pandemic. Overall, the package totals $9.6 billion with two core pieces providing relief payments to lower-income Californians and grants for small businesses that have been negatively impacted by the pandemic and economic recession. The early budget package includes several pieces of relief that are significant for counties: (1) $400 million in federal funding for child care with funding being used to provide a $525 stipend per child for child care and preschool providers that are state-subsidized and will increase access to subsidized child care for 8,000 children of essential workers; (2) $6 million for outreach and application assistance and $12 million for county administration to provide support for the enrollment of college students who are newly eligible for CalFresh; (3) $500 million over a four-year period for the California Housing Finance Agency to finance low and moderate-income housing and restores $50 million for moderate-income housing that had been rescinded in October 2020 when additional federal coronavirus relief was not allocated to California; and (4) $24 million for the existing Housing for the Harvest program, which provides shelter and support for farmworkers who need to quarantine because of the COVID-19 pandemic.

The items of major interest to the County in the Proposed 2021-22 State Budget are summarized below. [This section to be updated after May Revision] The estimates provided below are based on information provided by the State to-date. There can be no assurance that these estimates will not change in the future.

- *Homelessness*. This includes $750 million one-time General Fund for the Department of Housing and Community Development to continue providing competitive grants for local governments (including counties) to purchase and rehabilitate housing, including hotels, motels, vacant apartment buildings, and other buildings, and convert them into interim or permanent long-term housing. The Administration is also asking the Legislature for early action on $250 million one-time General Fund in the current fiscal year to continue funding Project Homekey (a recent effort to acquire motels for homeless housing to respond to the COVID-19 pandemic).

- *Behavioral Health*. $750 million to make outpatient treatment options more widely available and to help counties treat individuals in less restrictive, community-based, residential settings of care. The Department of Health Care Services will provide competitive grants to counties for the acquisition and rehabilitation of real estate assets to expand the community continuum of behavioral health treatment resources and infrastructure. Counties will be required to provide a local match and this proposal links to the repurposing of local jail construction funds discussed further in the Administration of Justice section.

- *Expanded Facilities to Support Housing*. $250 million one-time General Fund for the Department of Social Services to provide to counties for the acquisition or rehabilitation of adult residential facilities and residential care facilities for the elderly.

- *Wildfire and Forest Resilience*. $1 billion one-time General Fund investment for forest resilience efforts. The proposal includes $323 million in the current year with the remaining funds allocated in the following budget year.

- *County Probation Departments*. $50 million onetime General Fund to county probation departments. These funds may be used for a broad range of services with an emphasis on keeping juveniles and adults out of the criminal justice system, moving them quickly and successfully through the system, and keeping them from reentering the system.

- *Realignment Projections*. The Proposed 2021-22 State Budget includes revenue assumptions for 1991 Realignment and 2011 Realignment. Due to the impacts of the COVID-19 pandemic, Realignment revenues decreased and failed to reach base for both 1991 Realignment and 2011 Realignment in 2019-20. The projections for 2020-21 indicate that Realignment revenues will increase by 5.6 percent over 2019-20 levels. This would result in $341.3 million in 1991 growth, including $68.9 million for caseload growth, and $188 million in 2011 growth in the Support Services Subaccount. However, revenues are then projected to decrease again in 2021-22 by 1.9 percent.

- *Local COVID-19 Assistance*. $372 million in current year emergency funds for COVID-19 vaccination distribution, logistics, and a public awareness campaign to boost vaccine uptake.

- *CalAIM*. The Proposed 2021-22 State Budget invests in CalAIM (a proposal to streamline and improve the state's Medi-Cal program). It proposes investing $1.1 billion ($531.9 million General Fund) in 2021-22, growing to $1.5 billion ($755.5 million General Fund) in 2023-24, to implement CalAIM initiatives proposed to begin January 1, 2022. The proposal anticipates phasing out infrastructure funding, which will be used to increase coordination between counties and health plans and implement behavioral health payment reform, in 2024-25, resulting in the ongoing funding decreasing to $846.4 million ($423 million General Fund) per year.

- *Student Mental Health*. $400 million ($200 million General Fund) proposal for Medi-Cal managed care plans to coordinate with county behavioral health departments and schools with the goal of increasing school behavioral health and early preventative and intervention services. The one-time funding will be issued over multiple years and administered by the Department of Health Care Services.

- *Medi-Cal County Administration*. An increase of $65.4 million ($22.9 million General Fund) for Medi-Cal county administration over the 2020-21 funding level. This increase results from an adjustment based on the growth in the California Consumer Price Index that is included in the Medi-Cal County Administration methodology.

- *Aging Programs*. Over $250 million to preserve and expand housing for low-income seniors and other aging services.

- *IHSS County Administration*. Eliminates freeze on county administration funding at the 2019-20 level. This results in $17.8 million General Fund being included for 2021-22 to reflect adjustments for caseload and the Consumer Price Index.

- *Housing Construction*. $500 million each for increased infill infrastructure grants and housing tax credits.

Information about the State budget is regularly available at various State-maintained websites. Text of the State budget may be found at the Department of Finance website, www.dof.ca.gov, under the heading "California Budget." An analysis of the budget is posted by the California Legislative Analyst's Office at www.lao.ca.gov. In addition, various State official statements, many of which contain a summary of the current and past State budgets, may be found at the website of the State Treasurer, www.treasurer.ca.gov. The information on such websites is prepared by the respective State agency maintaining each website and not by the County, and the County takes no responsibility for the continued accuracy of the Internet addresses or for the accuracy or timeliness of information posted there, and such information is not incorporated herein by these references.

Major Revenues

The County derives its revenues from a variety of sources including *ad valorem* property taxes, sales and use taxes, licenses and permits issued by the County, use of County property and money, aid from federal and State governmental agencies, charges for services provided by the County and other miscellaneous revenues. The approximate percentages of the County's total budgeted "Governmental Funds" revenues are set forth in the following table for the fiscal years listed. "Governmental Funds" include the General Fund of the County. See, "COUNTY FINANCIAL INFORMATION – Financial Statements" for a list of the funds included as "Governmental Funds."

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Table 12
COUNTY OF SAN MATEO
SUMMARY OF BUDGETED REVENUE SOURCES

(Governmental Funds)
Fiscal Years 2016-17 through 2020-21

	Budgeted 2016-17	Budgeted 2017-18	Budgeted 2018-19	Budgeted 2019-20	Budgeted 2020-21
Taxes:					
Property Taxes[1]	19.42%	20.26%	20.11%	20.44%	25.18%
Excess ERAF[2]	2.73	2.65	2.44	2.52	3.72
Sales Taxes[3]	1.34	1.30	1.22	1.25	1.21
Measure K Sales Tax[4]	8.81	8.82	8.62	7.52	7.99
All Other Taxes	0.74	0.74	0.70	1.24	3.72
Intergovernmental Revenues:					
Aid from Federal Agencies	6.09	5.59	5.52	5.21	14.14
Aid from State[5]	20.83	25.70	24.88	24.54	22.97
Aid from Local Agencies	1.15	1.34	1.26	0.71	0.96
Charges for Services	16.97	14.88	13.65	16.29	10.65
Interfund Revenue	5.24	4.90	4.53	4.83	4.51
Licenses, Permits and Franchises	0.49	0.48	0.47	0.45	0.43
Fines, Forfeitures and Penalties	0.47	0.36	0.33	0.34	0.38
Use of Money and Property	0.78	0.86	0.98	1.11	1.60
Miscellaneous Revenue	2.02	2.25	1.99	1.47	1.49
Other Financing Sources	12.90	9.88	13.30	12.08	1.05
Total Revenue	100.00%	100.00%	100.00%	100.00%	100.00%

(1) Property Taxes include Secured, Unsecured, Supplementals and In-Lieu VLF amounts. See "—VLF Swap"
(2) Only includes 50% of the projected General Fund apportionment of Excess ERAF. See "—County General Fund Reserves and Reserves Policies" above and "—Return of Local Property Taxes – Excess ERAF" below.
(3) Sales Tax includes Sales and Use Taxes and In-Lieu Sales & Use Tax Revenue.
(4) Measure K sunsets on March 31, 2043.
(5) Includes realignment revenues. See "State Funding" above.
Source: County Controller.

Ad Valorem Property Taxes

Taxes are levied each fiscal year on real and personal property situated in the County based on the assessed value of the preceding January 1 lien update. For assessment and collection purposes, property is classified either as "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State assessed property and real property having a tax lien which is sufficient to secure payment of the taxes. Other property is assessed on the "unsecured roll."

Property taxes on the secured roll are due in two installments on November 1 and February 1 of each fiscal year. If unpaid, such taxes become delinquent on December 10 and April 10, respectively, and a 10% penalty is attached. In addition, properties on the secured roll that remain delinquent as of June 30 are considered to be in default. Such property taxes may thereafter be repaid by payment of the delinquent taxes and the delinquency penalty, plus an additional penalty of 1.5% per month up to the time of repayment. If taxes remain unpaid for a period of five years or more the property is subject to sale by the County Treasurer-Tax Collector.

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 is attached to delinquent taxes on the unsecured roll and an additional penalty of 1.5% per month begins to accrue on November 1. The County has the following four ways of collecting unsecured personal property taxes: (i) filing a civil action against the taxpayer; (ii) filing a certificate in the office of the County Clerk-Recorder specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (iii) filing a certificate of delinquency for recording in the County Clerk-Recorder's office in order to obtain a lien on certain property of the taxpayer; and (iv) seizing and selling of personal property, improvements or possessory interests belonging or assessed to the assessee.

In addition to the secured and unsecured rolls, taxes are levied on the supplemental roll, which captures increases and decreases in assessed values that happen during the year. The increases generally come from completion of new construction or changes in ownership which trigger reassessment. The due date of a supplemental bill is based on the date it is mailed and penalties are applied accordingly. Once a supplemental bill is considered delinquent it remains on the current roll for an additional fiscal year, after which it is transferred to the appropriate delinquent roll based on whether the supplemental bill was based on a secured or unsecured property.

As a relief from these taxes, State law allows exemptions from ad valorem property taxation of $7,000 of full value of owner occupied dwellings. However, the State reimburses all local taxing authorities for the loss of revenues imputed on these exemptions. The State Constitution and various statutes provide exemptions from ad valorem property taxation for certain classes of property such as churches, colleges, tax-exempt nonprofit hospitals and tax-exempt charitable institutions.

The following three tables set forth certain information regarding County property tax collections. These property tax shares do not include property tax allocations from the residual of the former RDAs. See "—Redevelopment Agencies (RDAs)" below.

Table 13
COUNTY OF SAN MATEO
SUMMARY OF TAX LEVIES AND COLLECTIONS
SECURED PROPERTY TAX ROLL
Fiscal Years 2010-11 through 2019-20

Fiscal Year	General Fund Secured Levy at June 30[1]	Amount of Current Levy Uncollected at June 30	Percent Current Levy Delinquent at June 30	Total Non-Current Levy Collections[2]
2010-11	$176,406,635	$2,504,974	1.42%	$34,098,966
2011-12	176,571,467	1,977,600	1.12	23,983,232
2012-13	175,093,889	1,418,260	0.81	18,006,202
2013-14	184,064,188	1,196,417	0.65	15,686,002
2014-15	194,901,610	1,188,900	0.61	12,524,976
2015-16	209,808,644	1,195,909	0.57	12,054,488
2016-17	225,507,622	1,353,046	0.60	10,610,665
2017-18	241,687,453	1,377,619	0.57	10,874,781
2018-19	259,213,983	1,503,441	0.58	12,189,328
2019-20	277,234,247	2,356,491	0.85	11,961,825

(1) Portion of the 1% levy expected to be directly allocated to the County General Fund net of the ERAF shift.
(2) Includes outstanding current and prior years' redemptions, penalties and interest due to the County. See "—The Teeter Plan" herein.
Source: County Controller.

Table 14
COUNTY OF SAN MATEO
SUMMARY OF TAX LEVIES AND COLLECTIONS
UNSECURED PROPERTY TAX ROLL
Fiscal Years 2010-11 through 2019-20

Fiscal Year	Unsecured Property Levy at June 30[(1)]	Total Current and Non-Current Levy Collections[(2)]	Percentage of Total Collections to Original Levy
2010-11	$8,857,596	$8,537,093	96.4%
2011-12	9,050,050	7,320,649	80.9
2012-13	8,893,859	8,511,465	95.7
2013-14	9,156,888	8,486,850	92.7
2014-15	9,233,592	8,922,558	96.6
2015-16	9,654,954	9,313,392	96.4
2016-17	9,583,357	9,070,178	94.7
2017-18	10,444,218	10,205,354	97.7
2018-19	11,959,013	10,979,182	91.8
2019-20	11,911,807	11,377,961	95.5

(1) Portion of the 1% levy expected to be directly allocated to the County General Fund net of the ERAF shift.
(2) Includes outstanding current and prior years' redemptions, penalties and interest due to the County. See "—The Teeter Plan" herein.
Source: County Controller.

Table 15
COUNTY OF SAN MATEO
SUMMARY OF TAX LEVIES AND COLLECTIONS
SUPPLEMENTAL ROLL
Fiscal Years 2010-11 through 2019-20

Fiscal Year	Supplemental Roll Tax Change (Net) [(1)]	Total Collections at June 30 [(2)]	Percentage of Total Collections to Current Charge
2010-11	$5,154,158	$3,705,805	71.9%
2011-12	5,326,311	4,145,402	77.8
2012-13	6,713,008	5,370,134	80.0
2013-14	10,440,152	8,092,088	77.5
2014-15	9,762,897	6,900,973	70.7
2015-16	11,690,929	9,004,529	77.0
2016-17	12,871,216	9,259,927	71.9
2017-18	12,620,204	8,939,671	70.8
2018-19	15,306,139	10,561,627	69.0
2019-20	13,551,709	8,606,235	63.5

(1) Portion of the 1% levy expected to be directly allocated to the County General Fund.
(2) Includes outstanding current and prior years' redemptions, penalties and interest due to the County. See "—The Teeter Plan" herein.
Source: County Controller.

Redevelopment Agencies (RDAs)

Prior to 2012, California Community Redevelopment Law authorized redevelopment agencies to issue bonds payable from the tax increment resulting from increases in assessed valuation of properties within designated project areas. In effect, local taxing authorities such as the County realized property tax revenues only on the frozen base year assessed valuations within these project area, and not on any subsequent increases in value.

Effective February 1, 2012, and pursuant to Assembly Bill x1 26 ("ABx1 26"), redevelopment agencies throughout the State were abolished and prohibited from engaging in future redevelopment activities. ABx1 26 requires successor agencies to take over from the former redevelopment agencies and perform the following functions:

Continue making payments on existing legal obligations without incurring any additional debt.

Wind down the affairs of the former redevelopment agencies and return the funds of liquidated assets to the county Auditor-Controller, who will in turn distribute these funds to the appropriate local taxing entities.

Under ABx1 26, the property tax increment, which was previously distributed to redevelopment agencies, is now utilized to pay enforceable legal obligations, pass-through payments and eligible administrative costs. Any remaining tax increment, otherwise known as "residual," is to be distributed as property tax revenue to the appropriate local taxing entities, including the County. This has increased the County's property tax revenues over time available for discretionary purposes.

Assessed Valuations

General. The assessed valuation of property in the County is established by the County Assessor, except for public utility property which is assessed by the State Board of Equalization ("SBOE"). Assessed valuations are reported at 100% of the full value of the property, as defined in Article XIII A of the State Constitution ("Article XIIIA"), except as provided therein.

The following table sets forth information relating to the assessed valuation of property in the County subject to taxation.

Table 16
COUNTY OF SAN MATEO
SECURED ROLL ASSESSED VALUATION
Fiscal Years 2015-16 through 2020-21
($ in Thousands)

Fiscal Year	Land	Improvements	Personal Property	Exemption	Net Total	% Change from Prior Fiscal Year
2015-16	$82,205,823	$88,622,199	$1,752,723	($4,370,100)	$168,210,645	7.8%
2016-17	89,508,926	94,312,557	1,967,801	(4,500,922)	181,288,362	7.8
2017-18	96,886,862	100,754,994	2,128,420	(4,561,573)	195,208,703	7.7
2018-19	104,714,300	109,264,409	2,529,355	(5,296,415)	211,211,649	8.2
2019-20	112,465,155,	118,480,524	1,717,393	(5,880,447)	226,782,625	7.4
2020-21	120,346,667	128,093,082	1,876,738	(6,196,934)	244,119,553	7.6

Source: County Controller.

Approximately 61.0% of the County's assessed valuation is based on single family residences based on 2020-21 assessed valuations. Set forth below is the per-parcel assessed valuation of single family residences:

Table 17
COUNTY OF SAN MATEO
Per Parcel 2020-21 Assessed Valuation of Single Family Homes

	No. of Parcels	2020-21 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single-Family Residential	161,223	$150,186,505,030	$931,545	$645,052

2020-21 Assessed Valuation	No. of Parcels[(1)]	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $99,999	9,745	6.044%	6.044%	$770,910,094	0.513%	0.513%
$100,000 - $199,999	17,523	10.869	16.913	2,506,084,405	1.669	2.182
$200,000 - $299,999	11,971	7.425	24.338	2,995,827,004	1.995	4.177
$300,000 - $399,999	13,166	8.166	32.505	4,612,183,799	3.071	7.248
$400,000 - $499,999	11,930	7.400	39.904	5,356,541,722	3.567	10.814
$500,000 - $599,999	11,307	7.013	46.918	6,214,719,534	4.138	14.952
$600,000 - $699,999	10,794	6.695	53.613	7,007,892,814	4.666	19.618
$700,000 - $799,999	10,071	6.247	59.859	7,546,475,195	5.025	24.643
$800,000 - $899,999	9,209	5.712	65.571	7,820,539,236	5.207	29.850
$900,000 - $999,999	8,380	5.198	70.769	7,948,434,841	5.292	35.143
$1,000,000 - $1,099,999	6,673	4.139	74.908	6,990,724,649	4.655	39.797
$1,100,000 - $1,199,999	5,035	3.123	78.031	5,779,010,168	3.848	43.645
$1,200,000 - $1,299,999	4,343	2.694	80.725	5,420,666,031	3.609	47.255
$1,300,000 - $1,399,999	3,556	2.206	82.930	4,790,115,772	3.189	50.444
$1,400,000 - $1,499,999	3,377	2.095	85.025	4,888,022,805	3.255	53.699
$1,500,000 - $1,599,999	2,835	1.758	86.784	4,392,996,304	2.925	56.624
$1,600,000 - $1,699,999	2,376	1.474	88.257	3,916,809,490	2.608	59.232
$1,700,000 - $1,799,999	2,088	1.295	89.552	3,650,319,002	2.431	61.662
$1,800,000 - $1,899,999	1,794	1.113	90.665	3,318,388,881	2.210	63.872
$1,900,000 - $1,999,999	1,556	0.965	91.630	3,032,166,502	2.019	65.891
$2,000,000 and greater	13,494	8.370	100.000	51,227,676,782	34.109	100.000
	161,223	100.000%		$150,186,505,030	100.000%	

(1) Improved single family residential parcels. Excludes condominiums and parcels with multiple family units.
Source: California Municipal Statistics, Inc.

Appeals to Assessed Valuation. Under the California Constitution, property owners may protest the assessed value of their property to the County Assessment Appeals Board (the "AAB"). The AAB has jurisdiction to determine a property's assessed valuation and may raise or lower a property's assessed valuation, thereby affecting the amount of property taxes payable by the property owner for the tax year in question as well as future tax years. Annually, the County evaluates the protests filed by property owners and maintains, adequate reserves to fund significant tax refunds in the event of a successful protest.

Appeals may be also based on Proposition 8, the 1978 voter approved amendment to Article XIIIA of the State Constitution, which requires that for each January 1 lien date, the taxable value of real property must be the lesser of its base year value, annually adjusted by the inflation factor pursuant to Article XIIIA, or its full cash value, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property or other factors causing a decline in value. Pursuant to State law, a property owner may apply for a temporary reduction of the property tax assessment for such owner's property, or the County Assessor may initiate Proposition 8 reductions in assessed value, independent of any individual property owner's appeal.

As described under "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING COUNTY REVENUES AND EXPENDITURES—Property Tax Rate Limitations – Article XIIIA," the full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or to reflect a reduction in the consumer price index or comparable data for the area under taxing jurisdiction or reduced in the event of declining property value caused by substantial damage, destruction or other factors.

Assessment appeals granted typically result in refunds, and the level of refund activity depends on the unique economic circumstances of each fiscal year. Property tax refunds (whether the result of AAB decisions or Assessor-initiated roll corrections) are listed in the following table for the fiscal years identified. Other taxing agencies such as cities, special districts, and school districts share proportionately in the revenues needed to pay such refunds. The County's share of such refunds varies from year to year. Of the $13.48 million in total refunds for fiscal year 2019-20, the County's share was approximately $1.8 million (or approximately 13%).

Table 18
COUNTY OF SAN MATEO
REFUNDS OF PROPERTY TAXES

Fiscal Year	Amount Refunded From All Taxing Entities in County
2014-15	$22,892,133
2015-16	16,385,955
2016-17	11,319,911
2017-18	10,643,109
2018-19	19,584,815
2019-20	13,483,282

Source: County Controller.

As of April 14, 2021, the total number of open appeals before the AAB, including appeals for all prior tax years, was approximately 1400. The difference between the current assessed values and the taxpayers' opinion of values for the open AAB appeals is approximately $35.6 billion. Assuming the County did not contest any taxpayer appeals and the AAB upheld all of the taxpayers' requests, the negative potential property tax impact to all taxing entities would be approximately $356 million of which approximately 12% (or $42.7 million) would be allocable to the County General Fund. However, the County anticipates that the actual impact will be significantly less. Further, to the extent that any assessment appeals are pursuant to Proposition 8 (temporary one-year adjustments), such assessed valuations are subject to upward revision in future years based upon increased market value. The volume of appeals is not necessarily an indication of how many appeals will be granted, nor of the magnitude of the reduction in assessed valuation that the County Assessor or Assessment Appeals Board may ultimately grant. County revenue estimates take into account projected losses from pending and future assessment appeals. See also "—Pending Genentech Property Tax Assessment Appeals" below.

Taxation of State-Assessed Utility Property. The State Constitution provides that most classes of property owned or used by regulated utilities be assessed by the SBOE and taxed locally. Property valued by the SBOE as an operating unit in a primary function of the utility taxpayer is known as "unitary property," a concept designed to permit assessment of the utility as a going concern rather than assessment of each individual element of real and personal property owned by the utility taxpayer. State-assessed unitary and "operating nonunitary" property (which excludes nonunitary property of regulated railways) is allocated to the counties based on the situs of the various components of the unitary property. Unitary, operating nonunitary, and regulated railway properties are taxed at special county-wide rates and distributed to taxing jurisdictions according to statutory formulae generally based on the distribution of taxes in the prior year. In fiscal year 2019-20, 0.8307% of the County's total net assessed valuation constituted these types of properties subject to State assessment by the SBOE, for which approximately $19.6 million of 1% general property taxes were collected in fiscal year 2019-20. The portion of these tax collections attributable to the General Fund was $3.7 million.

Principal Taxpayers

General. The County's employer base is diverse and there is no concentration of employees in any one company or industry. In fiscal year 2019-20, the top ten property taxpayers only accounted for approximately 6.1% of the total assessed valuation in the County and the top taxpayer accounts for approximately 1.17% of the total assessed valuation in the County. Table 20 shows the ten largest taxpayers in the County, as shown on the 2019-20 locally assessed tax rolls based on the January 1, 2020 lien date, and the approximate amounts of their total assessed values. Table 21 shows the secured and unsecured taxes payable by the ten largest taxpayers in fiscal year 2019-20. Approximately 14% of these tax revenues are received by the County.

Table 20
COUNTY OF SAN MATEO
TEN LARGEST TAXPAYERS
2019-20 ASSESSED VALUES
SECURED AND UNSECURED ROLLS
($ in Thousands)

Taxpayer	Nature of Business	Taxable Assessed Value[(1)]	% of Total Taxable Assessed Value[(2)]
Genentech	Biotechnology	$2,823,488	1.17%
United Airlines[(3)]	Air Carrier	2,417,040	1.01%
Gilead Sciences Incorporation	Biopharmaceutical	2,205,502	0.92%
Pacific Gas & Electric Co.	Natural Gas Company	1,528,216	0.64%
Hibiscus Properties LLC	Real Estate	1,368,405	0.57%
Google Inc	Software	1,266,253	0.53%
Facebook	Social Media	1,126,727	0.47%
ARE San Francisco	Real Estate	833,701	0.35%
Slough SSF LLC	Real Estate	671,416	0.28%
HCP Oyster Point III LLC	Property Management	569,748	0.24%

(1) Assessed valuation on the locally assessed rolls as of January 1, 2020.
(2) Total taxable assessed value on the locally assessed rolls as of January 1, 2020, was approximately $238 billion. This amount is subject to pending appeals. See "Pending Genentech Property Tax Assessment Appeals" below.
(3) Unsecured property tax revenue from United Airlines may decline in 2020-21 due to the relocation of aircraft from San Francisco International Airport. See "COUNTY FINANCIAL INFORMATION – COVID-19 Pandemic and Impact on the County."
Source: County Assessor.

Table 21
COUNTY OF SAN MATEO
TEN LARGEST TAXPAYERS
TAXES PAYABLE[(1)]
Fiscal Year 2019-20

Taxpayer	Total
Genentech	$30,060,333
Pacific Gas & Electric Co.	27,795,200
United Airlines[(2)]	26,387,085
Gilead Sciences	24,454,921
Hibiscus Properties LLC	15,340,032
Google	14,002,480
Facebook	12,632,633
ARE San Francisco	8,968,667
Oracle Corporation	7,917,262
Slough BTC LLC	7,148,563
TOTAL	$174,707,176

(1) Assessed valuation on the local and state assessed rolls as of January 1, 2019.
(2) Unsecured property tax revenue from United Airlines may decline in 2020-21 due to the relocation of aircraft from San Francisco International Airport. See "COUNTY FINANCIAL INFORMATION – COVID-19 Pandemic and Impact on the County."
Source: County Controller.

Pending Genentech Property Tax Assessment Appeals. There are currently outstanding appeals before the AAB brought by Genentech, Inc. ("Genentech") with respect to the assessed values of its property for tax years

2000 through 2005. Genentech's appeal applications routinely claim a 50% reduction in the value of its properties as assessed by the County. In considering the Genentech assessment appeals, the AAB has determined that for several appeals for tax year 2003, Genentech is entitled to have its application values applied. Depending upon interest and the precise calculations used to determine the reduction of assessed value, which are still to be decided by the AAB, the total refund and interest thereon, due from all affected taxing entities, is currently estimated to be between $7 million and $17 million. The County Assessor filed a Writ of Mandate on August 24, 2016 seeking review of a portion of the AAB decision. On July 27, 2018 the court entered judgment in favor of the County Assessor and remanded the matter to the AAB. Genentech appealed that decision on August 10, 2018. On June 26, 2020 the Court of Appeals reversed and remanded the matter to the Superior Court for implementation consistent with its decision. The result in that matter does not change the County's obligation with respect to refund amounts to Genentech. Genentech has also filed separate claims against the County related to the AAB's decision. That action has not yet been scheduled for trial due to COVID-19 pandemic related delays. The parties are in the process of mediating the matter. Regardless of the outcome of the lawsuit, a minimum of approximately $6.7 million in refunds, plus interest, will be due to Genentech, of which approximately $900,000 would be the County's share.

Return of Local Property Taxes – Excess ERAF

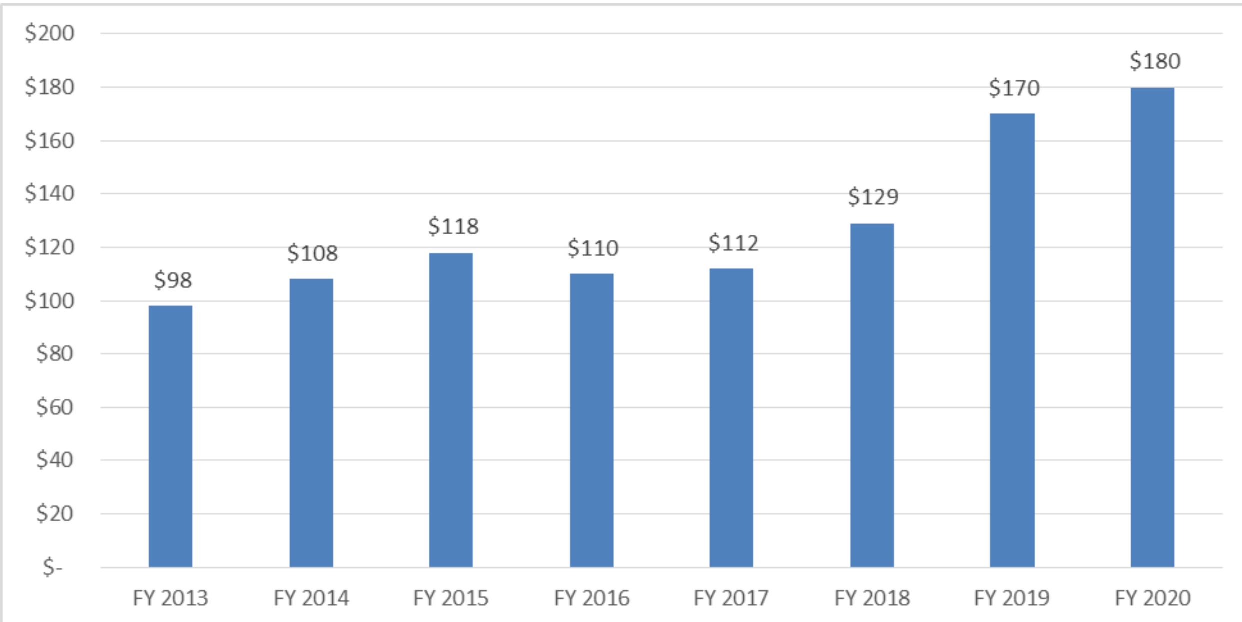
Pursuant to the State Revenue and Taxation Code, Excess ERAF is returned to contributing local taxing entities in proportion to their initial contributions to the local ERAF. The County is one of the few "Excess ERAF" counties in the State. This is due to the relatively high number of Basic Aid school districts in the County and the relatively high property tax revenues received by County school districts. The amount of Excess ERAF annually distributed to the County and other affected taxing entities may be impacted from year to year by property tax revenues received by school districts, changes in school enrollment, implementation of the LCFF or State legislation attempting to utilize ERAF funds for other State purposes. In fiscal year 2019-20, for example, the State Department of Finance, the State Department of Education, the Legislative Analyst's Office, and the local San Mateo County Office of Education ("COE") all asserted that the calculation of charter school funding and the calculation of residuals from the dissolution of redevelopment agencies was being performed incorrectly and that the County's Excess ERAF should be reduced by approximately $20 million. Following lobbying by the County and other impacted jurisdictions, those efforts by the State and local COE were only partially successful with limited changes to statutes in connection with the fiscal year 2020-21 State budget, and no potential changes to the County Controller's methodology in calculating the County's share of Excess ERAF.

Further efforts by the State to modify existing school funding statutes could negatively impact the County's receipt of Excess ERAF and the potential risk to Excess ERAF is expected to be an ongoing issue.

Due to the potential volatility of Excess ERAF, the County continues to conservatively budget only 50% of the projected General Fund apportionment of Excess ERAF for ongoing purposes. Pursuant to Board policy, the remaining 50% of Excess ERAF may only be used for one-time purposes, including reductions in unfunded liabilities, capital and technology payments, productivity enhancements, and cost avoidance projects. For further information describing the County's budgeting and receipt of Excess ERAF payments, see "—County General Fund Reserves and Reserves Policies" above. See also "COUNTY FINANCIAL INFORMATION—State Funding—Impact of State Budget" herein.

The following table presents the County's share of Excess ERAF payments received for the fiscal years identified in the table.

Table 22
COUNTY OF SAN MATEO
SHARE OF EXCESS ERAF PAYMENTS
Fiscal Years 2012-13 to 2019-20



Source: County.

VLF Swap

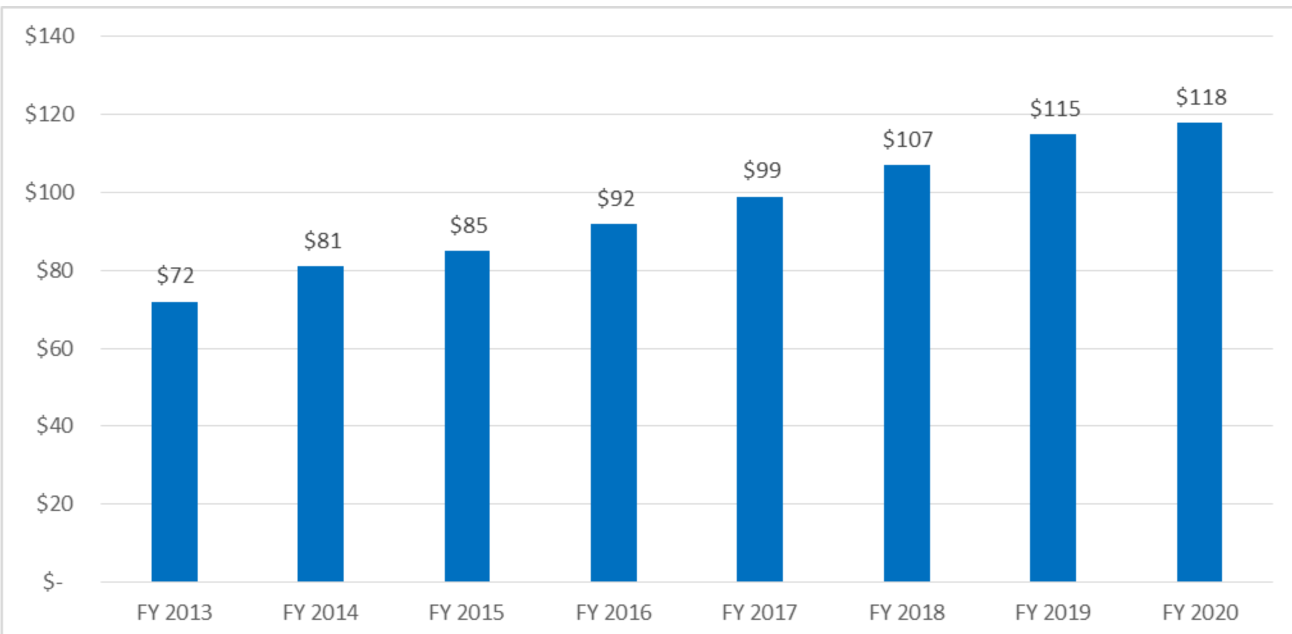
In 2004, Senate Bill 1096 ("SB 1096") mandated a revenue shift whereby certain sales and use taxes and Vehicle License Fees ("VLF") revenues that were previously distributed to local government entities would instead be diverted to the State for its purposes or otherwise eliminated. In exchange, the State would replace the local governmental entities' lost revenues from these sources with an "In-Lieu VLF" amount. Each year, the In-Lieu VLF amount to be paid to local taxing entities is taken from the ERAF monies that would otherwise be transferred to LCFF Districts and, if necessary, from LCFF Districts' local property taxes. No funds can be taken from Basic Aid Districts. These revenue shifts became known as the "VLF Swap."

As the number of Basic Aid school districts in a county increases, the pool of ERAF and property tax revenues from which the In-Lieu VLF amounts can be paid decreases. As a result, counties that have all, or almost all, Basic Aid districts may lack sufficient ERAF monies and LCFF District property taxes to pay the In-Lieu VLF amounts, thereby requiring special appropriations from the State Legislature. As the number of Basic Aid Districts has increased in San Mateo County, the County and cities within the County have historically faced shortfalls in their In-Lieu VLF amounts.

The County first experienced a shortfall of ERAF and property tax funds available to pay the In-Lieu VLF amounts, in fiscal years 2011-12. For each year in which the County has faced such a shortfall, however, the Legislature added a special appropriation to the State Budget to reimburse the County and cities for the In-Lieu VLF shortfall. In fiscal year 2019-20, the County and cities experienced an In-Lieu VLF shortfall of approximately of $9.8 million, of which the County's share represented $5.8 million. The County requested and obtained an appropriation from the State to reimburse the full amount of the 2019-20 shortfall, which is expected to be paid in August 2021. The County also experienced a shortfall of ERAF and property tax funds available to pay the In-Lieu VLF amounts in fiscal year 2020-21 which is currently estimated to be $96.1 million (the County's share of which is approximately $57.0 million), though is subject to revision based on incoming tax revenues. The increase from fiscal year 2019-20 to 2020-21 is primarily due to the increase in school districts that are Basic Aid Districts, which reduces the school districts which are available to fund the In-Lieu VLF amount. The County anticipates that VLF shortfalls on a scale similar to that experienced in fiscal year 2020-21 may continue annually in the future. As described above, historically, the State has reimbursed counties and other taxing entities for any In-Lieu VLF shortfalls via one-time budget appropriations. For the fiscal year 2020-21 shortfall and in the event of future shortfalls, the County will seek reimbursement from the State.

The following table shows the amounts the County has received from In-Lieu VLF amounts for the fiscal years identified in the table.

Table 23
COUNTY OF SAN MATEO
PROPERTY TAX IN-LIEU OF VEHICLE LICENSE FEES
(Actuals in Millions)



Source: County.

The Teeter Plan

In 1993, the Board adopted 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. Generally, the Teeter Plan provides for a property tax distribution procedure under which property taxes on the secured roll taxes are distributed to taxing agencies within the County on the basis of the tax levy, rather than on the basis of actual tax collections. The County then receives all future delinquent tax payments, penalties and interest, and a complex tax redemption distribution system for all taxing agencies is avoided. Pursuant to the Teeter Plan, the County establishes a tax losses reserve fund, and a tax resources fund and each entity levying property taxes in the County may draw on the amount of uncollected taxes and assessments credited to its fund in the same manner as if the amount credited had been collected. The Teeter Plan has resulted in net revenue for the County for each year since its adoption.

The tax losses reserve fund covers losses that may occur in the amount of tax liens as a result of special sales of tax-defaulted property (i.e., if the sale price of the property is less than the amount owed in property tax). The appropriate amount in the fund is determined by one of the following two alternatives: (i) an amount that is not less than 1% of the total amount of taxes and assessments levied on the secured roll for a particular year for entities participating in the Teeter Plan, or (ii) an amount that is not less than 25% of the total delinquent secured taxes and assessments calculated as of the end of the fiscal year for entities participating in the Teeter Plan. The legally required set aside, at the end of fiscal year 2019-20, was approximately $28.4 million, or a minimum of 1%, of the total tax levies on secured properties within the tax areas of participating entities.

The County is responsible for determining the amount of the tax levy on each parcel which is entered onto the secured tax roll. Upon completion of the secured tax roll, the County's Controller determines the total amount of taxes and assessments actually extended on the roll for each fund for which a tax levy has been included, and apportions 100% of the tax and assessment levies to that fund's credit. Such moneys may thereafter be drawn against by the taxing agency in the same manner as if the amount credited had been collected. The County determines which moneys in the County Treasury (including those credited to the tax losses reserve fund) shall be available to be drawn on to the extent of the amount of uncollected taxes credited to each fund for which a levy has been included. When amounts are received on the secured tax roll for the current year, or for redemption of tax-defaulted property, Teeter Plan moneys are distributed to the apportioned tax resources fund.

On May 6, 2020, Governor Newsom signed an executive order waiving property tax delinquency penalties through May 6, 2021 for certain taxpayers who are able to show economic hardship due to the COVID-19 pandemic. Notwithstanding the COVID-19 pandemic, the County fulfilled all of its Teeter Plan obligations and the property tax delinquency rate in fiscal year 2019-20 was in line with historical delinquencies.

Intergovernmental Revenues

Aid from other governmental agencies is one of the County's largest revenue sources. The County derives nearly 30% of its total General Fund revenues from State and federal sources. Decreases in revenues received by the State can affect subventions made to the County and other counties in the State. See "State Funding" above. In addition, actions taken by Congress and federal executive branch agencies including, without limitation, reductions in federal spending, could reduce the revenues received by the County. Federal payments are largely derived from Welfare Aid and Medicaid programs. See "THE COUNTY OF SAN MATEO—County Services" above.

State Reimbursement Payments

In fiscal year 2020-21, approximately $8.5 million, or 17.8% of the County's total debt service, was attributable to the costs of building the SMMC. Approximately 44% of the SMMC related debt service costs were payable from State reimbursements described below. There can be no assurance that the reimbursement rate will not decrease in future years.

Section 14085.5 of the California Welfare and Institutions Code ("Section 14085.5") was adopted by the State Legislature in 1988. Section 14085.5 permits hospitals which contract to provide Medi-Cal in-patient hospital services to receive reimbursement for a portion of the costs of qualified capital projects and directs the State to make supplemental reimbursement payment to those hospitals which meet the requirements set forth therein. The amount of reimbursement for a hospital during any fiscal year is computed through a formula which takes into account debt service for that year on the indebtedness issued to finance any such capital project and the percentage of hospital patient days attributed to Medi-Cal patients. The formula also provides that with respect to at least the State's 50% share of such reimbursements, the percentage of Medi-Cal patient days shall not be reduced below 90% of the initial ratio. The 50% federal share of such reimbursement currently does not contain any such specified floor percentage, and accordingly, may be reduced by a greater proportion should Medi-Cal patient days decline. The County does not presently expect a significant decline in its Medi-Cal patient ratio in the future.

Supplemental reimbursement received under Section 14085.5 is required to be placed by the County in a special account exclusively for debt service with respect to such indebtedness. As with all Medi-Cal payments, the supplemental reimbursements under Section 14085.5 are dependent on the continued existence of the Medi-Cal programs and appropriations for the program through the State budget process. In addition, since approximately

50% of Section 14085.5 funds are derived from federal Medicaid appropriations, discontinuance of such federal reimbursement is not within the control of the State. Eligible costs, moreover, are defined differently under the federal program and do not include the cost of some out-patient service facility costs. Accordingly, there can be no assurance that either the State or federal payments under the provisions of Section 14085.5 will continue.

The SMMC currently meets the disproportionate share status requirement of Section 14085.5. The statute requires that in order to be eligible to receive funds, a hospital must meet the criteria defining disproportionate share status for the three most recent years for which final data is available. The hospital must also maintain an in-patient service contract under the Selective Provider Contracting Program ("SPCP"). The County believes that the SMMC has met the disproportionate share criteria through June 30, 2019, and continued disproportionate share eligibility is expected by the County. The SMMC also maintains an SPCP contract. Therefore, it currently meets the eligibility criteria. However, the SMMC must continue to maintain disproportionate share status and its Medi-Cal contract in order to receive reimbursement.

Charges for Current Services

A significant source of revenues is received from charges for current services provided by the County, accounting for approximately $505 million in the 2018-19 County Budget, or approximately 35% of the County's total revenues (all funds). This revenue source is a recoupment of costs for services such as health service fees (including net patient revenue for the SMMC), recording fees, legal fees, and law enforcement fees.

Miscellaneous Other Revenue

General. Other significant sources of revenue, including the tobacco settlement payments discussed below, are included in the Miscellaneous Other Revenue category, which accounted for approximately $36.5 million in the 2020-21 County Budget, or approximately 1% of the County's total revenues (all funds).

Tobacco Settlement Payments. On August 5, 1998, the State and participating California counties and cities entered into a Memorandum of Understanding which allocates a portion of tobacco settlement proceeds to the participating counties and cities. On December 9, 1998, the Master Settlement Agreement (the "MSA") between participating States and various tobacco companies received court approval. The Board has allocated most of these funds to the operations of the SMMC. The County received approximately $6.3 million in fiscal year 2019-20. The continued receipt of these settlement payments depends upon the ability of the tobacco companies to make continued payments under the MSA.

Retirement Program

Plan Description. The San Mateo County Employees' Retirement Association ("SamCERA"), operating under the County Employees Retirement Law of 1937 (the "CERL") and the California Public Employees' Pension Reform Act of 2013 ("PEPRA"), is a cost-sharing multiple-employer defined benefit pension plan established to provide pension benefits for all full-time and part-time permanent employees of the County. The administration, investment and disbursement of funds are under the exclusive control of the Retirement Board (the "Retirement Board"), which is composed of nine individuals, four appointed by the Board, four elected by SamCERA participants, and the County Treasurer. There are two alternate positions elected by their respective participant groups.

County employees fall into one of the following three types of membership: General, Safety or Probation. As of June 30, 2020, the total number of County plan participants (active, retired and deferred) was 12,736.

Both employers and employees pay contributions, with the exception of Plan 3, which does not require member contributions. Plan 3 is contained in the CERL and was closed to new members in December 2012. Plan 3 currently has approximately 56 active members that are either 100% Plan 3 or "split plan" members, with service credit in both Plan 3 and one of the contributory plans.

In general, employee and employer contribution rates are adjusted annually. Although the plan covers other employers, the County is responsible for approximately 96.3% of SamCERA's annual required employer contributions. Most members pay a contribution rate based on their entry age, which is their age when they became a member of SamCERA (for reciprocal members, this may be their entry age in a reciprocal system). In addition to the basic member contribution, certain members pay a "cost share" based upon what plan they are in. The cost share is an additional flat percentage based upon the terms of the applicable bargaining unit memorandum of understanding or management resolution. The County commenced with the elimination of employer pick-ups of employee contributions in November 2014 and completed it in June 2018. Commencing in fiscal year 2015-16, some employee groups began paying 50% of the projected cost for a Cost of Living Adjustment (COLA). All employee groups now pay 50% of the COLA cost except Plan 3, a non-contributory plan which does not provide a COLA.

The PEPRA plan member contribution is not based upon age of entry, but rather a flat contribution rate that is a certain percentage of pensionable compensation. The percentage differs depending on whether the member is a general member, safety member, or probation member. For further information regarding PEPRA, see "California Public Employees' Pension Reform Act" below.

California Public Employees' Pension Reform Act. On September 12, 2012, the Governor signed Assembly Bills 340 and 197, which enacted PEPRA and amended sections of the CERL. Among other things, PEPRA created a new benefit tier for public employees hired on or after January 1, 2013, who are defined as "new members." The PEPRA plans adopted were the 2% at 62 benefit formula for general members and 2.7% at 57 for safety and probation members. PEPRA requires all new members have an initial contribution rate of at least 50% of the normal cost rate or the current contribution rate of similarly situated employees, whichever is greater. The normal contribution rate, as calculated by the retirement system's actuary, covers the cost of a current year of service. PEPRA prohibits employers from paying any contributions on the employees' behalf. PEPRA also limits the types of compensation and caps the total amount of pensionable compensation that can be used to calculate a pension. The County believes that the provisions of PEPRA will help control its pension benefit liabilities in the future.

PEPRA's impact will not be as significant for SamCERA as for many other pension systems because the County had already adopted similar cost cutting steps prior to PEPRA's implementation including: (i) reduced benefit formulas for new hires which required a higher age to receive maximum pension; (ii) reduced the pick-up of the employee share of retirement costs, and required cost sharing for certain formulas since 2003; (iii) excluded certain pay items which can lead to spiking such as in-service vacation and sick leave cash outs; and (iv) instituted a three-year final compensation period for new employees since 1997.

GASB Statement No. 67 and GASB Statement No. 68. On June 25, 2012, the Governmental Accounting Standards Board (GASB) adopted changes in pension accounting and financial reporting standards for state and local governments ("GASB Statement No. 67" and "GASB Statement No. 68"). These changes impacted the accounting treatment of pension plans in which state and local governments, like the County, participate. Major changes include: (i) the inclusion of net pension liability on the government's balance sheet (prior to the changes, such net liability was typically disclosed as notes to the government's financial statements); (ii) full pension costs are required to be shown as expenses regardless of actual contribution levels; (iii) lower actuarial discount rates are required to be used for most plans, resulting in increased liabilities and pension expenses; (iv) shorter amortization periods for unfunded liabilities are required to be used, which generally increase pension expenses; and (v) the difference between expected and actual investment returns will be recognized over a five-year smoothing period. Both GASB Statement No. 67 and GASB Statement No. 68 have been implemented by SamCERA. See APPENDIX C – "COMPREHENSIVE ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED JUNE 30, 2020."

The GASB pension standards are only applicable to the accounting and reporting for pension benefits in the County's financial statements. Accordingly, there will be no impact on the County's existing statutory obligations and policies to fund the pension benefits.

Pension Benefits. There are five contributory plans for general members and six contributory plans for safety and probation members. The plans have different benefits factors, maximum annual cost of living adjustments, final average compensation periods, final average compensation calculations, eligibility requirements, and contribution rates. Plan membership is for the most part based on date of hire, but plan benefits can be affected by a redeposit, upgrade, membership history with SamCERA or reciprocity. Employees become eligible for membership in the contributory benefit plans on their first day of regular employment and become fully vested after five years of service credit in the benefit plan. The respective benefit formulas are set forth in the following three tables.

Table 24
COUNTY OF SAN MATEO
PENSION PLAN MEMBERSHIP – GENERAL MEMBERS

Date of Hire	Benefit Factor
On or before 8/6/11	2% at age 55.5
8/7/11-12/31/12	2% at age 61.25
On or after 1/1/13 (PEPRA)	2% at age 62

Table 25
COUNTY OF SAN MATEO
PENSION PLAN MEMBERSHIP – SAFETY MEMBERS

Date of Hire	Benefit Factor
On or before 1/7/12	3% at age 50
7/10/11-12/31/12 (Safety Mgmt)	3% at age 55*
1/8/12-12/31/12 (DSA)	3% at age 55
7/10/11-12/31/12	2% at age 50*
On or after 1/1/13 (PEPRA)	2.7% at age 57

Table 26
COUNTY OF SAN MATEO
PENSION PLAN MEMBERSHIP – PROBATION MEMBERS

Date of Hire	Benefit Factor
On or before 7/9/11	3% at age 50
7/10/11-12/31/12	3% at age 55*
7/10/11-12/31/12	2% at age 50*
On or after 1/1/13 (PEPRA)	2.7% at age 57

*Safety Management and Probation members hired between 7/10/11-12/31/12 had an option to choose to participate in Plan 5 (3% @ 55) or Plan 6 (2% @ 50). Reciprocal members hired after 12/31/12 also have the option to choose if they were hired prior to 1/1/13 by the reciprocal system. Safety Deputy Sheriff's Association (DSA) hired between 1/8/12 and 12/31/12 and reciprocal members hired before 1/1/13 can only participate in Plan 5.

Members under the CERL are eligible for a service retirement benefit when they meet one of the following minimum age and service credit requirements:

- At least age 50 with 10 years of service credit.
- 30 years (General members) or 20 years (Safety and Probation members) of service credit, regardless of age.
- At least age 70, regardless of service credit.

- Part-time or seasonal employee at least age 55 with 5 years of service credit and 10 years of county employment.
- A “deferred member” who meets the eligibility for a deferred retirement.
- Plan 3 members must be at least age 55 with 10 years of service credit.

Members under the PEPRA plan are eligible for a service retirement benefit when they meet the following minimum age and service credit requirements:

- For General members, at least age 52 with 5 years of service credit.
- For Safety and Probation members, at least age 50 with 5 years of service credit.

Non-contributory (Plan 3) vesting occurs after 10 years of service credit, and members in such plan may retire at a minimum age of 55. The non-contributory plan benefit uses significantly lower factors for each retirement age and payments are offset by payments from the Social Security Administration.

County’s Required Contributions. The County’s statutory contribution rate to SamCERA, expressed as a percentage of covered payroll, is comprised of a “normal cost” rate (a rate projected to meet the ongoing costs of employees) and a component to amortize the Unfunded Actuarial Accrued Liability (UAAL). SamCERA receives its actuarial valuation report every year for the purpose of recommending contribution rates for employers (including the County) and members. The actuarial valuation report as of June 30, 2020 was submitted to the SamCERA board for approval in September 2020. This report can be accessed at www.samcera.org. Such website is not incorporated herein by reference.

Among the actuarial assumptions included in the June 30, 2020 report are a 2.50% annual inflation rate, a 6.50% annual investment rate of return (lowered from 6.75%), and a 3.00% general wage increase. The assumptions used in the June 30, 2020 actuarial valuation report were used to determine employer and member contribution rates for the fiscal year beginning July 1, 2021.

For fiscal year 2019-20 the County’s statutory contribution rate was 38.06%, which was equal to $191 million; for fiscal year 2020-21, the statutory contribution rate is 39.14%, or estimated $200 million. These contribution rates were determined based upon actuarial valuation reports as of June 30, 2019 and June 30, 2020, respectively, using the Entry Age Normal actuarial cost method. These contribution rates do not include the voluntary supplemental payments made by the County to SamCERA pursuant to the Memorandum of Understanding described below.

The actuarial assumptions in the 2020 valuation included a 2.50% annual inflation rate, a 6.50% annual investment rate of return, and a 3.00% general wage increase.

Assuming actuarial assumptions are achieved, including the continuation of voluntary supplemental payments by the County under the Memorandum of Understanding described below, the County contribution rates are projected to decline through the end of fiscal year 2023-24, after which the County’s statutory contribution rates are projected to fall below 15% and approximate the “normal cost” thereafter, with slight adjustments due to the recognition each year of the 15-year layering of the UAAL. However, the SamCERA board, in its April 2021 meeting, discussed lowering the actuarial assumption below 6.50%. Any such adjustment could delay and diminish the decline in the County’s statutory contribution rate.

Approximately 82% of the contributions to SamCERA are payable from the General Fund.

The annual pension funding contributions are based upon assumptions, including the realization of investment and experiential assumptions currently being utilized by SamCERA’s actuaries. There is no assurance that these assumptions will reflect the performance of the SamCERA, nor that any of the actuarial assumptions (such as the mortality rates of employees) will not be changed. Any deviations from these assumptions may result in materially greater liabilities to the County.

The following table presents the County's contributions to SamCERA for fiscal years 2010-11 through 2019-2020 and estimated information for fiscal year 2020-21. These contributions include the supplemental payments made by the County to SamCERA pursuant to the Memorandum of Understanding described below; accordingly, contribution rates reflect a contribution rate in excess of the County's actuarially determined statutory contribution rate.

Table 27
PARTICIPATING EMPLOYER
ACTUARIALLY DETERMINED CONTRIBUTIONS BY COUNTY
($ in Thousands)

Fiscal Year	Annual Pension Cost	% of Annual Pension Cost Contributed[1]
2010-11	$ 150,084	100.0%
2011-12	150,206	102.6
2012-13	144,274	103.0
2013-14	202,226	132.8
2014-15	176,828	106.0
2015-16	184,065	111.9
2016-17[1]	192,593	121.1
2017-18	200,589	115.9
2018-19	238,355	113.3
2019-20	191,153	100.0
2020-21[2]	224,755	120.7

(1) Includes County overpayments, including contributions made pursuant to MOU described below expressed as a percentage of County's statutory contribution rate.
(2) Figures are estimated.
Source: County.

Memorandum of Understanding/Supplemental Payments. Following the financial crisis in 2008, the Board, in collaboration with SamCERA, took the uncommon step of making contributions to SamCERA in excess of the required actuarial contributions to accelerate the payment of the UAAL. In August 2013, the County and SamCERA formalized the County's intention to continue this uncommon practice by entering into a Memorandum of Understanding (the "MOU"). Pursuant to the MOU, the County made additional contributions of $50 million in fiscal year 2013-14 and expressed its intention to make $10 million in each of the next nine fiscal years (which it has fulfilled to date). In total, the supplemental payments under the MOU would amount to $164.5 million in excess of the County's actuarially required contributions. In the MOU, the County has also committed to maintain its annual statutory contribution rate at no less than the 38% of payroll, even if the statutory rate is less than 38%. Subsequent to the execution of the MOU, the County and member bargaining groups agreed to shift employer "pick-ups" to employees. This resulted in a shifting of .86% of pay from the employer to the employees.

The County reserves the right to reduce any future supplemental contributions to SamCERA and/or to terminate the MOU at any time.

Funded Status and Funding Progress. Funding progress is measured by a comparison of plan assets set aside to pay plan benefits versus plan liabilities. The actuarial value of assets is based on a five-year smoothed market method. This method spreads the difference between the actual investment return achieved by the investment portfolio of SamCERA and the assumed investment return over a five-year period.

The UAAL as of June 30, 2008 was amortized over a 15-year period ending June 30, 2023. Subsequent changes in the UAAL, including the change in UAAL as of June 30, 2020, will be amortized over new 15-year periods, which is commonly referred to as a 15-year layered amortization and is reflected in the contribution rates for fiscal year 2021-22.

SamCERA smooths gains and losses over five-year periods with a 20% corridor. Gains and losses falling outside of the 20% corridor are fully recognized in the determination of the actuarial asset value. Actuarial assumptions are routinely adjusted by the Retirement Board based on actual demographic changes and economic conditions.

The following table shows the funding progress of SamCERA based on the actuarial value of assets for the listed actuarial valuation dates. As of June 30, 2020, the most recent actuarial valuation date, the plan was 86.4% funded. The 0.60% increase from June 30, 2019 was due primarily to employer contributions to amortize the UAAL.

Table 28
SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
ACTUARIAL VALUE OF ASSETS
($ in Thousands)

Actuarial Valuation Date (As of June 30)	Actuarial Value of Assets (a)	AAL-Entry Age (b)	UAAL[1] (b)-(a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a % of Covered Payroll (b-a) / c
2011	$ 2,405,140	$ 3,246,727	$ 841,587	74.1%	$ 427,041	197.07%
2012	2,480,271	3,442,553	926,282	72.0	418,916	229.71
2013	2,618,639	3,572,750	954,111	73.3	404,361	235.96
2014	2,993,187	3,797,042	803,855	78.8	416,274	193.11
2015	3,343,550	4,045,786	702,236	82.6	439,018	159.96
2016	3,624,726	4,362,296	737,570	83.1	472,385	156.14
2017	3,976,717	4,719,850	743,133	84.3	510,132	145.67
2018	4,351,502	4,970,535	619,033	87.5	535,938	115.50
2019	4,685,502	5,459,978	774,476	85.8	554,734	139.61
2020	4,998,316	5,786,054	787,738	86.4	593,295	132.77

(1) The County is responsible for approximately 96.3% of UAAL.
Sources: SamCERA Actuarial Valuation as of June 30, 2020; County.

The actuarial value of assets is different from the fair value of assets, as gains and losses are smoothed over five years. The following table shows the funding progress of SamCERA based on the fair value of SamCERA's assets allocated to retirement benefits for the listed actuarial valuation dates.

Table 29
SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
FAIR VALUE OF ASSETS[1]
($ in Thousands)

Actuarial Valuation (As of June 30)	Fair Value of Assets	AAL	Underfunded (Overfunded) Liability[2]	Funded Ratio (Fair Value)[3]	Covered Payroll[4]	Unfunded Liability as a % of Covered Payroll (Fair Value)[5]
2011	$ 2,317,776	$ 3,246,727	$ 928,951	71.4%	$ 427,041	217.5%
2012	2,360,304	3,442,553	1,082,249	68.6	418,916	258.3
2013	2,727,825	3,572,750	844,925	76.4	404,361	209.0
2014	3,291,694	3,797,042	505,348	86.7	416,274	121.4
2015	3,454,476	4,045,786	591,310	85.4	439,018	134.7
2016	3,541,388	4,362,296	820,908	81.2	472,385	173.8
2017	4,038,702	4,719,850	681,148	85.6	510,132	133.5
2018	4,373,962	4,970,535	596,573	88.0	535,938	111.3
2019	4,723,110	5,459,978	736,868	86.5	554,734	132.8
2020	4,780,502	5,786,054	1,005,552	82.6	593,295	169.5

(1) Table includes funding for retirement benefits only. OPEB are not included.
(2) AAL minus fair value of assets. Positive numbers represent a funded ratio less than 100%.
(3) Fair value of assets divided by AAL.
(4) Annual payroll for members of SamCERA.
(5) Unfunded liability divided by covered payroll.
Sources: SamCERA Actuarial Valuation as of June 30, 2020; County.

The County has not issued pension bonds and has no pension related bond indebtedness in addition to the ongoing annual pension costs.

The most recent actuarial valuation of SamCERA (as of June 30, 2020) was issued by in September 2020 and can be accessed at www.samcera.org. Such website is not incorporated herein by reference.

Investments. SamCERA's investments are managed by independent investment management firms subject to the guidelines and controls specified in its investment policy and contracts approved by the Retirement Board and executed by the Chief Executive Officer of SamCERA. The Retirement Board utilizes third-party institutions as custodians over the plan's assets.

The following table compares SamCERA's target allocations, and the actual allocations as of June 30, 2020.

Table 30
SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
ASSET ALLOCATION AS A PERCENTAGE OF FAIR VALUE

Asset Class	Target Allocation	June 30, 2020 - Actual
Equity	40.0%	40.0%
Fixed Income	26.0%	31.6%
Alternatives	12.0%	12.0%
Risk Parity	4.0%	0.0%
Inflation Hedge	17.0%	15.0%
Cash	1.0%	1.4%

Sources: County, SamCERA 2020 Valuation.

The following table summarizes the composition and fair value of SamCERA's assets as of June 30, 2020.

Table 31
SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
MARKET VALUE OF ASSET ALLOCATION

Asset Allocation	Market Value
Equity	$1,866,264,297
Fixed Income	1,434,811,710
Alternatives	593,379,227
Inflation Hedge	704,360,824
Other	181,686,255
Total	$4,780,502,313

Sources: County, SamCERA 2020 Valuation.

Returns. For the past five and ten years ended June 30, 2020, the total plan return has averaged 4.9% and 8.0% per annum, respectively. For the three fiscal years ended June 30, 2018, June 30, 2019 and June 30, 2020 total plan return was 6.7%, 5.4% and -0.2%, respectively. In July 2019, the SamCERA Board of Retirement approved a reduction of the assumed investment rate of return from 6.75% to 6.5% for actuarial purposes. In its April 2021 meeting, the SamCERA Board discussed the possibility of reducing the assumed interest rate below 6.5%.

Additional Information. For additional information concerning SamCERA, see Note 13 to the County's audited financial statements included as APPENDIX C hereto and SamCERA's website at www.samcera.org. Such website is not incorporated herein by reference.

Post-Employment Benefits Other Than Pensions

Plan Description. The County administers a single-employer defined benefit post-employment healthcare plan (the "Retiree Health Plan"). The Retiree Health Plan provides healthcare benefits to members who retire from the County and are eligible to receive a pension from SamCERA. Eligible retirees may elect to continue healthcare coverage in the Retiree Health Plan and convert their sick leave balance at retirement to a County-paid monthly benefit that will partially cover their retiree health premiums. The duration and amount of the County paid benefits depend on the amount of sick leave at retirement, the date of hire, the date of retirement and the bargaining unit to which the retiree belonged. After the County paid benefits expire, the retirees may continue coverage in the Retiree Health Plan at their own expense.

The County prefunds its OPEB obligations through the California Employers' Retiree Benefits Trust ("CERBT"), an irrevocable trust fund established on March 1, 2007 that allows public employers to prefund the future costs of their retiree health insurance benefits and OPEB for their covered employees or retirees. In May 2008, the County elected to participate in CERBT and deposited $145.4 million with CalPERS, the CERBT's administrator, to prefund its OPEB obligations. The prefunding was intended to reduce and stabilize the County's annual required contribution to the Retiree Health Plan in future years at an expected level for budgeting purposes.

The most recent actuarial valuation of OPEB Benefits for the County (as of June 30, 2019) (the "OPEB Actuarial Report") was prepared in September 2019, and is attached hereto as APPENDIX G – "GASB 45 REPORT OF POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS AS OF JUNE 30, 2019."

The current funding policy of the County is to contribute the actuarially determined contribution each year and in recent fiscal years the County has made additional contributions as noted in the footnotes to Table 32. Contribution requirements or amendments for Retiree Health Plan members and the County are established through negotiations with individual bargaining units.

The County contracts with Kaiser and Blue Shield Health Plans to provide health coverage to its actives and pre-Medicare (prior to age 65) retirees. These insurers charge the same premium for actives and retirees without Medicare. Since health care claim costs generally increase with age, retiree health premiums would be significantly higher if they were determined without regard to active employee experience, resulting in a premium subsidy to the retirees from active employees. Recently promulgated GASB Statement 74, as described below, requires that the portion of the age-adjusted, expected retiree health claims cost that exceed the premium charged to retirees be recognized as a liability for accounting purposes.

The following table sets forth the County's retiree health costs and source of payment for the fiscal years identified in the table. These costs do not reflect the "premium subsidy" described above.

Table 32
COUNTY OF SAN MATEO
COUNTY RETIREE HEALTH COSTS

	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18[1]	Fiscal Year 2018-19[2]	Fiscal Year 2019-20[3]
General Fund	$ 18,580,146	$ 19,463,326	$ 14,395,604	$ 17,778,452	$16,976,103
Other Funds	3,396,854	3,298,674	4,170,396	4,754,141	4,081,675
Total Annual Required Contribution	$ 21,977,000	$ 22,762,000	$ 18,566,000	$ 22,532,593	$21,057,778
Percentage Contributed by General Fund	84.5%	85.5%	77.5%	78.9%	80.6%

(1) The County contributed $1 million in additional contribution in fiscal year 2017-18.
(2) The County contributed $3.9 million in additional contribution in fiscal year 2018-19.
(3) The County contributed $1 million in additional contribution in fiscal year 2019-2020
Source: County.

Retiree health care costs are difficult to estimate due to uncertainty of future health care costs. These uncertainties result not only from general medical care inflation, but also due to the integration with Medicare for retirees over age 65. The table below sets forth the County's projected pay-as-you-go costs of providing health care benefits as projected by the County's actuary, including the premium subsidy to retirees for the fiscal years listed.

Note that these projections do not reflect any hires after July 1, 2019. The actuarial assumptions used by the actuary in making its projections, include among others, a price inflation factor of 2.75%, a discount rate of 6.73% and health care cost trends, all as described in greater detail APPENDIX G. There can be no assurance that actual health care costs will not significantly exceed the actuary's projections.

Table 33
COUNTY OF SAN MATEO
PROJECTED COUNTY RETIREE HEALTH COSTS

Fiscal Year	County Direct Payment	Premium Subsidy	Total Benefit Payments
2019-20	$ 14,276,643	$ 7,149,869	$ 21,426,511
2020-21	15,127,094	8,159,795	23,286,890
2021-22	16,222,925	9,732,817	25,955,741
2022-23	17,073,918	11,180,377	28,254,294
2023-24	18,076,521	12,576,802	30,653,323
2024-25	19,055,596	14,072,223	33,127,820
2025-26	19,608,530	15,576,425	35,184,955
2026-27	20,001,931	17,199,676	37,201,607
2027-28	21,653,227	18,447,577	39,100,804
2028-29	21,366,773	20,044,825	41,411,598
Total	$ 181,463,158	$ 134,140,386	$ 315,603,543

Source: County

Changes in Accounting Standards. The Governmental Accounting Standards Board (GASB) released new accounting standards for public postemployment benefit plans other than pension (OPEB) and participating employers in 2015. These standards, GASB Statements No. 74 and 75, have substantially revised the accounting requirements previously mandated under GASB Statements No. 43 and 45.

The new statements reflect fundamental changes from the prior standards for financial reporting of OPEB. In the new statements, the entire Net OPEB Liability (a measure similar to the previous Unfunded Actuarial Accrued Liability) is on the balance sheet as a liability, replacing the current Net OPEB Asset, which was a significant accounting asset for the County.

Under the new standards, the Annual Required Contribution (ARC) has been eliminated, although the employer is required to report an actuarially determined contribution (ADC), if calculated. GASB gives very little guidance as to how this should be calculated other than to state that it should be calculated based on the Actuarial Standards of Practice.

GASB 74 applies to financial reporting for public OPEB plans and is required to be implemented for plan fiscal years beginning after June 30, 2017. GASB 75 governs the specifics of accounting for public OPEB plan obligations for participating employers that sponsor plans and is required to be implemented for employer fiscal years beginning after June 15, 2018. For this reason, information provided in OPEB Actuarial Report is as of June 30, 2017 for GASB 74, and for June 30, 2018 for GASB 75. This information further is based on a June 30, 2019 measurement date.

Annual OPEB Cost. The County's annual OPEB cost is equal to the annual determined contribution (the "ADC"), an amount actuarially determined in accordance with the parameters of GASB 74 and 75. The ADC is equal to the Service Cost (the portion of the benefit attributable to the current year) plus an amount to amortize the Net OPEB Liability on a closed basis over 30 years, beginning July 1, 2005. That amortization is calculated as a level percentage of payroll based on the payroll growth assumption. It is the current funding policy of the County to contribute 100% of the ADC each fiscal year. As noted above the County contributes to its Retiree Health Plan based upon a combined actuarial assessment, including current employees. This results in the County paying a higher rate for current employees and a lower rate for retirees than it would pay if it purchased coverage separately.

The following table presents the County's actuarially required employer contributions for the fiscal years identified in the table, and the percentage of the cost actually contributed by the County.

Table 34
COUNTY OF SAN MATEO
ACTUARIALLY REQUIRED CONTRIBUTIONS
($ in Thousands)

Fiscal Year	Annual OPEB Contribution	% of Annual OPEB Cost Contributed
2010-11	$17,409	100.0%
2011-12	19,439	100.0
2012-13	20,905	100.0
2013-14	24,222	100.0
2014-15	23,893	100.0
2015-16	28,304	100.0
2016-17	29,945	100.0
2017-18	24,579	104.2(1)
2018-19	29,161	115.6(2)

(1) The County contributed $1 million in additional contribution in fiscal year 2017-18.
(2) The County contributed $3.9 million in additional contribution in fiscal year 2018-19.
Source: County

Funded Status and Funding Progress. The following table presents historical information about the funding status of the County's OPEB plan with the CERBT for the valuation dates listed, reflecting two sets of GASB reporting standards. As of June 30, 2019, the most recent actuarial valuation date, the County's OPEB plan was 77.47% funded.

Table 35
COUNTY OF SAN MATEO
OTHER POST-EMPLOYMENT BENEFITS
ACTUARIAL VALUE OF ASSETS
($ in Thousands)

Actuarial Valuation Date	Present Value of Assets (Actuarial Value of Assets) (a)	Total OPEB Liability (AAL-Entry Age) (b)	Net OPEB Liability (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	Net OPEB Liability (UAAL) as a % of Covered Payroll (b-a)/c
1/01/2009(1)	$101,362	$207,742	$106,380	48.8%	$480,512	22.1%
1/01/2011	153,171	243,149	89,978	63.0	473,484	19.0
6/30/2011(2)	167,852	267,927	100,075	62.6	457,838	21.9
6/30/2013	192,789	319,359	126,570	60.4	452,750	28.0
6/30/2015	234,779	385,077	150,298	61.0	485,550	31.0
6/30/2017	277,450	366,222	88,772	75.76	561,429	15.81
6/30/2018	298,760	400,539	101,779	74.59	585,556	17.38
6/30/2019	326,735	421,733	94,998	77.47	611,131	15.54

(1) Based on the revised valuation on June 17, 2010, which covers Medicare Part B premium reimbursements for management employees.
(2) Effective fiscal year 2010-11, the valuation date of the County's OPEB plan changed from January 1 to June 30.
Source: County; County Actuarial Valuation Reports, CalPERS, the administrator of the CERBT, issues a publicly available financial report consisting of financial statements and required supplementary information for CERBT in aggregate. The report may be obtained by writing to CalPERS, Lincoln Plaza North, 400 Q Street, Sacramento, CA 95811, but is not incorporated herein by such reference.

For further information on the Retiree Health Plan and the County's OPEB obligations, see note 14 to the County's audited financial statements included as APPENDIX C hereto and APPENDIX G – "GASB 45 REPORT OF POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS AS OF JUNE 30, 2019."

Self-Insurance Programs

The County uses a combination of self-insurance and commercial insurance programs for workers' compensation, unemployment, personal injury, property damage, dental, vision, long-term disability pollution, medical malpractice and automobile liability insurance. All County departments participate in the self-insurance program and make payments to the insurance funds and internal service funds. The insurance funds are responsible for collecting fees from other County funds, administering and paying claims and arranging the excess insurance coverage.

The County carries excess property insurance coverage subject to a $100,000 deductible, as follows: up to a maximum replacement value of $500 million after the first $100,000 claimed per incident; earthquake and flood damage up to a maximum of $50 million per occurrence and in the aggregate subject to a deductible equal to 5% of the replacement value per location or $250,000, whichever is greater; general liability and auto liability insurance up to $45 million per event after the first $2,000,000 claimed per incident; workers' compensation claims up to the maximum statutory limits after the first $2,000,000 claimed per incident; and medical malpractice insurance up to $25 million after the first $500,000 claimed per incident.

The activities related to such self-insurance programs are accounted for in trust funds. Accordingly, estimated liabilities for claims filed or to be filed for incidents which have occurred through June 30, 2019 are reported in these funds. County officials believe that assets of the trust funds, together with funds to be provided in the future, will be adequate to meet all self-insured claims for property, general liability, unemployment, disability income, medical malpractice and workers' compensation claims as they come due. In case of a catastrophic event, however, no assurance can be given that such assets and funds will be adequate to meet all self-insured claims that will become payable by the County. Revenues of the trust funds are primarily provided by contributions from other County funds and are intended to cover self-insured claim liabilities, insurance premiums and operating expenses.

County Debt Limit

In 1997, the Board adopted an ordinance (the "Debt Limit Ordinance"), which provides that annually at the time of approving the County budget, the Board will establish the County debt limit for such fiscal year. Pursuant to the Debt Limit Ordinance, the debt limit is applicable to non-voter approved debt that is the obligation of the County, including lease revenue obligations such as the 2021 Bonds. It does not include any voter approved debt or any debts of agencies, whether governed by the Board or not, other than the County. It also excludes any debt which is budgeted to be totally repaid from the current fiscal year budget. The Debt Limit Ordinance provides that the annual debt limit shall not exceed the amount of debt which can be serviced by an amount not to exceed 4% of the average annual County budget for the current and the preceding four fiscal years. The annual debt limit once established may be exceeded only by a four-fifths (4/5) vote of the Board and upon a finding that such action is necessary and in the best interests of the County and its citizens. Pursuant to the Debt Limit Ordinance, the County's annual debt service limit for fiscal year 2020-21 is $123.2 million, which exceeds the annual debt service for fiscal year 2020-21 on outstanding debt ($43.7 million); therefore, the County's annual debt service is under its debt service limit by 64.8%.

Indebtedness

Short-Term Obligations

The County has not issued Tax and Revenue Anticipation Notes in recent years.

Long-Term Obligations

General Obligation Bonds. The County has no outstanding general obligation bonds.

Authority Lease Revenue Bonds. The County has issued all of its lease revenue obligations through bond issuances of the Authority (collectively referred to herein as the "Authority Lease Revenue Bonds"). Authority Lease Revenue Bonds include the following amounts, outstanding as of May 1, 2021.

		Outstanding Principal Amount
Authority Lease Revenue Bonds Series of 1993 (North County Satellite Clinic Project) (the "1993 Bonds"), fixed rate, bearing (or accruing) interest at an average rate of 5.93%, payable semiannually (at maturity or earlier redemption) with annual principal requirements due through 2026	$	1,189,345
Authority Lease Revenue Bonds (Capital Projects Program) 1993 Refunding Series A (the "1993A Bonds"), fixed rate, bearing (or accruing) interest at an average rate of 5.62%, payable semiannually (at maturity or earlier redemption) with annual principal requirements due through 2021		5,205,000
Authority Lease Revenue Bonds (Refunding and Capital Projects) 2013 Series A (the "2013 Bonds"), fixed rate, bearing interest at an average rate of 4.99%, payable semiannually (at maturity or earlier redemption) with annual principal requirements due through 2032[(1)]		32,215,000
Authority Lease Revenue Bonds (Capital Projects) 2014 Series A, fixed rate, bearing interest at an average rate of 4.58%, payable semiannually (at maturity or earlier redemption) with annual principal requirements due through 2037[(2)]		107,635,000
Authority Refunding Lease Revenue Bonds (Youth Services Campus) 2016 Series A, fixed rate, bearing interest at an average rate of 4.225%, payable semiannually (at maturity or earlier redemption) with annual principal requirements due through 2036		90,280,000
Authority Lease Revenue Bonds (Capital Projects) 2018 Series A, fixed rate, bearing interest at an average rate of _____%, payable semiannually (at maturity or earlier redemption) with annual principal requirements due through 2052		217,640,000
Authority Lease Revenue Bonds (Forward Refunding), 2019 Series A, fixed rate, bearing interest at an average rate of _____%, payable semiannually (at maturity or earlier redemption) with annual principal requirements due through 2026		45,170,000
Total	**$**	**$499,334,345**

(1) To be partially refunded with the proceeds of the 2021 Bonds.
(2) To be partially refunded in June 2021.
Source: County

The following table sets forth the estimated annual debt service on each series of Authority Lease Revenue Bonds currently outstanding. See Table 1 "DEBT SERVICE REQUIREMENTS" for debt service requirements after issuance of the 2021 Bonds on the Bonds secured under the Trust Agreement.

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Table 36
COUNTY OF SAN MATEO
AUTHORITY LEASE REVENUE BONDS
ANNUAL DEBT SERVICE REQUIREMENTS
Period Ending (June 30)

Period Ending (June 30)	1993 Bonds	1993A Bonds	2013 Bonds(1)	2014 Bonds(2)	2016 Bonds	2018A Bonds(2)	2019 Bonds	Total
2021	$1,035,000	$5,465,250	$2,185,463	$17,342,000	$7,744,075	$10,013,250	$9,303,500	$53,088,538
2022	1,075,000	–	2,187,213	14,023,650	7,748,175	10,013,250	9,331,250	44,378,538
2023	1,115,000	–	2,187,463	13,299,850	7,740,675	11,158,875	8,975,000	44,476,863
2024	1,160,000	–	2,191,088	12,550,600	7,744,425	11,153,750	8,823,000	43,622,863
2025	1,205,000	–	2,183,213	11,780,850	7,747,425	13,183,625	9,070,000	45,170,113
2026	1,255,000	–	2,183,838	10,987,350	7,744,300	13,180,625	7,675,500	43,026,613
2027	–	–	2,182,713	10,167,100	7,744,550	13,174,000	–	34,573,363
2028	–	–	11,473,313	9,327,350	7,742,550	13,173,250	–	41,716,463
2029	–	–	5,673,263	8,460,100	7,742,675	13,167,875	–	35,043,913
2030	–	–	5,546,419	7,564,550	7,744,175	13,157,625	–	34,012,769
2031	–	–	3,103,906	6,645,550	7,746,300	13,156,875	–	30,652,631
2032	–	–	3,121,081	5,696,800	7,743,425	13,150,000	–	29,711,306
2033	–	–	2,236,538	4,721,400	7,741,375	13,141,625	–	27,840,938
2034	–	–	–	3,717,000	7,744,400	13,136,125	–	24,597,525
2035	–	–	–	2,681,000	7,742,225	12,450,250	–	22,873,475
2036	–	–	–	1,611,000	7,740,425	12,405,250	–	21,756,675
2037	–	–	–	514,800	7,739,063	12,350,250	–	20,604,113
2038	–	–	–	–	–	13,114,000	–	13,114,000
2039	–	–	–	–	–	13,103,750	–	13,103,750
2040	–	–	–	–	–	13,097,500	–	13,097,500
2041	–	–	–	–	–	13,084,500	–	13,084,500
2042	–	–	–	–	–	13,074,000	–	13,074,000
2043	–	–	–	–	–	13,069,875	–	13,069,875
2044	–	–	–	–	–	13,056,250	–	13,056,250
2045	–	–	–	–	–	13,047,250	–	13,047,250
2046	–	–	–	–	–	13,077,606	–	13,077,606
2047	–	–	–	–	–	13,070,006	–	13,070,006
2048	–	–	–	–	–	13,061,469	–	13,061,469
2049	–	–	–	–	–	13,051,375	–	13,051,375
2050	–	–	–	–	–	13,043,994	–	13,043,994
2051	–	–	–	–	–	13,033,606	–	13,033,606
2052	–	–	–	–	–	13,024,506	–	13,024,506
2053	–	–	–	–	–	13,010,969	–	13,010,969

(1) To be refunded with the proceeds of the 2021 Bonds.
(2) To be refunded in June 2021.

Anticipated Financings. Based upon the County's Capital Improvement Plan (described above), the County anticipates issuing approximately $179 million of additional "new money" general fund obligations from fiscal year 2021-22 through fiscal year 2023-24.

Estimated Direct and Overlapping Debt. The table that follows is a direct and overlapping debt report (the "Debt Report") prepared by California Municipal Statistics Inc. and dated as of May 1, 2021. The Debt Report is included for general information purposes only. None of the County, the Authority or the Underwriters has reviewed the Debt Report for completeness or accuracy and none of the County, the Authority or the Underwriters make any representations in connection therewith. Inquiries concerning the scope and methodology of procedures carried out to complete the information presented should be directed to California Municipal Statistics, Inc., Oakland, California.

The Debt Report generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the County in whole or in part. Such long-term obligations generally are not payable from revenues of the County (except as indicated) nor are they necessarily obligations secured by land within the County. 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: (i) the first column indicates the public agencies that have outstanding debt as of the date of the Debt Report and whose territory overlaps the County; (ii) 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 County; and (iii) the third column is an apportionment of the dollar amount of each public agency's outstanding debt (which amount is shown in the table) to property in the County, as determined by multiplying the total outstanding debt of each agency by the percentage of the County's assessed valuation represented in column 2.

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TABLE 37
COUNTY OF SAN MATEO
DIRECT AND OVERLAPPING DEBT
AS OF MAY 1, 2021
($ IN THOUSANDS)

Assessed Valuation (including unitary utility valuation): $258,083,637
Redevelopment Incremental Assessed Valuation [1]: $28,513,790

DIRECT AND OVERLAPPING GENERAL FUND DEBT:	Debt Outstanding	Estimated Percentage Applicable [2]	Estimated Share of Overlapping Debt
Direct General Fund Obligation Debt:			
San Mateo County General Fund Obligations	$499,334	100%	$499,334
San Mateo County Flood Control District Certificates of Participation	15,425	100	15,425
	$514,759		$514,759
OVERLAPPING GENERAL FUND DEBT:			
Cities			
City of Brisbane General Fund and Pension Obligation Bonds	$6,112	100%	$6,112
City of Burlingame General Fund and Pension Obligation Bonds	47,735	100	47,735
City of Daly City Pension Obligation Bonds	15,025	100	15,025
City of Pacifica General Fund and Pension Obligation Bonds	23,055	100	23,055
City of San Mateo General Fund Obligations	64,220	100	64,220
City of South San Francisco General Fund Obligations	43,905	100	43,905
Other City General Fund and Pension Obligation Bonds	21,651	100	21,651
Special Districts			
Midpeninsula Regional Open Space Park General Fund Obligations	106,001	32.518	34,469
Menlo Park Fire Protection District Certificates of Participation	9,600	100	9,600
Highland Recreation General Fund Obligations	2,294	100	2,294
Woodside Fire District Certificates of Participation	13,155	100	13,155
School District			
San Mateo County Board of Education Certificates of Participation	7,505	100	7,505
South San Francisco Unified School District Certificates of Participation	3,185	100	3,185
Jefferson Union High School District Certificates of Participation	47,490	100	47,490
Portola Valley School District Certificates of Participation	1,450	100	1,450
San Bruno Park School District General Fund Obligations	2,485	100	2,485
TOTAL OVERLAPPING GENERAL FUND DEBT	$414,868		$343,336
OVERLAPPING TAX AND ASSESSMENT DEBT:			
Cities	$129,125	100%	$129,125
Special Districts			
Midpeninsula Open Space Park District	$86,400	32.518%	$28,096
Montara Sanitary District	7,843	100	7,843
Community Facilities District	99,245	100	99,245
1915 Act Bonds	8,494	100	8,494
School Districts			
San Mateo Community College District	761,306	100	761,306
Cabrillo Unified School District	118,106	100	118,106
La Honda-Pescadero Unified School District	8,741	100	8,741
South San Francisco Unified School District	163,486	100	163,486
Jefferson Union High School District	265,555	100	265,555
San Mateo Union High School District	680,211	100	680,211
Sequoia Union High School District	494,220	100	494,220
Belmont-Redwood Shores School and School Facilities Improvement Districts	115,041	100	115,041
Burlingame School District	170,632	100	170,632
Hillsborough School District	73,579	100	73,579
Jefferson School District	121,720	100	121,720
Menlo Park City School District	126,678	100	126,678
Millbrae School District	49,460	100	49,460
Redwood City School District	184,904	100	184,904
San Carlos School District	109,661	100	109,661
San Mateo-Foster City School District	414,613	100	414,613
Other School Districts	313,063	100	313,063
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT	4,502,083		$4,443,779
OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):	$142,907	100%	$142,907
TOTAL OVERLAPPING DEBT	**$5,059,858**		**$4,930,022**
TOTAL DIRECT AND OVERLAPPING DEBT [3]	**$5,574,617**		**$5,444,781**

Ratio of Total Direct and Overlapping Debt to Assessed Valuation: 2.11%
Ratio of Total Overlapping Tax Increment Debt to Redevelopment Incremental Valuation: 0.50%

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(1) Redevelopment incremental valuation refers to the difference between base year assessed value and current year assessed value of properties in areas designated for redevelopment. Base year assessed value is the agreed upon value of a property at the time the redevelopment agency was established.

(2) Percentage of overlapping agency's assessed valuation located within the boundaries of the county.

(3) Excludes enterprise revenue, mortgage revenue, tax and revenue anticipation notes, and non-bonded capital lease obligations.

Source: California Municipal Statistics.

Financial Statements

The general purpose financial statements of the County for the fiscal year ended June 30, 2020, pertinent sections of which are included in APPENDIX C to this Official Statement, were audited by Macias, Gini & O'Connell LLP, independent accountants (the "Auditor"), as stated in their report appearing in APPENDIX C. The County has not requested, nor has the Auditor given, the Auditor's consent to the inclusion in APPENDIX C of its report on such financial statements. The Auditor's review in connection with the audited financial statements included in APPENDIX C included events only as of June 30, 2020 and no review or investigation with respect to the subsequent events has been undertaken in connection with such financial statements by the Auditor. The County has certified that it is not aware of any events occurring since June 30, 2020 that would cause the financial information in APPENDIX C hereof to be incorrect or misleading in any material respect.

Except as noted below, the County's accounting policies and audited financial statements conform to generally accepted accounting principles and standards for public financial reporting established by the GASB. The County's basis of accounting for its governmental type funds is the modified accrual basis with revenues being recorded when available and measurable and expenditures being recorded when services or goods are received and with all unpaid liabilities being accrued at year-end. All of the financial statements for governmental fund types contained in this Official Statement have been prepared on this modified accrual basis and all financial statements for proprietary funds contained in the Official Statement have been prepared on an accrual basis.

Funds accounted for by the County are categorized as follows:

Governmental Funds	**Proprietary Funds**	**Fiduciary Funds**
General Fund	Enterprise Funds	Trust and Agency Funds
Special Revenue Funds	Internal Service Funds	
Debt Service Fund		
Capital Project Funds		

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The following table presents, with respect to the County's General Fund, the County's statement of revenue and expenses for the fiscal years identified in the table.

Table 38
COUNTY OF SAN MATEO
COMBINED STATEMENT OF GENERAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Fiscal Years 2015-16 through 2019-20
($ in Thousands)

	2015-16	2016-17	2017-18	2018-19	2019-20
REVENUES					
Taxes	$ 580,840	$ 616,435	$ 659,234	$ 881,317	$ 765,582
Licenses and Permits	7,365	7,504	7,701	7,642	7,233
Aid From Governmental Agencies	460,412	459,724	502,706	526,987	548,823
Charges for Services	137,345	131,324	138,881	143,319	157,201
Fines, Forfeitures and Penalties	9,819	8,052	8,069	9,620	8,278
Rents and Concessions	1,666	1,546	1,544	1,445	1,862
Investment Income	14,607	10,853	19,315	42,591	57,283
Securities Lending Activities:					
Securities Lending Income					
Securities Lending Expenditures					
Other	23,760	28,643	28,074	27,191	40,158
TOTAL REVENUES	$ 1,235,814	$ 1,264,081	$ 1,365,524	$ 1,570,112	$ 1,586,420
EXPENDITURES					
Current:					
General Government	$ 106,369	$ 114,264	$ 144,842	$ 135,555	$ 200,881
Public Protection	376,640	387,718	403,609	426,428	431,085
Health and Sanitation	266,788	283,836	335,690	359,136	349,875
Public Assistance	212,631	224,640	232,213	239,666	195,776
Recreation	12,992	14,629	15,314	16,100	20,023
Capital Outlay	9,020	22,728	5,763	7,455	23,528
Debt Service:					
Principal Retirement					
Interest					
TOTAL EXPENDITURES	$ 984,440	$ 1,047,815	$ 1,137,444	$ 1,184,340	$ 1,221,168
EXCESS OF REVENUES OVER EXPENDITURES	$ 251,374	$ 216,266	$ 228,080	$ 385,772	$ 365,252
OTHER FINANCING SOURCES (USES)					
Operating Transfers In	$ 1,855	$ 1,696	$ 13,306	$ 12,710	$ 19,291
Operating Transfers Out[(1)]	(124,540)	(122,344)	(130,306)	(136,120)	(201,952)
Proceeds From Sale of Capital Assets	9	33	2	-	-
Total Other Financing Sources (Uses)	$ (122,676)	$ (120,615)	$ (116,998)	$ (123,410)	$ (182,661)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	$ 128,698	$ 95,651	$ 111,082	$ 262,362	$ 182,591
Special items:					
Proceeds from sale of Circle Star Plaza					
Project cost reimbursement from/to JPFA					
Additional pension contribution to SamCERA	(19,538)	(33,600)	(27,630)	(50,668)	-
Net change in fund balances					
Fund Balance, Beginning of Year	$ 764,669	$ 873,829	$ 83,452	$ 211,694	$ 182,591
Fund Balance, End of Year	$ 873,829	$ 935,880	$ 1,019,332	$ 1,231,026	$ 1,413,617

(1) Operating transfers from the General Fund consist primarily of the subsidy to the SMMC's Enterprise Fund. Transfers from the General Fund are also made to other County funds, including payments made for the General Fund portion of capital projects, debt service and in-home supportive services.

Source: County General Purpose Financial Statements.

The following table presents, with respect to the County General Fund, the County's general balance sheet as of June 30 for each of the past five fiscal years.

Table 39
COUNTY OF SAN MATEO
GENERAL FUND
COMBINED BALANCE SHEET
At June 30, 2016, 2017, 2018, 2019 and 2020
($ in Thousands)

	At June 30,				
	2016	**2017**	**2018**	**2019**	**2020**
ASSETS:					
Cash and Investments	$ 909,241	$ 964,889	$1,078,011	$1,232,066	$1,517,476
Receivables					
Accounts, net of allowances for uncollectible amounts	16,695	16,728	13,888	10,139	13,093
Interest	16,262	18,971	23,352	28,069	27,602
Taxes, net of allowances for uncollectible amounts	18,232	20,517	21,433	21,584	22,360
Mortgages	81,838	88,059	101,359	118,735	134,138
Advances	839	1,571	1	1	1
Other	22,729	20,762	27,231	22,389	24,652
Due from Other Funds	11,487	7,230	655	512	3,739
Due from Other Governmental Agencies	140,973	148,931	173,305	214,289	185,585
Loan receivable	3,141	4,654	7,707	7,649	7,456
Inventories	96	108	142	82	45
Advances to Other Funds	6,710	11,854	7,954	7,841	7,749
Prepaid Items	-	-	7,563	14,877	14,132
Other Assets	4,108	6,159	-	-	-
TOTAL ASSETS	$1,232,351	$1,310,433	$1,462,601	$1,678,233	$1,958,028
LIABILITIES:					
Accounts Payable	$ 35,750	$ 41,242	$ 50,279	$ 51,822	$ 65,386
Accrued Salaries and Benefits	22,058	25,261	27,473	29,238	34,888
Accrued Liabilities	10	14	18	22	547
Due to Other Funds	4,174	329	89	1,871	12,343
Due to Other Governmental Agencies	23,498	18,366	40,588	61,683	39,618
Unearned Revenues	62,307	66,447	64,259	67,337	145,794
Deferred Revenues	210,725	222,894	260,563	235,234	245,835
TOTAL LIABILITIES	$ 358,522	$ 374,553	$ 443,269	$ 447,207	$ 544,411
FUND BALANCES					
Reserved for:					
Encumbrances	$ 33,905	$ 40,106	$ 46,198	$ 50,648	$ 52,353
Advances to other funds and inventories	89,025	94,418	127,495	151,220	130,731
Committed					
Unreserved:					
Designated	6,584	10,235	9,860	7,802	9,334
Undesignated	744,315	791,121	835,779	1,021,356	1,221,199
TOTAL LIABILITIES AND FUND BALANCES	$1,232,351	$1,310,433	$1,462,601	$1,678,233	$1,958,028

Source: County General Purpose Financial Statements.

See also APPENDIX C – "COMPREHENSIVE ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED JUNE 30, 2020."

County Treasurer's Investment Pool

General. The County sponsors an investment pool (the "County Pool") to invest funds of the County and various external public entities allowed or as required by statute. The County Treasurer manages, in accordance with California Government Code Section 53600 et seq., funds deposited in the County Treasury by the County, all

County school districts, various special districts, and some cities within the County. Moneys of the County, school districts and certain special districts are held in the County Treasury by the County Treasurer. The County Treasurer accepts funds primarily from agencies located within the County. As of June 30, 2020, there were 1230 participant accounts in the County Pool, the largest single agencies being the school districts and the community college district representing 32.5% of the County Pool, voluntary participant accounts from Cities and Special Districts representing 21.6%, and the County representing 45.9% of the County Pool. The moneys on deposit are predominantly derived from local government revenues consisting of property taxes, State and federal funding and other fees and charges.

The following table sets forth the investments in the County Pool held for local agencies.

Table 40
SAN MATEO COUNTY
INVESTMENT POOL PARTICIPANTS
As of June 30, 2020

Participant Category	Invested Funds	% of Total
School Districts	$1,595,129,959.48	23.8%
SMC Community College	461,510,785.97	8.7%
Cities	561,274,586.52	8.8%
Special Districts	193,374,929.64	3.3%
Bay Area Air Quality Management District	364,222,820.68	6.0%
San Mateo County Transportation Authority/JPB	157,655,043.37	3.5%
All Other San Mateo County Funds	2,686,738,362.89	45.9%
Total	$6,019,906,488.55	100.00%

Source: County.

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The following table sets forth the composition, carrying amount, and market value of the County Pool.

Table 41
SAN MATEO COUNTY
INVESTMENT POOL
SUMMARY OF ASSETS HELD
As of June 30, 2020

Security	Carrying Value[(1)]	Market Value[(2)]	% of Total
Repurchase Agreements	$122,240,442.55	$122,404,192.35	2.02%
Commercial Paper	370,052,250.00	370,000,000.00	6.09%
Certificate of Deposit	380,000,000.00	380,000,000.00	6.26%
LAIF	75,000,000.00	75,000,000.00	1.23%
Corporate Floating Rate Notes	3,908,886.08	3,908,886.08	0.06%
Corporate Bonds	86,742,268.82	88,759,655.50	1.46%
Federal Agency Securities	145,138,549.55	145,701,697.92	2.40%
United States Instrumentalities	811,290,359.27	832,211,618.94	13.70%
United States Treasury Bills	971,992,894.34	988,281,293.71	16.27%
United States Treasury Notes	70,000,000.00	69,947,571.13	1.15%
Total[(3)]	18,084,900.00	18,744,219.00	0.31%

[(1)] The "carrying value" of the pool securities represents the cost of such securities to the County.
[(2)] The "market value" of the pool securities is composed of the market value of such securities plus accrued interest.
[(3)] Totals do not include uninvested cash held for payroll and operating expenditures.
Source: County.

The composition and value of investments under management in the County Pool will vary from time to time depending on cash flow needs of the County and public agencies invested in the County Pool, maturity or sale of investments and purchase of new securities, and due to fluctuations in interest rates generally.

As reflected in the table above, as of June 30, 2020, the carrying value and market value of investments credited to the County Pool were both approximately $5,960,335,763.49 and included approximately $1,276,175,346.80 in cash or cash equivalents, which represents the County Pool's liquidity. As of June 30, 2020, the dollar weighted average maturity of the County Pool was 1.75 years with a duration of 1.7 years and approximately 21.6% of the assets of the County Pool come from public agencies which can make discretionary withdrawals for the purposes of making alternative investments. The County Treasurer believes the liquidity in the portfolio is adequate to meet expected cash flow requirements and would preclude the County from the need to sell investments at below carrying value. However, the County has in the past and may in the future elect to sell securities below carrying value, borrow short-term debt to fund cash flow needs and take other actions as the County Treasurer may deem warranted by prudent fiscal management.

County Investment Policy. The current investment policy was adopted by the Board January 5, 2021 (the "County Investment Policy") and can be found at http://treasurer.smcgov.org. To meet the requirements of both liquidity and long-term investment needs, the County adopted, and from time to time amends, the County Investment Policy. The County Pool attempts to match maturities with capital expenditures and other planned outlays. The County Pool is designed to maximize the return on investable funds over various market cycles, consistent with limiting risk and prudent investment principles. Yield is considered only after safety and credit quality have been met. The purpose of the County Pool is to provide investors with a reasonably predictable level of income.

The maximum allowable maturity of instruments in the County Pool at the time of investment is seven years and the maximum dollar weighted average maturity of the fund is three years. Subject to California law, funds deposited in the County Pool under the County Investment Policy may only be reclaimed at the rate of 12.5% of the principal balance per month, exclusive of apportionment, payrolls and day-to-day operations, unless specifically authorized by the County Treasurer. Gains and losses in the County Pool are proportionately allocated to each depositor quarterly, each being given credit for accrued interest earnings and capital gains based on their average daily pool balance. The minimum balance for an outside agency to maintain an account in the County Pool is $250,000.

The County Treasurer may not leverage the County Pool through any borrowing collateralized or otherwise secured by cash or securities held unless authorized by the County Investment Policy in accordance with California law. The County Investment Officer is prohibited from doing personal business with brokers that do business with the County.

The fund also permits investments in repurchase agreements in an amount not exceeding 100% of the fund value. Collateralization on repurchase agreements is set at 102%. The County Investment Policy permits certain securities lending transactions up to a maximum of 20% of the County Pool. The program is conducted under a Custody Agreement by and between the County and The Bank of New York, as custodian.

The Board has established an eight-member County Treasury Oversight Committee (the "Oversight Committee") pursuant to State law. Members are selected pursuant to State law.

The Oversight Committee meets at least three times a year to evaluate general strategies, to monitor results and to evaluate the economic outlook, portfolio diversification, maturity structure and potential risks to the funds. It will also consider cash projections and needs of the various participating entities, control of disbursements and cost-effective banking relationships.

The County Treasurer prepares a monthly report for the County Pool participants, the Board and members of the Oversight Committee stating the type of investment, name of the issuer, maturity date, par and dollar amount of the investment. The report also lists average maturity and market value. In addition, the County Treasurer prepares a cash flow report which sets forth projections for revenue inflows and interest earnings as compared to the projections for the operating and capital outflows of depositors. The projection will be for at least the succeeding twelve months. An annual audit of the portfolios, procedures, reports and operations related to the County Pool will be conducted in compliance with California law.

The County Investment Policy is reviewed and approved annually by the Board. All amendments to the policy must be approved by the Board.

For further information regarding the existing County Pool, see note 2 to the audited financial statements of the County included in APPENDIX C hereto.

RISK FACTORS

The following factors, which represent material risk factors that have been identified at this time, should be considered along with all other information in this Official Statement by potential investors in evaluating the 2021 Bonds. There can be no assurance made that other risk factors will not become evident at any future time.

Base Rental Payments Not County Debt

NEITHER THE FULL FAITH AND CREDIT OF THE AUTHORITY, THE COUNTY NOR ANY MEMBER OF THE AUTHORITY IS PLEDGED FOR THE PAYMENT OF THE INTEREST ON OR PRINCIPAL OF THE 2021 BONDS OR FOR THE PAYMENT OF BASE RENTAL PAYMENTS UNDER THE MASTER FACILITY LEASE. In the event the County's revenue sources are less than its total obligations, the County could choose to fund other municipal services before making Base Rental Payments and other payments due under the Master Facility Lease. The same result could occur if, because of State Constitutional limits on expenditures, the County is not permitted to appropriate and spend all of its available revenues.

The 2021 Bonds are being issued by the Authority pursuant to the Joint Exercise of Powers Act, California Government Code 6500 *et seq*. (the "JPA Act"), and are not debt of the County. The Supreme Court of the State of California in its 1998 decision of *Rider v. City of San Diego*, 18 Cal. 4th 1035, upheld the validity of a joint powers agency financing and found that bonds issued pursuant to the JPA Act and payable from lease payments made pursuant to a lease with the City of San Diego were not subject to the State constitutional provision that requires two-thirds voter approval of indebtedness incurred by a city, county or school district. No voter approval of the 2021 Bonds or the Master Facility Lease has been sought. Based on an analysis of existing laws and court decisions, Bond Counsel is delivering its opinion on the validity of the 2021 Bonds and the Master Facility Lease in the form attached hereto in APPENDIX E.

Abatement Risk

During any period in which, by reason of material damage or destruction, there is substantial interference with the use and possession by the County of any portion of the Leased Property, rental payments due under the Master Facility Lease with respect to the Leased Property will be abated proportionately, and the County waives any and all rights to terminate the Master Facility Lease by virtue of any such interference and the Master Facility Lease shall continue in full force and effect. See "SECURITY FOR THE 2021 BONDS Base Rental Payments" herein.

No Acceleration Upon Default

In the event of a default, there is no remedy of acceleration of the total Base Rental Payments due over the term of the Master Facility Lease and the Trustee is not empowered to sell a fee simple interest in the Facilities and use the proceeds of such sale to prepay the 2021 Bonds or pay debt service thereon. The County thus would be liable only for principal and interest payments as they became due, and the Trustee would be required to seek a separate judgment for each payment, if any, not made. Any such 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 Master Facility Lease and the Trust Agreement could prove both expensive and time consuming. Although the Master Facility Lease provides that if the County defaults the Authority may reenter the Leased Property and re-let it, portions of the Leased Property may not be easily recoverable, and even if recovered, could be of little value to others because of the Leased Property's specialized nature. Additionally, the Authority may have limited ability to re-let the Leased Property to provide a source of rental payments sufficient to pay the principal and interest on the 2021 Bonds so as to preserve the tax-exempt nature of interest on the 2021 Bonds. Furthermore, due to the governmental nature of the Leased Property, it is not certain whether a court would permit the exercise of the remedy of re-letting with respect thereto.

Alternatively, the Authority may terminate the Master Facility Lease and proceed against the County to recover damages pursuant to the Master Facility Lease. 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.

Risk of Uninsured Loss

The County covenants under the Master Facility Lease to maintain certain insurance policies on the Leased Property. These insurance policies do not cover all types of risk. For example, the Leased Property could be the subject of an eminent domain proceeding. Under these circumstances an abatement of Base Rental Payments could occur and could continue indefinitely. In cases where the casualty is covered by insurance, there can be no assurance that the County's insurance carriers will in all events be able or willing to make payments under their respective policies should a claim be made. Further, there can be no assurances that amounts received as proceeds from insurance or from condemnation of the Leased Property will be sufficient to repair or replace the Leased Property or to redeem the 2021 Bonds.

The County currently insures all its buildings against earthquake and flood damage. However, the County makes no pledge to maintain such insurance and may discontinue earthquake coverage at its sole discretion. See "—Risk of Earthquake" below.

Certain of the County's insurance policies provide for deductibles that vary according to insured peril. Should the County be required to meet such deductible expenses, the availability of General Fund revenues to make Base Rental Payments may be correspondingly affected.

No Limitation on Incurring Additional Obligations

Neither the Master Facility Lease nor the Trust Agreement contains any limitations on the ability of the County to enter into other obligations that may constitute additional claims against its General Fund revenues. To the extent that the County incurs additional obligations, the funds available to make Base Rental Payments may be decreased. The County is currently liable on other obligations payable from General Fund revenues. See "COUNTY FINANCIAL INFORMATION—Indebtedness" herein.

Bankruptcy

In addition to the limitation on remedies contained in the Trust Agreement, the rights and remedies provided in the Trust Agreement and the Master Facility Lease may be limited by and are subject to the provisions of federal bankruptcy laws and to other laws or equitable principles that may affect the enforcement of creditors' rights. The County is a governmental unit and therefore cannot be the subject of an involuntary case under the United States Bankruptcy Code (the "Bankruptcy Code"). However, the County is a municipality and therefore may seek voluntary protection from its creditors pursuant to Chapter 9 of the Bankruptcy Code for purposes of adjusting its debts. If the County were to become a debtor under the Bankruptcy Code, the County would be entitled to all of the protective provisions of the Bankruptcy Code as applicable in a Chapter 9 case. 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 County or the commencement of any judicial or other action for the purpose of recovering or collecting a claim against the County and could prevent the Trustee from making payments from funds in its possession; (ii) the avoidance of preferential transfers occurring during the relevant period prior to the filing of a bankruptcy petition; (iii) the existence of unsecured or secured debt which may have a priority of payment superior to that of Owners of the 2021 Bonds; and (iv) the possibility of the adoption of a plan (an "Adjustment Plan") for the adjustment of the County's various obligations over the objections of the Trustee or all of the Owners of the 2021 Bonds and without their consent, which Adjustment Plan may restructure, delay, compromise or reduce the amount of any claim of the Owners if the Bankruptcy Court finds that such Adjustment Plan is "fair and equitable" and in the best interests of creditors. The adjustment of similar obligations is currently being litigated in federal court in connection with bankruptcy applications by the cities of San Bernardino and Stockton. The Adjustment Plans in these cities propose significant reductions in the amounts payable by the cities under lease revenue obligations substantially identical to the 2021 Bonds. The County can provide no assurances about the outcome of the bankruptcy cases of other California municipalities or the nature of any Adjustment Plan if it were to file for bankruptcy.

In addition, the County could either reject the Site Lease or the Master Facility Lease or assume the Site Lease or the Master Facility Lease despite any provision of the Site Lease or the Master Facility Lease that makes the bankruptcy or insolvency of the County an event of default thereunder. If the County rejects the Master Facility Lease, the Trustee, on behalf of the Owners of the 2021 Bonds, would have a pre-petition unsecured claim that may be substantially limited in amount, and this claim would be treated in a manner under an Adjustment Plan over the objections of the Trustee or Owners of the 2021 Bonds. Moreover, such rejection would terminate the Master Facility Lease and the County's obligations to make payments thereunder. The County may also be permitted to assign the Master Facility Lease (or the Site Lease) to a third party, regardless of the terms of the transaction documents. If the County rejects the Site Lease, the Trustee, on behalf of the Owners of the 2021 Bonds, would have a pre-petition unsecured claim and this claim would be treated in a manner under an Adjustment Plan over the objections of the Trustee or Owners of the 2021 Bonds. Moreover, such rejection may terminate both the Site Lease and the Lease and the obligations of the County to make payments thereunder.

The Authority is a public agency and, like the County, cannot be the subject of an involuntary case under the Bankruptcy Code. The Authority may also seek voluntary protection under Chapter 9 of the Bankruptcy Code. If 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 case. Such a bankruptcy could adversely affect the payments under the Trust Agreement. 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 and could prevent the Trustee from making payments from funds in its possession; (ii) the avoidance of preferential transfers occurring during the relevant period prior to the filing of a bankruptcy petition; (iii) the existence of unsecured or secured debt which may have priority of payment superior to that of the Owners of the 2021 Bonds; and (iv) the possibility of the adoption of an Adjustment Plan for the adjustment of the Authority's various obligations over the objections of the Trustee or all of the Owners of the 2021 Bonds and without their consent, which Adjustment Plan may restructure, delay, compromise or reduce the amount of any claim of the Owners if the Bankruptcy Court finds that such Adjustment Plan is fair and equitable and in the best interests of creditors.

In addition, in a bankruptcy of the Authority, the assignment by the Authority to the Trustee of the Site Lease and the Master Facility Lease could be characterized as a pledge rather than an absolute assignment. Under such circumstances, the Authority may be able to either reject the Site Lease or the Master Facility Lease or assume the Site Lease or the Master Facility Lease despite any provision of the Site Lease or the Master Facility Lease that makes the bankruptcy or insolvency of the Authority an event of default thereunder. If the Authority rejects the Site Lease, the Trustee, on behalf of the Owners of the 2021 Bonds, would have a pre-petition unsecured claim that may be substantially limited in amount and this claim would be treated in a manner under an Adjustment Plan over the objections of the Trustee or Owners of the 2021 Bonds. Moreover, such rejection would terminate both the Site Lease and the Master Facility Lease and the obligations of the County to make payments thereunder. If the Authority rejects the Master Facility Lease, the Trustee, on behalf of the Owners of the 2021 Bonds, would have a pre-petition unsecured claim and this claim would be treated in a manner under an Adjustment Plan over the objections of the Trustee or Owners of the 2021 Bonds. Moreover, such rejection may terminate the Master Facility Lease and the County's obligations to make payments thereunder. The Authority may also be permitted to assign the Site Lease or the Master Facility Lease to a third party, regardless of the terms of the transaction documents.

Loss of Tax Exemption

As discussed under the heading "TAX MATTERS," certain acts or omissions of the County in violation of its covenants in the Trust Agreement and the Master Facility Lease could result in the interest evidenced by the 2021 Bonds being includable in gross income for purposes of federal income taxation retroactive to the date of delivery of the 2021 Bonds. Should such an event of taxability occur, the 2021 Bonds would not be subject to a special redemption and would remain Outstanding until maturity or until redeemed under the provisions contained in the Trust Agreement.

Risk of Earthquake

There are several earthquake faults in the greater San Francisco Bay Area that potentially could result in damage to buildings, roads, bridges, and property within the County in the event of an earthquake. Past experiences, including the 1989 Loma Prieta earthquake, have resulted in minimal damage to the infrastructure and property in the County. Earthquake faults that could affect the County include the San Andreas Fault within portions of the County. Local building codes take into account the likelihood of seismic activity and are intended to provide both earthquake building design integrity and safety to the building occupants.

It is possible that the County could sustain damage to its facilities if a major seismic event greater than those experienced in recent years should occur within or near the County. Such damage would likely occur from ground motion and possible liquefaction of underlying soils. Damage could include slope failures along shorelines, pavement displacement, distortions of pavement grades, breaks in utility, drainage and sewage lines, displacement or collapse of buildings and other facilities, failure of bulkhead walls and rupture of gas and fuel lines. Any such destruction could adversely affect the County's ability to make Base Rental Payments.

The Master Facility Lease does not require the County to maintain earthquake insurance on the Facilities. The County currently insures all of its buildings against certain risks, including earthquake damage, through a $50 million per occurrence and in the aggregate property insurance policy, subject to certain deductibles as described under "COUNTY FINANCIAL INFORMATION—Self-Insurance Programs" herein. Earthquake insurance may be reduced or eliminated at the County's sole discretion.

Risk of Sea Level Changes and Flooding

The County currently is a plaintiff in a lawsuit in the Superior Court of the State of California in the County of San Mateo, Case No. 17 CIV 03222 which was before the 9th Circuit Court of Appeals, Case No. 18-15499, and which is pending a decision in the United States Supreme Court in a similar case. The defendants include the largest oil and coal companies operating in the US. The lawsuit alleges various causes of action directly or indirectly related to climate change resulting from the defendants' production, promotion, marketing, and use of fossil fuel products, simultaneous concealment of the known hazards of those products, and their championing of antiregulation and anti-science campaigns. The lawsuit also alleges that the County has already incurred millions of dollars of expenses related to planning for and predicting future sea level rise injuries to its real property, improvements thereon, civil infrastructure, and citizens, to preemptively mitigate and/or prevent such injuries. The lawsuit further alleges that the assessed value of parcels threatened with serious or permanent inundation as a result of sea level rise totaled in the billions of dollars and that hundreds of millions of dollars in assessed property values could be at risk from erosion on the Coastside north of Half Moon Bay.

The 2021 Bonds are limited obligations payable solely from, and secured solely by, the Revenues consisting primarily of Base Rental Payments to be made by the County from its General Fund for the right of the County to use and occupy the Leased Property. The complaint filed by the County specifically references an area where certain of the Leased Property (County Office Building No. 2 and the Regional Operations Center) is located as being threatened with flooding and other harm from sea level rise. The County expects to release both the County Office Building No. 2 and the Regional Operation Center from the Leased Property in 2028. See, "THE LEASED PROPERTY" herein. Base Rental Payments will be abated during any period in which by reason of any damage or destruction there is substantial interference with the use and occupancy of the Leased Property by the County. In addition, the amount of property and other tax revenues available to the General Fund may be reduced in the event of widespread damage to property in the County even if there is no abatement of Base Rental Payments.

The County initiated a study of the vulnerability of land in the County to risks resulting from potential sea level rise. The study was completed in March 2018 and titled "County of San Mateo Sea Level Rise Vulnerability Assessment" (the "Assessment"). The Assessment references and finds risk of potential impacts to property in the County in the event of various sea level rise scenarios. The Assessment concludes that if the sea level were to rise to specific levels, the resulting flooding could damage infrastructure and property in the County, including certain of the Leased Property to varying degrees based on varying levels of flooding. The Assessment states that the total assessed value of parcels that would be flooded in the event of 3.3 feet of sea level rise and a 1% annual chance storm scenario is $34 billion for property located on the County's San Francisco Bay shoreline and Coastside north of Half Moon Bay. In addition, $932 million in assessed property values could be at risk from erosion on the Coastside north of Half Moon Bay. Investors may review the Assessment, which is available on the County of San Mateo website on the County of San Mateo website (http://seachangesmc.com/vulnerability-assessment/) under the menu choice "Our Efforts: Sea Level Rise Vulnerability Assessment" for further information and evaluation, however, neither the Assessment nor the County's website is incorporated by reference herein. In the event the Leased Property cannot be repaired during the period of time that proceeds of the County's rental interruption insurance will be available in lieu of Base Rental Payments for a period of two years plus the period for which funds are available from debt service reserves or surety at the levels provided in each of the legal documents associated with the Bonds, or in the event that casualty insurance proceeds are insufficient to provide for complete repair of the Leased Property, there could be insufficient funds to cover payments to 2021 Bond owners in full.

The County is unable to determine what effect, if any, the above information or actual rise in sea level may have on the investment value of the 2021 Bonds.

Wildfires

Based on Cal Fire's Fire Hazard Severity Zone maps, San Mateo County has areas of land that are located in moderate, high, and very high fire severity hazard zones, with significant land area in the very high severity zone. The San Mateo - Santa Cruz Unit Strategic Fire Plan completed in 2017 states that "Due to the local topography, fuels (forest, chaparral, grasslands) and certain weather conditions, San Mateo and Santa Cruz counties are prone to periodic large wildfire events." In August 2020, the CZU Lightning Complex Fires consumed acres of property and destroyed structures in San Mateo and Santa Cruz counties. The County is currently working with FEMA and the

State to obtain reimbursement for a portion of the County's expenses incurred in response. In February 2021, the County accepted the San Mateo County Parks Department's Wildfire Fuel Management Program to mitigate wildfire threats to life and property in County parks and has allocated funds to wildfire mitigation efforts. Wildfire fire severity is expected to increase with climate change. The County received SB1 grant funds from Caltrans to further understand how wildfire risk may change with climate change, and to understand how changes in wildfire risk due to climate change could affect transportation routes and communities.

While a wildfire event is possible and could have significant impacts on County property and in unincorporated areas, the County is unable to determine what effect wildfire may have on the investment value of the 2021 Bonds.

Hazardous Substances

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

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

Cybersecurity

The County, like many other large public sector entities, relies on a large and complex technology environment to conduct its operations. As a recipient and provider of personal, private, or sensitive information, the County is subject to multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. Entities (National and International) or individuals may attempt to gain unauthorized access to the County's digital systems for the purposes of misappropriating assets or information or causing operational disruption and damage. As a result of these potential risks, the County has created and updated information technology policies, implemented annual IT Security Training, strengthened identity and access management capabilities and enhanced and deployed several security controls across of the organization to protect the County's network, computer assets and users.

In the last several years, there have been two cyber security incidents of note. One was a successful phishing attack that affected less than a dozen end users. The second was a website defacement because of a departmental administrator with a weak password. Neither event resulted in any litigation or increased cyber security or remediation costs.

The County believes that its measures to manage cyber threats are reasonable and are comparable to or exceed measures taken by similar government entities. However, no assurance can be given that a future cyber-attack will not materially impact the operations or finances of the County.

Other Natural Hazards

[According to the County's Local Hazard Mitigation Plan, the County is exposed to a number of different hazards. The Plan states "Natural and human-caused hazards affect citizens, property, the environment, and the economy of San Mateo County. Climate change, drought, earthquakes, floods, landslides, severe weather, tsunamis, wildfires, and dam failures have exposed San Mateo County residents and businesses to the financial and emotional costs of recovering after natural disasters. Additionally, human-caused hazards such as hazardous material releases, pipeline and tank leaks, terrorism, airline incidents, and cyber threats have the potential to further affect the County. The risk associated with both natural and human-caused hazards increases as more people move to or visit areas affected by those hazards." (Local Hazard Mitigation Plan 2016.)

There is the potential for each of these hazards to affect the investment value of the 2021A Bonds, but the County is unable to determine the exact impact.]

Limitation on Revenues

There are limitations on the ability of the County to increase revenues. The ability of the County to increase the *ad valorem* property taxes (which have historically been an important source of revenues for counties in California) is limited pursuant to Article XIIIA, which was enacted in 1978. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING COUNTY REVENUES AND EXPENDITURES" herein.

The County receives a significant portion of its revenue from State and federal sources. Decreases in revenues received by the State can affect subventions made to the County and other counties in the State. In addition, actions taken by Congress and federal executive branch agencies including, without limitation, reductions in federal spending, could materially reduce the revenues received by the County. The potential impact of State budget actions for future fiscal years on the County is uncertain at this time. See "COUNTY FINANCIAL INFORMATION—Intergovernmental Revenues" herein. See also "—State Budget Concerns" below.

State Budget Concerns

The State, upon which the County relies for a significant portion of its revenues, has experienced budget shortfalls in recent years. While there has been recent significant budgetary improvements, there remain a number of major risks and pressures that threaten the State's financial condition. In addition, the State's revenues can be volatile. Decreases in State revenues may significantly affect appropriations made by the State to counties and the timing of payment to counties by the State may depend upon the ability of the State to access the credit markets with respect to its own cash flow borrowings in the future. See "COUNTY FINANCIAL INFORMATION—Intergovernmental Revenues" herein.

Premium Bonds

Some 2021 Bonds may be purchased at a premium. Any extraordinary redemption of the 2021 Bonds could cause the holders a loss of the premium paid by the investors upon purchase of the 2021 Bonds.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING COUNTY REVENUES AND EXPENDITURES

The following is a discussion of certain limitations on the ability of the County to increase revenues payable to the County General Fund or to make expenditures therefrom.

Property Tax Rate Limitations — Article XIIIA

Article XIIIA of the State Constitution limits the amount of any *ad valorem* tax on real property to 1% of the full cash value thereof, except that additional ad valorem taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978 and on bonded indebtedness for the acquisition or improvement of real property which has been approved on or after July 1, 1978 by two-thirds of the voters on such indebtedness. Article XIIIA defines full cash value to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under "full cash value," or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership have occurred after the 1975 assessment." The full cash value may be increased at a rate not to exceed 2% per year to account for inflation.

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

Legislation Implementing Article XIIIA

Legislation has been enacted and amended a number of times since 1978 to implement Article XIIIA. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The 1% 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 2% annual adjustment are allocated among the various jurisdictions in the "taxing area" based upon their respective "situs." Any such allocation made to a local agency continues as part of its allocation in future years.

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

Appropriations Limitations — Article XIIIB

An initiative to amend the State Constitution entitled "Limitation of Government Appropriations" was approved on September 6, 1979 thereby adding Article XIIIB to the State Constitution ("Article XIIIB"). The formula set forth in Article XIIIB for determining a local governmental entity's appropriations limit was subsequently amended by Proposition 111 (1990). Under Article XIIIB, the State and each local governmental entity has an annual "appropriations limit" and is not permitted to spend certain moneys that are called "appropriations subject to limitation" (consisting of tax revenues, State subventions and certain other funds) in an amount higher than the appropriations limit. Article XIIIB does not affect the appropriations of moneys that are excluded from the definition of "appropriations subject to limitation," including debt service on indebtedness existing or authorized as of January 1, 1979, or bonded indebtedness subsequently approved by the voters. In general terms, the appropriations limit is to be based on certain fiscal year 1978-79 expenditures, and is to be adjusted annually to reflect changes in consumer prices, populations, and services provided by these entities. Among other provisions of Article XIIIB, if these entities' revenues in any year exceed the amounts permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two years.

"Appropriations subject to limitation" are authorizations to spend "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," but "proceeds of taxes" excludes tax refunds and some benefit payments such as unemployment insurance. No limit is imposed on appropriations of funds which are not "proceeds of taxes," such as reasonable user charges or fees, and certain other non-tax funds.

Not included in the Article XIIIB limit are appropriations for the debt service costs of 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 and appropriations for qualified capital outlay projects. The appropriations limit may also be exceeded in certain cases of emergency.

The appropriations limit for the County in each year is based on the County's limit for the prior year, adjusted annually for changes in the cost of living and changes in population, and adjusted, where applicable, for transfer of financial responsibility of providing services to or from another unit of government. The change in the cost of living is, at the County's option, either (i) the percentage change in State per capita personal income, or (ii) the percentage change in the local assessment roll on nonresidential property.

The appropriations limit is tested over consecutive two-year periods. Any excess of the aggregate "proceeds of taxes" received by a County over such two-year period above the combined appropriations limits for those two years is to be returned to taxpayers by reductions in tax rates or fee schedules over the subsequent two years. Starting with fiscal year 1990-91, pursuant to amendments to Article XIIIB, the County's appropriations limit was calculated by taking the actual fiscal year 1986-87 limit, and applying annual adjustments permitted by Article XIIIB.

[The County's appropriations limit for fiscal year 2019-20 is approximately $____ million. For fiscal year 2019-20, the estimated appropriations subject to the limit amount is approximately $____ million. The County does not anticipate that the appropriation limit will restrict its spending even if certain appropriations, such as appropriations to comply with prior federal government mandates under the Affordable Care Act (ACA), which are not currently counted against the Article XIIIB limit, are no longer mandated costs subject to exclusion. This is because the County has planned a large amount of appropriations for qualified capital outlay projects (which are excluded from the Article XIIIB limit) that will replace other spending that currently counts against the appropriations limit.].

Articles XIIIC and XIIID — Proposition 218

On November 5, 1996, the voters of the State approved Proposition 218, known as the "Right to Vote on Taxes Act." Proposition 218 added Article XIIIC ("Article XIIIC") and Article XIIID ("Article XIIID") to the State Constitution, which contains a number of provisions affecting the ability of the County to levy and collect both existing and future taxes, assessments, fees and charges.

Article XIIIC requires that all new local taxes or increases in existing local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes of the County require a majority vote and taxes for specific purposes, even if deposited in the County's General Fund, require a two-thirds vote. The voter-approval requirements of Proposition 218 reduce the flexibility of the County to raise revenues for the General Fund, and no assurance can be given that the County will be able to impose, extend or increase such taxes in the future to meet any increased expenditure requirements.

Article XIIID contains provisions relating to how local agencies may levy and maintain "assessments" for municipal services and programs. "Assessment" is defined to mean any levy or charge upon real property for a special benefit conferred upon the real property. Article XIIID also contains several provisions affecting "property-related fees" and "charges," defined for purposes of Article XIIID to mean "any levy other than an ad valorem tax, a special tax, or an assessment, imposed by a local government upon a parcel or upon a person as an incident of property ownership, including a user fee or charge for a property related service." All new and existing property-related fees and charges must conform to requirements prohibiting, among other things, fees and charges which (i) generate revenues exceeding the funds required to provide the property-related service, (ii) are used for any purpose other than those for which the fees and charges are imposed, (iii) are for a service not actually used by, or immediately available to, the owner of the property in question, or (iv) are used for general governmental services, including police, fire or library services, where the service is available to the public at large in substantially the same manner as it is to property owners. Further, before any property-related fee or charge may be imposed or increased, written notice must be given to the record owner of each parcel of land affected by such fee or charge. The County must then hold a hearing upon the proposed imposition or increase, and if written protests against the proposal are presented by a majority of the owners of the identified parcels, the County may not impose or increase the fee or charge. Fees for electrical and gas service are explicitly exempted from the definition of "property-related" under Article XIIID. Property-related fees or charges for services other than sewer, water and refuse collection services may not be imposed or increased without majority approval by the property owners subject to the fee or charge or, at the option of the local agency, two-thirds voter approval by the electorate residing in the affected area. In addition to the provisions described above, Proposition 218 removes many of the limitations on the initiative power in matters of reducing or repealing any local tax, assessment, fee or charge.

Proposition 218 continues to be interpreted by California courts. The State Supreme Court's 2006 decision in *Bighorn-Desert View Water Agency* found that metered charges for consumption of water by a public agency fell within the "property-related" fees subject to Proposition 218. Fees for sewer and refuse collection could also be found to be within the definition of property-related fees. If such charges are property-related charges, rate increases would be subject to notice, hearing and majority protest, but not prior voter approval, and rates and charges could be reduced by referendum.

The annual amount of revenues that are received by the County and deposited into its General Fund which may be considered to be property related fees and charges under Article XIIID is not substantial. Accordingly, the County does not presently anticipate that any impact Article XIIID may have on future fees and charges will adversely affect the ability of the County to pay the principal of and interest on the 2021A Bonds as and when due. However, no assurance can be given that the County may or will be able to reduce or eliminate such services to avoid new costs for the County General Fund in the event the fees and charges that presently finance them are reduced or repealed.

Proposition 1A

Proposition 1A, approved by the voters in November 2004, provides that the State may not reduce any local sales tax rate, limit existing local government authority to levy a sales tax rate or change the allocation of local sales tax revenues, subject to certain exceptions. By adding Section 25.5 to Article XIII of the State Constitution, Proposition 1A generally prohibits the State from shifting to schools or community colleges any share of property tax revenues allocated to local governments for any fiscal year, as set forth under the laws in effect as of November 3, 2004. Any change in the allocation of property tax revenues among local governments within a county must be approved by two-thirds of both houses of the State Legislature.

Proposition 1A provides, however, that beginning in fiscal year 2008-09, the State may shift to schools and community colleges up to 8% of local government property tax revenues, which amount must be repaid, with interest, within three years, if the Governor proclaims that the shift is needed due to a severe state financial hardship, the shift is approved by two-thirds of both houses of the State Legislature and certain other conditions are met. The State may also approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county.

By amending Section 15 of Article XI of the State Constitution, Proposition 1A also provides that if the State reduces the VLF rate, the State must provide local governments with equal replacement revenues. Further, by amending Section 6 of Article XIIIB, Proposition 1A requires the State to suspend State mandates affecting cities, counties and special districts, schools or community colleges, excepting mandates relating to employee rights, in any year that the State does not fully reimburse local governments for their costs of compliance with such mandates. See, “Appropriations Limitations – Article XIIIB” above.

Proposition 22

On November 2, 2010, voters in the State approved Proposition 22. Proposition 22, known as the “Local Taxpayer, Public Safety, and Transportation Protection Act of 2010,” 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 26

On November 2, 2010, voters in the State also approved Proposition 26. Proposition 26 amends Article XIIIC of the State Constitution to expand the definition of “tax” to include “any levy, charge, or exaction of any kind imposed by a local government” except the following: (i) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (ii) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (iii) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (iv) a charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property; (v) a fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government, as a result of a violation of law; (vi) a charge imposed as a condition of property development; and (vii) assessments and property-related fees imposed in accordance with the provisions of Article XIIID. Proposition 26 provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity. The County does not expect the provisions of Proposition 26 to materially and adversely affect its ability to pay Base Rental Payments when due.

Proposition 30

On November 6, 2012, voters approved Proposition 30, also known as "Temporary Taxes to Fund Education, Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment," which added to the State Constitution certain requirements related to the transfer of specified State program responsibilities to local governments, mostly counties, including incarcerating certain adult offenders, supervising parolees and providing substance abuse treatment services. Proposition 30 will not have a material impact upon the County or its ability to pay Base Rental Payments when due.

Future Initiatives

Article XIIIA, Article XIIIB, Article XIIIC, Article XIIID and the other Propositions referenced above were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time, other State or local initiative measures could be adopted, which may place further limitations on the ability of the State, the County or local districts to increase revenues or to increase appropriations which may affect the County's revenues or its ability to expend its revenues.

THE AUTHORITY

The San Mateo County Joint Powers Financing Authority was formed pursuant to the provisions of Articles 1 and 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California and a Joint Exercise of Powers Agreement, dated May 15, 1993, as amended, by and between the County and the Community Development Commission. The Community Development Commission is a public body, corporate and politic formed, organized, existing and exercising its powers pursuant to Section 34100, *et seq*. of the California Health and Safety Code. The Community Development Commission is not a redevelopment agency or successor thereto.

The Authority was formed to assist the County in the financing of public capital improvements. The Authority presently acts as lessor for the Facilities, as well as the issuer in other County financings. The Authority functions as an independent entity and its policies are determined by a five-member board appointed by the Board. The Authority has no employees and all staff work is done by the County staff or by consultants to the Authority.

TAX MATTERS

[UPDATE] In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the 2021 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from State of California personal income taxes. Bond Counsel is of the further opinion that interest on the 2021 Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix E hereto.

To the extent the issue price of any maturity of the 2021 Bonds is less than the amount to be paid at maturity of such 2021 Bonds (excluding amounts stated to be interest and payable at least annually over the term of such 2021 Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the 2021 Bonds which is excluded from gross income for federal income tax purposes and State of California personal income taxes. For this purpose, the issue price of a particular maturity of the 2021 Bonds is the first price at which a substantial amount of such maturity of the 2021 Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the 2021 Bonds accrues daily over the term to maturity of such 2021 Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such 2021 Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such 2021 Bonds. Beneficial Owners of the 2021 Bonds should consult their own tax advisors with respect to the tax consequences of ownership of 2021 Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such 2021 Bonds in the original offering to the public at the first price at which a substantial amount of such 2021 Bonds is sold to the public.

2021 Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the 2021 Bonds. The Authority and the County have made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the 2014 Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the 2021 Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the 2021 Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the 2021 Bonds may adversely affect the value of, or the tax status of interest on, the 2021 Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the 2021 Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the 2021 Bonds may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the 2021 Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. For example, the House Ways and Means Committee Chair recently released draft legislation. This draft legislation would subject interest on the 2021 Bonds to federal income tax at an effective rate of 10% or more for individuals, trusts or estates in the highest income tax bracket. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the 2021 Bonds. Prospective purchasers of the 2021 Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the 2021 Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Authority or the County, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Authority and the County have covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the 2021 Bonds ends with the issuance of the 2021 Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Authority, the County or the Beneficial Owners regarding the tax-exempt status of the 2021 Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the Authority, the County and their appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Authority or the County legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the 2021 Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the 2021 Bonds, and may cause the Authority, the County or the Beneficial Owners to incur significant expense.

INDEPENDENT ACCOUNTANTS

The financial statements of the County for the fiscal year ended June 30, 2020 included in Appendix C to this Official Statement, have been audited by Macias Gini & O'Connell LLP, the County's independent auditor, as set forth in their report dated December 11, 2020, which also appears in Appendix C. Macias Gini & O'Connell LLP has not been engaged to and has not performed any procedures subsequent to the date of their report related to the financial statements included herein nor performed any procedures related to this Official Statement. See "COUNTY FINANCIAL INFORMATION—Financial Statements" herein.

CONTINUING DISCLOSURE

The County will covenant pursuant to separate Continuing Disclosure Agreements to provide Annual Reports by not later than March 30 of each calendar year, commencing with the report for fiscal year 2020-21 to be filed on or before March 30, 2022 with respect to the 2021 Bonds. The County will provide notices of the Listed Events not later than ten business days after the occurrence of the event. The Annual Report and the notices of Listed Events will be filed by the County with the MSRB or any other entity designated or authorized by the SEC to receive such reports. Until otherwise designated by the MSRB or the SEC, filings with the MSRB will be made through the EMMA website of the MSRB, currently located at http://emma.msrb.org. These covenants will be made in order to assist the Underwriters (as defined herein) in complying with the Rule. (In 2016, the County incorrectly filed a notice of defeasance related to the San Mateo County Joint Powers Financing Authority Refunding Lease Revenue Bonds (Youth Services Campus) 2008 Series A.) See APPENDIX F – "PROPOSED FORM OF CONTINUING DISCLOSURE AGREEMENT" herein.

LEGAL MATTERS

The validity of the 2021 Bonds and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe (US) LLP, Bond Counsel to the Authority. A complete copy of the proposed form of Bond Counsel opinion is contained in Appendix E hereto. Bond Counsel undertakes no responsibility for the accuracy, completeness, or fairness of this Official Statement. Certain legal matters will be passed upon for the Underwriters by Stradling Yocca Carlson & Rauth, San Francisco, California. Certain legal matters will be passed upon for the Authority and for the County by County Counsel and by Norton Rose Fulbright US LLP, San Francisco, California, Disclosure Counsel to the Authority and the County. Eric Tashman, a partner in the law firm of Norton Rose Fulbright US LLP, which is serving as Disclosure Counsel to the County and the Authority in connection with the issuance of the 2021 Bonds, is a member of the Retirement Board of SamCERA. Bond Counsel, Disclosure Counsel and Underwriters' Counsel will receive compensation contingent upon the sale and delivery of the 2021A Bonds.

LITIGATION

The County is not currently aware of any litigation that is pending or threatened concerning the validity of the 2021 Bonds, the Site Lease, the Facility Lease or the Trust Agreement, and with that continuing to be the case, an opinion of County Counsel to that effect will be furnished to the Underwriters at the time of the original delivery of the 2021 Bonds. There are a number of lawsuits and claims pending against the County. In the opinion of County Counsel, the aggregate amount of liability that the County might incur as a result of adverse decisions in such cases would be covered under the County's self-insurance program, its excess insurance coverage, or other sources of funds that would not materially adversely affect the payment of the 2021 Bonds.

The Authority is not aware of any litigation pending or threatened questioning the political existence of the Authority or the County or contesting the County's ability to appropriate or make Base Rental Payments.

RATINGS

Moody's Investors Service, Inc. and S&P Global Ratings, a Standard & Poor's Financial Services LLC business ("S&P") have assigned ratings of "___" and "___," respectively, to the 2021 Bonds. Such ratings express only the views of the rating agencies and are not a recommendation to buy, sell or hold the 2021 Bonds. There is no assurance that such ratings will continue for any given period of time or that they will not be revised, either downward or upward, or withdrawn entirely by the rating agencies, or either of them, if in their, or its, judgment, circumstances so warrant. The Authority, the County and the Trustee undertake no responsibility either to notify the Owners of the 2021 Bonds of any revision or withdrawal of the ratings or to oppose any such revision or withdrawal. Any such downward revision or withdrawal may have an adverse effect on the market price of the 2021 Bonds. A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

UNDERWRITING

The 2021 Bonds are being purchased by ____ (collectively, the "Underwriters" and each, an "Underwriter"). The Underwriters have agreed to purchase the 2021 Bonds at a purchase price of $__________ (representing the aggregate principal amount of the 2021 Bonds, less an Underwriters' discount of $__________, plus a net original issue premium of $__________). The Underwriters will purchase all of the 2021 Bonds if any are purchased. The obligation of the Underwriters to make such purchase is subject to certain terms and conditions set forth in the contract of purchase relating to the 2021 Bonds.

The Underwriters may also offer and sell the 2021 Bonds to certain dealers and others at prices lower than the respective public offering prices stated or derived from information stated on the inside cover page hereof. The initial public offering prices may be changed from time to time by the Underwriters.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the Authority and/or the County for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Authority and/or the County.

MUNICIPAL ADVISOR

California Financial Services (the "Municipal Advisor") has acted as Municipal Advisor to the County in conjunction with the issuance of the 2021 Bonds. The Municipal Advisor has assisted the Authority and the County in preparation of this Official Statement and in other matters related to the planning, structuring, issuance of the 2021 Bonds. The Municipal Advisor will receive compensation contingent upon the sale and delivery of the 2021 Bonds.

The Municipal Advisor has not audited, authenticated or otherwise independently verified the information set forth in the Official Statement, or any other information related to the Authority or the County with respect to the accuracy or completeness of disclosure of such information. The Municipal Advisor makes no guaranty, warranty or other representation respecting the accuracy or completeness of this Official Statement or any other matter related to this Official Statement.

MISCELLANEOUS

Any statements in this Official Statement involving estimates, projections or matters of opinion, whether or not expressly so stated, are intended solely as such and not as representations of fact.

The preparation and distribution of this Official Statement have been authorized by the Authority and the County.

SAN MATEO COUNTY JOINT POWERS
FINANCING AUTHORITY

By: ________________________________
President

COUNTY OF SAN MATEO

By: ________________________________
County Manager

APPENDIX A

ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING THE COUNTY OF SAN MATEO

There follows in this Official Statement a brief description of the County of San Mateo, California (the "County"), together with current information concerning the County's demographics and economy. The general information in this section concerning the County is provided as supplementary information only. Such information is provided as general information and has been obtained from sources that the County believes to be reliable, but the County makes no representations as to the accuracy or completeness of the information included.

Population

The following table shows the population of State of California (the "State"), the County and the six largest cities within the County.

Table A-1
COUNTY OF SAN MATEO AND INCORPORATED CITIES
POPULATION
2016 through 2020[(1)]

	2016	2017	2018	2019	2020
Six Largest Cities:					
Daly City	107,236	108,393	108,927	109,122	109,142
Pacifica	38,850	38,743	38,718	38,674	28,331
Redwood City	82,161	84,273	84,444	85,319	86,754
San Bruno	45,238	45,258	45,255	45,257	45,454
San Mateo	103,424	103,769	104,497	104,570	103,087
South San Francisco	66,981	66,990	67,054	67,078	67,879
Total County	766,649	769,570	772,372	774,485	773,244
Total State	39,214,803	39,504,609	39,740,508	39,927,315	39,782,870

(1) As of January 1 for the year shown.
Source: Population Estimates for Cities, Counties and the State, 2016-2020, California Department of Finance, May 2020.

Employment

The following table compares labor force, employment and unemployment for the County, the State and the United States. The unemployment rate in the County has consistently been lower than that of the State and the nation, as illustrated in the following table.

Table A-2
COUNTY OF SAN MATEO
ANNUAL AVERAGE LABOR FORCE AND INDUSTRY EMPLOYMENT
2016 through 2020(1)

Year	Area	Labor Force	Civilian Employment	Unemployment	Unemployment Rate
2016	County of San Mateo	442,100	428,700	13,500	3.0%
	State of California	19,044,500	18,002,800	1,041,700	5.5%
	United States	159,187,000	151,436,000	7,751,000	4.9%
2017	County of San Mateo	446,100	433,900	12,100	2.7%
	State of California	19,205,300	18,285,500	919,800	4.8%
	United States	160,320,000	153,337,000	6,982,000	4.4%
2018	County of San Mateo	454,900	444,900	10,000	2.2%
	State of 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	County of San Mateo	456,300	446,800	9,500	2.1%
	State of California	19,353,700	18,550,500	803,200	4.2%
	United States	163,539,000	157,528,000	6,001,000	3.7%
2020	County of San Mateo	433,900	404,100	29,700	6.9%
	State of 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%

(1) Data not seasonally adjusted. Data may not add due to rounding. The County's unemployment date is calculated using rounded data.
Source: State of California Employment Development Department; United States Department of Labor Bureau of Labor and Statistics.

The principal employers in the county are set forth alphabetically in the following table.

Table A-3
COUNTY OF SAN MATEO
PRINCIPAL EMPLOYERS
2021

Employer	Type of Business
Bart Daly City Station	Transit Lines
Electric Charging Station	Research Service
Electronic Arts Inc.	Game Designers (Manufacturers)
Facebook	Social Media
Fisher Investments	Investment Management
Forced Dump Debris Box Service	Garbage Collection
Genentech Inc.	Biotechnology Products & Services
Gilead Sciences Inc.	Biological Products (Manufacturers)
Kaiser Permanente	Hospitals
Lsa Global	Training Consultants
Mills-Peninsula Medical Ctr	Hospitals
Motif Inc	Business Services NEC
Oracle	Computer Software-Manufacturers
Palo Alto VA Hosp Med Ctr	Government-Specialty Hosp Ex Psychiatric
Plateau Systems	Computer Software
San Francisco Intl Airport-SFO	Airports
San Mateo County	Government Offices-County
San Mateo Medical Ctr	Hospitals
Sciex LLC	Scientific Apparatus & Instruments-Mfrs
SRI International Inc.	Engineers-Research
Visa Inc	Credit Card & Other Credit Plans
Youtube LLC	Online Services

Source: State of California Employment Development Department, as extracted from the America's Labor Market Information. System (ALMIS) Employer Database, 2021 1st Edition. Excludes the Lucile Packard Children's Hospital (Stanford) because the main hospital is located in Santa Clara County.

Industry and Employment

The largest industries in the County, in terms of the percentage of employment in each respective industry, are set forth in the following table.

Table A-4
COUNTY OF SAN MATEO
ANNUAL AVERAGE EMPLOYMENT BY INDUSTRY
2019[(1)]

Industry	Number of County Employees	% of County Employment
Professional and Business Services	85,500	20.52%
Trade, Transportation & Public Utilities	70,600	16.95
Educational and Health Services	52,100	12.51
Leisure and Hospitality	45,700	10.97
Information	45,600	10.95
Government	32,800	7.87
Manufacturing	25,500	6.12
Financial Activities	23,900	5.74
Mining, Logging and Construction	20,000	4.80
Other	13,400	3.22
Total Farm	1,400	0.34
Total[(2)]	416,600	100.00%

(1) All information updated per March 2019 Benchmark. Data for 2020 is not yet available.
(2) Totals may not add due to rounding.
Source: State of California Employment Development Department, Labor Market Information Division.

The following table shows employment by industry group in the County.

Table A-5
COUNTY OF SAN MATEO
ANNUAL AVERAGE EMPLOYMENT BY INDUSTRY GROUP[(1)]
2015 through 2019[(2)]
(In Thousands)

Industry Group	2015	2016	2017	2018	2019
Total Farm	1.7	1.8	1.7	1.4	1.4
Total Nonfarm	370.0	382.4	395.3	403.5	415.2
Mining, Logging and Construction	17.1	17.2	18.5	19.4	20.0
Manufacturing	25.3	24.7	26.4	26.1	25.5
Durable Goods	11.0	10.5	10.8	10.7	11.1
Nondurable Goods	14.3	14.2	15.6	15.5	14.4
Trade, Transportation & Public Utilities	72.8	74.6	76.6	71.2	70.6
Wholesale Trade	12.0	11.9	11.6	11.8	11.5
Retail Trade	33.2	33.2	33.3	34.0	32.8
Transportation, Warehousing & Utilities	27.6	29.5	31.7	25.2	26.3
Information	27.2	30.5	33.5	39.1	45.6
Financial Activities	21.2	22.1	22.3	23.3	23.9
Finance & Insurance	14.6	15.2	15.4	16.5	16.6
Real Estate & Rental & Leasing	6.6	6.9	6.9	6.7	7.3
Professional & Business Services	74.2	79.6	80.7	83.6	85.5
Professional, Scientific & Technical Services	48.4	51.8	51.7	55.2	57.8
Management of Companies & Enterprises	6.4	6.9	7.7	6.6	7.1
Administrative & Support & Waste Services	19.4	20.9	21.3	21.7	20.6
Educational & Health Services	44.0	44.8	46.8	48.5	52.1
Educational Services	7.8	8.1	8.2	8.5	10.8
Health Care & Social Assistance	36.2	36.7	38.6	40.1	41.3
Leisure & Hospitality	41.6	42.2	43.3	45.4	45.7
Arts, Entertainment & Recreation	5.4	5.6	5.6	5.7	6.0
Accommodation & Food Services	36.2	36.6	37.7	39.6	39.7
Other Services	14.0	13.6	13.6	13.8	13.4
Government[(3)]	32.6	33.1	33.6	33.2	32.8
Federal Government	3.7	3.7	3.7	3.6	3.5
State Government	0.6	0.6	0.6	0.6	0.6
Local Government	28.3	28.8	29.3	29.0	28.7
Total All Industries[(4)]	371.7	384.2	397.0	404.9	416.6

(1) Employment is by place of work and does not include persons who are involved in labor management trade disputes, self-employed, or unpaid family workers.
(2) All information updated per March 2019 Benchmark. Data for 2020 is not yet available.
(3) Includes all civilian government employees regardless of activity in which engaged.
(4) Totals may not add due to rounding.
Source: State of California Employment Development Department, Labor Market Information Division

Per Capita Income

Per capita income figures for the County, the State and the United States are presented in the following table. In 2019, the latest year for which annual data is available, the County's per capita income was 101.30% higher than that of the State and 137.40% higher than that of the United States.

Table A-6
COUNTY OF SAN MATEO
PER CAPITA INCOME
2015 through 2019(1)

Year	County	State	United States
2015	$102,516	$55,679	$48,940
2016	106,615	57,497	49,831
2017	113,410	59,796	51,640
2018	126,392	63,557	54,446
2019	134,107	66,619	56,490

(1) Data is not yet available for 2020.
Source: U.S. Department of Commerce, Bureau of Economic Analysis, CA1-3 Personal Income Summary (per capita personal income).

Commercial Activity

Commercial activity is an important contributor to the county's economy. The following table shows the county's taxable transactions by type of business.

Table A-7
COUNTY OF SAN MATEO
TAXABLE TRANSACTIONS BY TYPE OF BUSINESS
2016 through 2020(1)
($ in Thousands)

Type of Business	2016	2017	2018	2019	2020
Motor Vehicle and Parts Dealers	$ 1,902,427	$ 1,950,659	$ 1,975,817	$ 1,964,777	$ 1,704,594
Home Furnishings and Appliance Stores	897,143	920,780	933,708	915,103	800,927
Building Materials/ Garden Equipment/ Supplies Dealers	958,806	1,030,842	1,096,965	1,057,399	1,118,680
Food and Beverage Stores	650,941	665,540	681,187	716,461	739,222
Gasoline Stations	850,055	976,765	1,172,359	1,160,360	654,594
Clothing and Clothing Accessories Stores	805,349	810,108	851,561	882,767	650,526
General Merchandise Stores	906,752	1,004,952	1,236,962	1,298,807	1,144,631
Food Services and Drinking Places	2,027,889	2,150,927	2,277,074	2,410,246	1,380,416
Other Retail Group	1,394,693	1,439,276	1,448,580	1,628,676	2,348,545
All Other Outlets	5,264,519	5,602,736	5,872,883	6,251,467	5,203,947
Total All Outlets(2)	**$ 15,658,573**	**$ 16,552,584**	**$ 17,547,097**	**$ 18,286,057**	**$ 15,746,083**

(1) Annual data is not yet available for 2021.
(2) Totals may not add due to rounding.
Source: Taxable Sales In California (Sales and Use Tax) Reports California State Board of Equalization.

Construction Activity

The total valuation of building permits issued in the County amounted to approximately $2.59 billion in 2019 for both residential and commercial construction. The following table provides a building permit valuation summary for the County.

Table A-8
COUNTY OF SAN MATEO
NEW BUILDING PERMIT VALUATION
2015 through 2019(1)
($ in Thousands)

Type of Permit	2015	2016	2017	2018	2019
Residential:					
New Single-Dwelling	$ 374,275	$ 367,334	$ 338,186	$ 330,908	$ 486,257
New Multi-Dwelling	259,181	252,560	210,996	195,226	322,896
Additions/ Alterations	408,011	395,240	503,351	424,804	365,784
Total Residential(1)	$ 1,041,467	$ 1,015,135	$ 1,052,534	$ 950,939	$ 1,174,938
Non Residential:					
New Commercial	$ 427,063	$ 683,630	$ 1,207,218	$ 1,505,602	$ 737,402
New Industrial	--	4,954	500	--	--
Other	94,031	195,895	135,392	77,503	63,741
Additions/Alterations	489,389	728,965	1,047,885	972,646	618,727
Total Non Residential(2)	$ 1,010,485	$ 1,613,445	$ 2,390,996	$ 2,555,752	$ 1,419,871
Total Valuation(2)	$ 2,051,952	$ 2,628,580	$ 3,443,530	$ 3,506,691	$ 2,594,809

(1) Annual data is not yet available for 2020.
(2) Totals may not add up due to independent rounding.
Source: California Homebuilding Foundation I Construction Industry Research Board.

Transportation

San Francisco International Airport. San Francisco International Airport (the "Airport") is located in an unincorporated area of the County. The Airport Council International reports that the Airport was the seventh busiest airport in the United States in terms of passenger volume in 2019. The Airport served 40.6 million passengers in 2020, a decrease of 29.4% from 2019.

The Airport handled 489,505 metric tons of cargo in fiscal year ending June 30, 2020, a 13.3% decrease over the previous fiscal year.

Although the Airport is owned and operated by the City and County of San Francisco, it plays a very significant part in the economy of the County. Air transportation is the County's largest single industry. According to an Economic Impact Study of the Airport's economic impact prepared in 2017 by the Economic Development Research Group, Inc., in 2016, approximately 41,000 people were employed directly at SFO by the airlines, cargo carriers, restaurants, aviation suppliers, ground transportation and other Airport-related businesses.

The following table presents certain data regarding the Airport for its five most recent fiscal years.

Table A-9
SAN FRANCISCO INTERNATIONAL AIRPORT
PASSENGER, CARGO AND MAIL DATA
Fiscal Years Ended June 30, 2016 through 2020

Fiscal Year Ended June 30	Enplanements, Deplanements and In-transit Passengers	Freight and Express Air Cargo and U.S. and Foreign Mail (Metric Tons)
2016	51,421,348	442,689
2017	53,976,956	535,558
2018	57,780,300	561,150
2019	57,574,054	564,485
2020	40,643,056	489,505

Source: Airport Commission of the City and County of San Francisco, Financial Statements with Schedule of Passenger Facility Charges and Expenditures for Fiscal Years 2015-2016, 2016-2017, 2017-18, 2018-19 and 2019-20.

Port of Redwood City. The Port of Redwood City (the "Port") is also located in the County. The Port has a deep-water channel and handles bulk cargo including lumber and scrap metal. In its fiscal year ended June 30, 2020, the Port handled a total of 2.1 metric tons of cargo according to the Port Commission's most recent annual tonnage press release in August 2020.

San Francisco Bay Area Rapid Transit District ("BART"). The County is connected to downtown San Francisco and the East Bay by BART. In its fiscal year ending June 30, 2020 there were 22,839 station exits on an average weekday at the County's six stations (Daly City, Colma, South San Francisco, San Bruno, Millbrae and the Airport). This represents a 29.97% decrease from the prior fiscal year.

Caltrain. Caltrain, the three-county commuter railway system that runs between San Francisco and Gilroy, added its lines of express service from San Francisco to San Jose in 2004. Caltrain reported an average weekday ridership count of 63,597 passengers in its 2019 annual passenger count, a 2.3% decrease from the prior year count. Average weekday ridership has increased by more than 171.8% since 2004.

APPENDIX B

BOOK-ENTRY SYSTEM

The information in this Appendix concerning The Depository Trust Company ("DTC"), New York, New York, and DTC's book-entry system has been obtained from DTC and the Authority takes no responsibility for the completeness or accuracy thereof. The Authority cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the 2021 Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the 2021 Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the 2021 Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

The DTC will act as securities depository for the 2021 Bonds. The 2021 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered security certificate will be issued for each maturity of the 2021 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instrument from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has been 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. The information set forth on such website is not incorporated by reference herein.

Purchases of the 2021 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2021 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 2021 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 2021 Bonds, except in the event that use of the book-entry system for the 2021 Bonds is discontinued.

To facilitate subsequent transfers, all 2021 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 2021 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 2021 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 2021 Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the 2021 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the 2021 Bonds may wish to ascertain that the nominee holding the 2021 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 the notices be provided directly to them.

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

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the 2021 Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2021 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium, redemption proceeds and interest payments on the 2021 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee on the payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of, premium, if any, and interest evidenced by the 2021 Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or 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 securities depository with respect to the 2021 Bonds at any time by giving reasonable notice to Authority or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, 2014 Bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 2014 Bond certificates will be printed and delivered to DTC.

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

APPENDIX C

AUDITED COMBINED FINANCIAL STATEMENTS OF THE COUNTY FOR FISCAL YEAR 2019-2020

APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS

APPENDIX E
PROPOSED FORM OF OPINION OF BOND COUNSEL

APPENDIX F

PROPOSED FORM OF CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT (this "Disclosure Agreement"), dated as of _______, 2021, is executed and delivered by the County of San Mateo (the "County") and U.S. Bank National Association, as Dissemination Agent (as hereinafter defined), in connection with the issuance of $___________ San Mateo County Joint Powers Financing Authority Lease Revenue Bonds (Cordilleras Mental Health Center Replacement Project), 2021 Series A-1 and $___________ San Mateo County Joint Powers Financing Authority Refunding Lease Revenue Bonds (Maple Street Correctional Center), 2021 Series A-2 (Federally Taxable) (collectively, the "Bonds"). The Bonds are being issued pursuant to the Marks Roos Local Bond Pooling Act of 1985, constituting Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State, and a Trust Agreement, originally dated as of April 1, 2014, by and between the San Mateo County Joint Powers Financing Authority (the "Authority") and U.S. Bank National Association (the "Trustee"), as amended and supplemented and as further supplemented by a First Supplemental Trust Agreement, dated as of June 1, 2021 relating to the Bonds. The County and the Dissemination Agent covenant and agree as follows:

SECTION 1. **Purpose of this Disclosure Agreement**. This Disclosure Agreement is being executed and delivered by the County pursuant to the Trust Agreement for the benefit of the Owners (as hereinafter defined) and Beneficial Owners (as hereinafter defined) of the Bonds and in order to assist the Participating Underwriters (as hereinafter defined) in complying with the Rule (as hereinafter defined).

SECTION 2. **Definitions.** The definitions set forth in the Trust Agreement shall apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section. The following capitalized terms shall have the following meanings:

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

"CUSIP Numbers" shall mean the Committee on Uniform Security Identification Procedure's unique identification number for each public issue of a security.

"Disclosure Report" shall mean any Disclosure Report provided by the County pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"Dissemination Agent" shall mean U.S. Bank National Association or any other person authorized to act on his behalf, acting in the capacity of Dissemination Agent, or any successor Dissemination Agent designated in writing by the County and which has filed with the County a written acceptance of such designation.

"EMMA System" shall mean the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system.

"Fiscal Year" shall mean the one-year period ending on June 30 of each year.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

"MSRB" means the Municipal Securities Rulemaking Board, or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule.

"Official Statement" shall mean the Official Statement issued by the County in connection with the sale of the Bonds.

"Owner" or "Bondowner" shall mean any person who shall be the registered owner of any one or more of the Bonds.

"Participating Underwriter" shall mean any of the underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Rule" shall mean Rule 15c2-12 adopted by the U.S. Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, as the same may be amended from time to time.

SECTION 3. **Provision of Disclosure Reports**.

(a) The County shall, or shall cause the Dissemination Agent to, not later than March 30 of each year, commencing on March 30, 2022, with the report for the fiscal year ending June 30, 2021, provide to the MSRB through its EMMA System a Disclosure Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. If the Dissemination Agent is other than the County, not later than fifteen (15) days prior to said date, the County shall provide the Disclosure Report to the Dissemination Agent (if other than the County). The Disclosure Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided, that the audited financial statements of the County may be submitted separately from the balance of the Disclosure Report and later than the date required above for the filing of the Disclosure Report if they are not available by that date. If the County's Fiscal Year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(b).

(b) Not later than fifteen (15) Business Days prior to the date set forth in paragraph (a) above for providing the Disclosure Report to the MSRB, the County shall provide the Disclosure Report to the Dissemination Agent (if other than the County). If by such date, the Dissemination Agent has not received a copy of the County's Disclosure Report, the Dissemination Agent shall contact the County to determine if the County is in compliance with the first sentence of this subsection.

(c) If the Dissemination Agent is unable to verify that a Disclosure Report has been provided to the MSRB through its EMMA System by the date required in subsection (a), the Dissemination Agent shall send a notice to the MSRB through the EMMA System in substantially the form attached as Exhibit A.

(d) If the Dissemination Agent is other than the County, the Dissemination Agent shall file a report with the County certifying that the Disclosure Report has been provided to the MSRB through the EMMA System pursuant to this Disclosure Agreement.

SECTION 4. **Content of Disclosure Reports**. The County's Disclosure Report shall contain or include by reference the following:

1. The audited financial statements of the County for the prior Fiscal Year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board.

2. To the extent not included in the audited financial statements of the County, the Annual Report shall also include tabular or numerical information for the prior Fiscal Year of the types contained in the Official Statement under the following captions and/or sub-captions:

a. Table 4, Adopted County Budget – General Fund;

b. Table 14, Summary of Tax Levies and Collections – Secured Property Tax Roll;

c. Table 17, Secured Roll Assessed Valuation; and

d. Table 20, Ten Largest Taxpayers – Entire Roll.

3. A description of any occurrence which would adversely impact the County's beneficial use of the Facilities and any other occurrence which may provide the County with the opportunity to abate in whole or in part any Base Rental Payments.

The County has not undertaken in this Disclosure Agreement to provide all information an investor may want to have in making decisions to hold, sell or buy the Bonds but only to provide the specific information listed above.

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 County or related public entities, which have been submitted to MSRB or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB through its EMMA System. The County shall clearly identify each such other document so included by reference.

SECTION 5. **Reporting of Significant Events**.

(a) Pursuant to the provisions of this Section 5, the County shall give, or cause to be given notice of the occurrence of any of the following events (a "Listed Event") with respect to the Bonds:

1. principal and interest payment delinquencies;

2. non-payment related defaults, if material;

3. unscheduled draws on debt service reserves reflecting financial difficulties;

4. unscheduled draws on credit enhancements reflecting financial difficulties;

5. substitution of credit or liquidity providers, or their failure to perform;

6. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

7. modifications to rights of Bond owners, if material;

8. bond calls, if material, and tender offers;

9. defeasances;

10. release, substitution or sale of property securing repayment of the Bonds, if material;

11. rating changes;

12. bankruptcy, insolvency, receivership, or similar event of the County. For purposes of this event the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the County in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing 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 obligated person;

13. consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County (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; and

14. appointment of a successor or additional trustee, or the change of name of a trustee, if material.

15. incurrence of a financial obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District, any of which affect security holders, if material: and

16. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District, any of which reflect financial difficulties.

(b) Whenever the County obtains knowledge of the occurrence of a Listed Event, but, in the case of a Listed Event described in Subsection 2, 7, 8 (but only with respect to bond calls), 10, 13 and 14 of Section 5(a), only in the event the County determines that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the County shall file or shall cause to be filed a notice of such occurrence with the MSRB through its EMMA System, in an electronic format as prescribed by the MSRB, in a timely manner but not in excess of 10 business days after the occurrence of such Listed Event.

(c) If the Dissemination Agent has been provided with a written notice describing a Listed Event pursuant to subsection (a) of this Section and is instructed by the County to report the occurrence of such Listed Event, the Dissemination Agent shall, within (3) Business Days of its receipt of such written notice file the notice with the MSRB and send a copy to the County. The foregoing notwithstanding, (i) the County is solely responsible for instructing the Dissemination Agent to provide notice to the MSRB no more than ten (10) Business Days after the occurrence of a Listed Event and (ii) notice of a Listed Event described in subsections (a)(8) and (9) need not be given under this subsection any earlier than when the notice (if any) of the underlying events is given to the Bondowners of affected Bonds pursuant to the Trust Agreement. In the absence of such direction, the Dissemination Agent shall not report such event. The Dissemination Agent may conclusively rely upon such direction (or lack thereof). The Dissemination Agent shall have no responsibility to determine the materiality of any of the Listed Events.

SECTION 6. **CUSIP Numbers**. Whenever providing information, including but not limited to Disclosure Reports, documents incorporated by reference in the Disclosure Reports, audited financial statements and notices of Listed Events, the County shall indicate the 9-digit CUSIP numbers for the Bonds as to which the provided information relates.

SECTION 7. **Termination of Reporting Obligation**. The County's obligations under this Disclosure Agreement 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 date of the Bonds, the County shall give notice of such termination in the same manner as for a Listed Event under Section 5(b) hereof.

SECTION 8. **Dissemination Agent**. The County may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent agrees to disseminate the information provided to it hereunder in the form delivered by the County. The Dissemination Agent is acting hereunder solely in an agency capacity and as such is merely a conduit for the County and shall have no liability or responsibility for the form, content, accuracy or completeness of any information furnished hereunder.

The fact that the Dissemination Agent or any affiliate thereof may have any fiduciary or banking relationship with the County apart from the relationship created by this Disclosure Agreement shall not be construed to mean that the Dissemination Agent has actual knowledge of any event or condition except as may be provided by written notice from the County. Nothing in this Disclosure Agreement shall be construed to require the Dissemination Agent to interpret or provide an opinion concerning any information disseminated hereunder. If the Dissemination Agent receives a request for an interpretation or opinion, the Dissemination Agent may refer such request to the County for a response.

SECTION 9. **Amendment; Waiver**. Notwithstanding any other provision of this Disclosure Agreement, the County may amend this Disclosure Agreement, and any provision of this Disclosure Agreement 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, 5(a), 5(b), 9(a), 9(b) (excluding the requirement that the related determination be set forth in an opinion of nationally recognized bond counsel) or 9(c) (excluding the requirement that the related determination be set forth in an opinion of nationally recognized bond counsel), 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 the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Bondowners in the same manner as provided in the Trust Agreement, as applicable, for amendments to the Trust Agreement, respectively, with the consent of Bondowners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Bondowners or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the County shall describe such amendment in the next Disclosure Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the County. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(b), and (ii) the Disclosure Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

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

SECTION 11. **Default**. In the event of a failure of the County or the Dissemination Agent to comply with any provision of this Disclosure Agreement, any Participating Underwriter, Owner 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 County or the Dissemination Agent to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Trust Agreement or the Bonds, and the sole remedy under this Disclosure Agreement in the event of any failure of the County or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 12. **Duties, Immunities and Liabilities of Dissemination Agent**. A Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the County agrees to indemnify and save such Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the County under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 13. **Prior Undertakings**. The County hereby certifies that it is in compliance in all material respects with all prior undertakings made by it pursuant to the Rule.

SECTION 14. **Beneficiaries**. This Disclosure Agreement shall inure solely to the benefit of the County, the Dissemination Agent, if any, the Participating Underwriters and Bondowners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 15. **Notices**. Any notices or communications to or among any of the parties to this Disclosure Agreement may be given as follows:

To the County:	County of San Mateo County Government Center 400 County Center, 1st Floor Redwood City, California 94063 Attention: County Manager
To the Dissemination Agent:	US Bank Global Corporate Trust 60 Livingston Ave, EP-MN-WS3C St. Paul, Minnesota 55107 Attention: Dan Sheff, Vice President

The County or the Dissemination Agent may, by written notice to the other parties acting hereunder, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

SECTION 16. **Governing Law**. The laws of the State of California shall govern this Disclosure Agreement, the interpretation thereof and any right or liability arising hereunder, without regard to principles of conflict of law.

SECTION 17. **Counterparts**. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one in the same instrument.

IN WITNESS WHEREOF, this Disclosure Agreement is given this _____ day of _______, 2021 by the County.

COUNTY OF SAN MATEO

By:____

County Manager

U.S. BANK NATIONAL ASSOCIATION

By:____

Authorized Officer

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: San Mateo County Joint Powers Financing Authority

Issue: $__________ San Mateo County Joint Powers Financing Authority Lease Revenue Bonds (Cordilleras Mental Health Center Replacement Project), 2021 Series A-1 and $__________ San Mateo County Joint Powers Financing Authority Refunding Lease Revenue Bonds (Maple Street Correctional Center), 2021 Series A-2 (Federally Taxable)

Date of Issuance: __________, 2021

NOTICE IS HEREBY GIVEN that the County of San Mateo (the "County") has not provided a Disclosure Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement relating to the Bonds. The County anticipates that the Disclosure Report will be filed by _______.

Dated: _______________, 20__

COUNTY OF SAN MATEO

By: [form only; no signature required]

APPENDIX G

GASB 45 REPORT OF POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS AS OF JUNE 30, 2019