PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 25, 2018

NEW ISSUE – FULL BOOK ENTRY

Ratings:
Moody's: "___"
S&P: "___"
(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 2018/2019 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the 2018/2019 Bonds is not a specific preference item for purposes of the federal alternative minimum tax. 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 2018/2019 Bonds. See "TAX MATTERS."

$310,000,000*

San Mateo County Joint Powers Financing Authority

$250,000,000*	$60,000,000*
Lease Revenue Bonds (Capital Projects), 2018 Series A	**Lease Revenue Bonds, (Forward Refunding), 2019 Series A**

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

The San Mateo County Joint Powers Financing Authority (the "Authority") is offering $250,000,000* of its Lease Revenue Bonds (Capital Projects), 2018 Series A (the "2018A Bonds") and $60,000,000* of its Lease Revenue Bonds (Forward Refunding), 2019 Series A (the "2019A Bonds" and, together with the 2018A Bonds, the "2018/2019 Bonds"). The 2018/2019 Bonds are being issued by the Authority pursuant to a Trust Agreement, dated as of April 15, 1994, as supplemented from time to time, including as supplemented by an Eighth and a Ninth Supplemental Trust Agreement (as described herein) by and between the Authority and U.S. Bank National Association, as trustee (the "Trustee").

The 2018/2019 Bonds are being issued by the Authority for the principal purpose of providing funds to finance the acquisition, construction and equipping of various capital improvement projects by the County of San Mateo (the "County"), as described herein and to refund all or a portion of the Authority's Lease Revenue Bonds (Capital Projects) 2009 Refunding Series A, currently outstanding in in the aggregate principal amount of $62,900,000 See "PLAN OF FINANCE" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

The 2018/2019 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 2018/2019 Bonds, and individual purchases of the 2018/2019 Bonds will be made in book-entry form only. Ownership interests in the 2018/2019 Bonds will be in denominations of $5,000 and integral multiples thereof. Beneficial owners of the 2018/2019 Bonds will not receive physical certificates representing the 2018/2019 Bonds purchased, but will receive a credit balance on the books of the nominees of such purchasers. Interest on the 2018A Bonds is payable on January 15 and July 15 of each year, commencing January 15, 2019. Interest on the 2019A Bonds is payable on January 15 and July 15 of each year, commencing January 15, 2020. Principal of, premium, if any, and interest on the 2018/2019 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 2018/2019 Bonds, as described herein. See APPENDIX B – "BOOK-ENTRY SYSTEM."

The 2018A Bonds are subject to optional, mandatory sinking fund and extraordinary redemption prior to maturity, all as described herein. The 2019A Bonds are subject only to extraordinary redemption. See "THE 2018/2019 BONDS—Redemption of 2018/2019 Bonds" herein.

The 2018/2019 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 Master Facility Lease) by and between the Authority and the County, for the right to use and possession of certain real property and facilities (the "Leased Property"), as more fully described herein. Pursuant to the Trust Agreement, the 2018/2019 Bonds are secured by a pledge of and charge and lien upon the Revenues equal to the pledge, charge and lien securing outstanding lease revenue bonds and any additional bonds issued under the Trust Agreement.

The scheduled payment of principal of and interest on the 2018A Bonds maturing in the years [____ to___] will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the 2018A Bonds by Assured Guaranty Municipal Corp, which will also issue a debt service reserve insurance policy.

The 2018/2019 Bonds are limited obligations of the Authority and are not secured by a legal or equitable pledge of, or charge or lien upon, any property of the Authority or any of its income or receipts, except the Revenues. 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 2018/2019 Bonds nor for the payment of Base Rental Payments. Neither the payment of the principal of or interest on the 2018/2019 Bonds nor the obligation to make Base Rental Payments constitutes a debt, liability or obligation of the Authority, the County or any Member of the Authority for which any such entity is obligated to levy or pledge any form of taxation or for which any such entity has levied or pledged any form of taxation. The Authority has no taxing power.

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 2018/2019 Bonds. Capitalized terms used on this cover page not otherwise defined shall have the meanings set forth herein.

The 2018/2019 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 Squire Patton Boggs, 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 2018A Bonds will be available for delivery through the facilities of DTC in New York, New York, on or about November 15, 2018. It is expected that the 2019A Bonds will be available for delivery through the facilities of DTC in New York, New York, on or about October ___, 2019, subject to the satisfaction of certain conditions. Potential investors should carefully review the information under the caption “FORWARD DELIVERY OF THE 2019A BONDS” herein.

Barclays **Citigroup**
Morgan Stanley **Siebert Cisneros Shank & Co., L.L.C.**

Dated: __________, 2018

____
[*] Preliminary, subject to change.

92506756.17

$250,000,000*
SAN MATEO COUNTY JOINT POWERS FINANCING AUTHORITY
LEASE REVENUE BONDS (CAPITAL PROJECTS), 2018 SERIES A

MATURITY SCHEDULE*

Maturity (July 15)*	Principal Amount*	Interest Rate	Yield	CUSIP† Number
2022				
2023				
2024				
2025				
2026				
2027				
2028				
2029				
2030				
2031				
2032				
2033				
2034				
2035				
2036				
2037				
2038				
2039				

$_________ ___% Term Bond due July 15, 20__, Yield: ___%, Price: ___% CUSIP†: ___
$_________ ___% Term Bond due July 15, 20__, Yield: ___%, Price: ___% CUSIP†: ___

* Preliminary, subject to change.

† Copyright © 2018 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 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 Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the 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 Bonds.

$60,000,000*
SAN MATEO COUNTY JOINT POWERS FINANCING AUTHORITY
LEASE REVENUE BONDS (FORWARD REFUNDING, 2019 SERIES A

MATURITY SCHEDULE*

Maturity (July 15)*	Principal Amount*	Interest Rate	Yield	CUSIP† Number
2020				
2021				
2022				
2023				
2024				
2025				
2026				

* Preliminary, subject to change.

† Copyright © 2018 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 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 Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the 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 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

John L. Maltbie, County Manager*
Mike Callagy, Assistant County Manager
John C. Beiers, County Counsel

SAN MATEO COUNTY JOINT POWERS FINANCING AUTHORITY

Governing Board

Paul Scannell, President
James P. Fox, Vice President
John M. Gemello, Secretary
Steve Alms, Member
Thomas F. Casey, 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

* Mr. Maltbie will retire as County Manager in November 2018.

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 is not to be construed as a contract with the purchasers of the 2018/2019 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 2018/2019 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 2018/2019 BONDS, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2018/2019 BONDS AT LEVELS ABOVE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

Assured Guaranty Municipal Corp. ("AGM") makes no representation regarding the Series 2018/19 Bonds or the advisability of investing in the Series 2018/2019 Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "BOND INSURANCE" and "APPENDIX I – SPECIMEN MUNICIPAL BOND INSURANCE POLICY."

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 2018/2019 Bonds.

Table of Contents

OFFICIAL STATEMENT

$310,000,000*
San Mateo County Joint Powers Financing Authority

$250,000,000*	**$60,000,000***
Lease Revenue Bonds (Capital Projects),	**Lease Revenue Bonds (Forward Refunding),**
2018 Series A	**2019 Series A**

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 2018/2019 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."

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 $250,000,000* of its Lease Revenue Bonds (Capital Projects), 2018 Series A (the "2018A Bonds") and $60,000,000* of its Lease Revenue Bonds (Forward Refunding), 2019 Series A (the "2019A Bonds" and, together with the 2018A Bonds, the "2018/2019 Bonds".)

The 2018A Bonds, which are expected to be issued on or about November 15, 2018 are being issued by the Authority for the purpose of providing funds, together with other available moneys, to (i) finance the acquisition, construction and equipping of various capital improvement projects, as described herein (the "2018 Capital Improvements"), (ii) pay capitalized interest on the 2018A Bonds through ______, 20__, (iii) purchase a municipal bond insurance policy to insure the payment of the 2018A Bonds maturing in the years ____ through ____, (iv) purchase a municipal bond debt service reserve insurance policy in an amount sufficient to make the amount on deposit in the Reserve Fund equal to the Reserve Fund Requirement (as defined herein), and (v) pay costs of issuance of the 2018A Bonds.

The 2019A Bonds, which are expected to be issued on or about [October __, 2019], are being issued by the Authority for the purpose of providing funds, together with other available moneys, to (i) refund all or a portion of the Authority's Lease Revenue Bonds (Capital Projects) 2009 Refunding Series A, currently outstanding in the aggregate principal amount of $62,900,000 (the "2009 Refunded Bonds"), and (ii) pay costs of issuance of the 2019A 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 on the West, has an estimated population of 774,155 as of January 1, 2018, and an adopted fiscal year 2018-19 General Fund budget of $1.96 billion. See "THE COUNTY OF SAN MATEO" and "COUNTY FINANCIAL INFORMATION" herein.

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* Preliminary, subject to change.

Authority for Issuance of the 2018/2019 Bonds

The 2018/2019 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 (the "Bond Act"), and a Trust Agreement, originally dated as of April 15, 1994, by and between the Authority and U.S. Bank National Association, as successor trustee (the "Trustee"), as amended and supplemented and as further supplemented by an Eighth Supplemental Trust Agreement, dated as of November 1, 2018 relating to the 2018A Bonds and a Ninth Supplemental Trust Agreement relating to the 2019A Bonds dated as of October 1, 2019 (as amended and supplemented from time to time, the "Trust Agreement"). Pursuant to the Trust Agreement, the Authority has previously issued its $124,355,000 aggregate principal amount of Lease Revenue Bonds (San Mateo County Health Center), 1994 Series A (the "1994 Bonds"); its $19,225,000 aggregate principal amount of Lease Revenue Bonds (Capital Projects), 1995 Series A (the "1995 Bonds"); its $63,205,000 aggregate principal amount of Lease Revenue Bonds (Capital Projects), 1997 Series A (the "1997 Bonds"); its $113,140,000 aggregate principal amount of Lease Revenue Bonds (Capital Projects), 1999 Refunding Series A (the "1999 Bonds"); its $24,370,000 Lease Revenue Bonds (Capital Projects), 2001 Series A and its $8,520,000 Lease Revenue Bonds (Capital Projects), 2001 Series B (together, the "2001 Bonds"); its $115,505,000 Lease Revenue Bonds (Capital Projects), 2009 Refunding Series A (the "2009 Bonds"); and its $40,065,000 Lease Revenue Bonds (Refunding and Capital Projects) 2013 Series A (Robert Sans Memorial Issue) (the "2013 Bonds").

Following delivery of the 2019A Bonds, only the unrefunded 2009 Bonds, the 2013 Bonds and the 2018/2019 Bonds will be outstanding. Together with any additional bonds issued under the Trust Agreement, they are collectively referred to herein as the "Bonds."

Security for the 2018/2019 Bonds

The 2018/2019 Bonds are limited obligations of the Authority payable solely from, and secured solely by, Revenues of the Authority ("Revenues"), consisting primarily of Base Rental Payments to be received by the Authority from the County under a Master Facility Lease, by and between the Authority and the County, originally dated as of April 15, 1994, as amended and supplemented, and as further amended by a Sixth Amendment to Master Lease, dated as of November 1, 2018 (as amended and supplemented from time to time, the "Master Facility Lease". The Base Rental Payments to be made by the County pursuant to the Master Facility Lease are payable by the County from its General Fund to the Authority for the right of the County to use and occupy the Leased Property. Pursuant to the Trust Agreement, the 2018/2019 Bonds are secured by a pledge of and charge and lien upon the Revenues equal to the pledge, charge and lien securing $97,050,000 of outstanding Bonds (the majority of which is expected to be refunded by the 2019A Bonds) and any additional Bonds issued under the Trust Agreement.

BENEFICIAL OWNERS OF THE 2018/2019 BONDS SHOULD NOTE THAT BY THE PURCHASE OF 2018/2019 BONDS ISSUED PURSUANT TO THE TRUST AGREEMENT, THEY WILL CONSENT TO AMENDMENTS ("2018 Amendments") TO THE TRUST AGREEMENT WHICH WILL BECOME EFFECTIVE AFTER THE 2009 BONDS AND THE 2013 BONDS ARE NO LONGER OUTSTANDING. The 2018 Amendments will reduce the Reserve Account Requirement under the Trust Agreement for both the 2018A Bonds and the 2019A Bonds to zero and consequently, upon retirement of any unrefunded 2009 Bonds (which have a final maturity of July 15, 2026)* and the Series 2013 Bonds (which have a final maturity of July 15, 2032) payment of the 2018/2019 Bondholders will not be secured with a reserve account. In addition, by the purchase of the 2018/2019 Bonds beneficial owners will also consent to amendments to the Trust Agreement and the Master Facility Lease which will become effective upon delivery of the 2018A Bonds, as further described herein. See "SECURITY FOR THE 2018/2019 BONDS—Amendments to Master Facility Lease and Trust Agreement" and APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS—THE TRUST AGREEMENT—Springing Amendments."

Forward Delivery of the 2019A Bonds

The Authority expects to deliver the 2019A Bonds, in book-entry form to DTC, on or about October __, 2019 (the "Settlement Date") to the Underwriters pursuant to a forward delivery purchase contract between the Authority and the Underwriters (the "Forward Delivery Purchase Contract"). The forward delivery date for the

2019A Bonds and certain conditions to the Underwriters' obligations give rise to certain risks to investors. See "FORWARD DELIVERY OF THE 2019A BONDS" herein. The Representative of the Underwriters reserves the right to require investors purchasing the 2019A Bonds to execute and deliver a Delayed Delivery Contract, the form of which is attached as APPENDIX H.

Leased Property

The Leased Property currently supporting Base Rental Payments under the Master Facility Lease consist of various County facilities, including the Medical Center Administration Building, to be constructed with a portion of the proceeds of the 2018A Bonds. See "THE LEASED PROPERTY" and "THE 2018 CAPITAL IMPROVEMENTS" herein.

The 2018/2019 Bonds Constitute Limited Obligations

The 2018/2019 Bonds are limited obligations of the Authority and are not secured by a legal or equitable pledge of, or charge or lien upon, any property of the Authority or any of its income or receipts, except the Revenues. 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 2018/2019 Bonds nor for the payment of Base Rental Payments. Neither the payment of the principal of or interest on the 2018/2019 Bonds nor the obligation to make Base Rental Payments constitutes a debt, liability or obligation of the Authority, the County or any Member of the Authority for which any such entity is obligated to levy or pledge any form or taxation or for which any such entity has levied or pledged any form of taxation. The Authority has no taxing power.

Municipal Bond Insurance with Respect to Certain of the 2018A Bonds; Debt Reserve Fund Surety

Concurrently with the issuance of the 2018A Bonds, Assured Guaranty Municipal Corp. ("AGM") will issue a separate municipal bond insurance policy for the 2018A Bonds maturing in the years [____ to ____] (the "Insured 2018A Bonds"). The policy guarantees the scheduled payment principal of and interest on the applicable Insured 2018A Bonds when due as set forth in "APPENDIX I – SPECIMEN MUNICIPAL BOND INSURANCE POLICY." Concurrently with the issuance of the 2018A Bonds AGM will also issue a debt service reserve insurance policy. See "SECURITY FOR THE 2018/2019 BONDS – Common Reserve Fund" and "BOND INSURANCE" herein.

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 2018/2019 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 2017-18 (ending June 30, 2018) with respect to the 2018A Bonds and commencing with the report for fiscal year 2018-19 (ending June 30, 2019) with respect to the 2019A 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 FORMS OF CONTINUING DISCLOSURE AGREEMENT."

Summaries Not Definitive

Brief descriptions of the 2018/2019 Bonds, the Authority, the County, the Leased Property and the Projects are included in this Official Statement, together with summaries of the Master Site Lease, the Master Facility Lease and the Trust Agreement. Such descriptions and summaries do not purport to be comprehensive or definitive. All references herein to the 2018/2019 Bonds, the Master Site Lease, the Master Facility Lease and the Trust Agreement are qualified in their entirety by reference to the actual documents, or with respect to the 2018/2019 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 2018/2019 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
Budget Director
County of San Mateo
Hall of Justice and Records
400 County Center, First Floor
Redwood City, California 94063
(650) 363-4597

PLAN OF FINANCE

2018A Bonds

The 2018A Bonds are being issued by the Authority for the purpose of providing funds, together with other available moneys, to (i) finance the acquisition, construction and equipping of various capital improvement projects, as described herein (the "2018 Capital Improvements"), (ii) pay capitalized interest on the 2018A Bonds through _______, 20__, (iii) [purchase a municipal bond insurance policy to insure the payment of the 2018A Bonds maturing in the years _____ through _____,] (iv) to purchase a municipal bond debt service reserve insurance policy in an amount sufficient to make the amount on deposit in the Reserve Fund equal to the Reserve Fund Requirement (as defined herein), and (v) pay costs of issuance of the 2018A Bonds. The 2018/2019 Bonds will not be secured with a Reserve Fund following retirement of the 2013 Bonds. See "SECURITY FOR THE 2018/2019 BONDS — Common Reserve Fund."

2019A Bonds

The 2019A Bonds are being issued by the Authority for the purpose of providing funds, together with other available moneys, to (i) refund all or a portion of the Authority's Lease Revenue Bonds (Capital Projects) 2009 Refunding Series A, currently outstanding in in the aggregate principal amount of $62,900,000 (the "2009 Refunded Bonds"), and (ii) pay costs of issuance of the 2019A Bonds.

A portion of the net proceeds of the 2019A Bonds, together with other available moneys, will be used to redeem all or a portion of the outstanding 2009 Refunded Bonds on January 15, 2020 at a redemption price equal to the principal amount thereof, plus accrued interest thereon to the Redemption Date, without premium. The 2019A Bonds are being delivered on a forward delivery basis with settlement expected on the Settlement Date of October __, 2019. See "FORWARD DELIVERY OF THE 2019A BONDS" below.

DEBT SERVICE REQUIREMENTS ON BONDS

The table below shows the debt service on the Bonds secured under the Trust Agreement , assuming delivery of the 2018A Bonds and the 2019A Bonds and the refunding of all of the outstanding 2009 Bonds. 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.

Table 1
DEBT SERVICE REQUIREMENTS

Period Ending	Outstanding Bonds		2018A Bonds		Total Debt Service	2019A Bonds		Total Debt Service After Issuance of 2019A Bonds
	Principal	Interest	Principal	Interest		Principal	Interest	
	$	%	$	%	$	$	%	$
Total[†]								

[†] Totals may not add due to rounding.

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of the proceeds of the 2018/2019 Bonds and other available amounts are as follows:

Sources of Funds	**2018A Bonds**	**2019A Bonds**
Principal Amount of Bonds	$	$
Plus [Net] Original Issue (Premium/Discount)		
Release from Reserve Fund		
Total Sources	$	$
Uses of Funds		
Deposit to 2018 Acquisition and Construction Account(1)	$	$
Refunding of the 2009 Refunded Bonds(2)		
Deposit to Interest Account		
Deposit to Reserve Account		
Costs of Issuance(3)		
Total Uses	$	$

(1) Additional monies required to complete the 2018 Capital Improvements to come from equity contribution of the County.
(2) To be deposited in the 2019 Escrow Fund.
(3) Includes legal fees, financing and consulting fees, underwriters' discount, fees of bond counsel, premium for and cost of surety bonds or insurance policies, printing costs, rating agency fees, and other miscellaneous expenses. For a description of the underwriters' discount, see "UNDERWRITING" herein.

THE 2018/2019 BONDS

General

The 2018/2019 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 2018/2019 Bonds. Payments of principal, premium, if any, and interest on the 2018/2019 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 2018/2019 Bonds to its DTC Participants for subsequent disbursement to the Beneficial Owners (as defined herein) of the 2018/2019 Bonds. See "—DTC and the Book-Entry System" below.

The 2018/2019 Bonds will be dated the date of their respective initial delivery and will bear interest from such date payable in the case of the 2018A Bonds on July 15, 2019 and in the case of the 2019A Bonds on January 15, 2020, and semi-annually thereafter on January 15 and July 15 of each year (each, an "Interest Payment Date"). Interest on the 2018/2019 Bonds will be calculated on the basis of a 360-day year of twelve 30-day months. Ownership interests in the 2018/2019 Bonds will be in denominations of $5,000 or any integral multiple thereof ("Authorized Denominations").

Redemption of 2018/2019 Bonds

Optional Redemption of 2018A Bonds. The 2018A Bonds maturing on or prior to July 15, 20__ are not subject to optional redemption. The 2018A Bonds maturing on and after July 15, 20__ are subject to optional redemption prior to their respective stated maturity dates at the written direction of the Authority, from any moneys deposited by the Authority or the County, as a whole or in part on any date (in such maturities as are designated by the Authority to the Trustee) on or after July 15, 20__, at a redemption price equal to 100% of the principal amount of 2018A Bonds called for redemption, together with accrued interest to the date fixed for redemption, without premium.

Mandatory Redemption of 2018A Bonds. The 2018A Bonds maturing on July 15, 20__ are also subject to mandatory redemption prior to maturity, in part on July 15 of each year on or after July 15, 20__ by lot, from sinking account payments, on the dates and in the amounts set forth below, at a redemption price equal to the sum of the principal amount of the 2018A Bonds to be redeemed, together with unpaid accrued interest thereon to the date fixed for redemption, without premium.

Year (July 15)	Amount
	$
*	

* Final maturity.

No Optional or Mandatory Redemption of 2019A Bonds. The 2019A Bonds are not subject to optional or mandatory redemption.

Extraordinary Redemption. The 2018/2019 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 series and maturity of the 2018/2019 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 Leased Property 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 Leased Property or portions thereof or from the net proceeds of title insurance, under the circumstances described in the Trust Agreement and the Master Facility Lease, at a redemption price equal to the principal amount thereof, without premium, plus accrued interest thereon to the date of redemption. Whenever less than all of the Outstanding Bonds are to be redeemed on any one date, the Trustee shall select the amount of and interest on the Bonds to be redeemed so that the aggregate annual principal amount of and interest on the Bonds which will be payable after such date of redemption will be as nearly proportional as practicable to the aggregate annual principal amount of and interest on the Bonds outstanding prior to such date of redemption. Any extraordinary redemption of the 2018/2019 Bonds purchased at a premium could result in a loss to the investor. See "RISK FACTORS–Premium Bonds".

Selection of Bonds for Redemption. If less than all of the Outstanding 2018/2019 Bonds maturing by their terms on any one date are to be redeemed at any one time, the Trustee shall select the 2018/2019 Bonds of such maturity to be redeemed by lot and shall promptly notify the Authority in writing of the numbers of the 2018/2019 Bonds so selected for redemption. For purposes of such selection, the 2018/2019 Bonds shall be deemed to be composed of $5,000 multiples and any such multiple may be separately redeemed. In the event term 2018/2019 Bonds are designated for redemption, the Authority may designate which sinking account payments are allocated to such redemption.

Notice of Redemption. Notice of redemption of any 2018/2019 Bond will be mailed by the Trustee, not less than 30 nor more than 60 days prior to the redemption date, to the respective owners of the 2018/2019 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 2018/2019 Bonds, notice of redemption will be mailed to DTC, not to the Beneficial Owners of the 2018/2019 Bonds. In the event of redemption of 2018/2019 Bonds (other than sinking fund redemptions), the Trustee shall mail a notice of optional or extraordinary redemption, other than any notice that refers to 2018/2019 Bonds that are to be redeemed from proceeds of a refunding bond issue, only if sufficient funds have been deposited with the Trustee to pay the applicable redemption price of the 2018/2019 Bonds to be redeemed.

The Authority may, at its option, on or prior to the date fixed for redemption in any notice of 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. The Authority may provide for a conditional notice of redemption.

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 2018/2019 Bonds called for redemption is held by the Trustee, then on the redemption date designated in such notice the 2018/2019 Bonds so called for redemption shall become due and payable, and from and after the date so designated for redemption, the interest on such 2018/2019 Bonds will cease to accrue. Such 2018/2019 Bonds will cease to be entitled to any benefit or security under the Trust Agreement and the bondholders of such 2018/2019 Bonds will have no rights in respect thereof except to receive payment of the redemption price thereof.

DTC and the Book-Entry System

DTC will act as securities depository for the 2018/2019 Bonds. The 2018/2019 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 Bond certificate will be issued for each maturity of the 2018/2019 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 2018/2019 Bonds, as nominee of DTC, references herein to the owners of the 2018/2019 Bonds shall mean Cede & Co. and shall not mean the actual purchasers of the 2018/2019 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 2018 CAPITAL IMPROVEMENTS

Medical Center Improvements

The County is constructing a new three story, 70,000 square foot, class A office building to serve as a new Health Services administration building. The building will be constructed on County-owned property on the existing Medical Center campus and will replace an outdated building constructed in 1954. A new administration building is necessary because the current building fails the OSHPD seismic guidelines and is currently operating under a waiver from the OSHPD. At the same time, the County is also undertaking a renovation of the nursing wing on the ground floor of the existing hospital, as well as a renovation of the central plant for the Medical Center. We refer to these projects collectively as the "Medical Center Improvements."

The total cost of the Medical Center Improvements is estimated to be $120 million which will be financed with a portion of the proceeds of the 2018A Bonds.

A design process is currently underway for the Medical Center Improvements. The County expects to award bids for construction in the fourth quarter of 2018 and to complete construction by the third quarter of 2021. As part of the bid process, the County expects to secure standard "all risk" and other insurance during the construction period, together with performance bonds and a guaranteed maximum price contract, subject to changes as directed by the County. In addition, the County typically negotiates for liquidated damages that would be assigned to the Trustee at least in the approximately amount of the allocable Base Rental Payments.

County officials believe that all permits and environmental authorizations necessary to commence construction of Medical Center Improvements have been, or will be, timely received to complete the project by the fourth quarter of 2021.

Interest has been capitalized on the 2018A Bonds through, ________,_____, six months beyond the estimated completion date of the new Medical Center Improvements. See "ESTIMATED SOURCES AND USES OF FUNDS" herein.

The Medical Office Improvements will be located on the existing Medical Center campus, which is Leased Property under the Master Site Lease and Master Facility Lease. See "LEASED PROPERTY" herein.

County Office Building No. 3

The County Office Building No. 3 will be a four story, approximately 200,000 square foot, class A office building. The building will be constructed on County-owned property across the street from the Hall of Justice and Records and County Office Building No. 2 in Redwood City, and will house the Board of Supervisors Chambers, offices for the Board and the County Manager as well as staff for various departments of the County, including the County health system management. The County expects to seek some level of federal and state reimbursement for costs related to the health system costs. The total cost of County Office Building No. 3 is estimated to be $152 million, of which approximately $96 million will be financed with a portion of the proceeds of the 2018A Bonds.

The County Office Building No. 3 is not part of the Leased Property under the Master Site Lease and Master Facility Lease. See "THE LEASED PROPERTY" herein.

County officials believe that all permits and environmental authorizations necessary to commence construction of County Office Building No. 3 have been, or will be, timely received to complete the project by the first quarter of 2021. See "ESTIMATED SOURCES AND USES OF FUNDS" herein.

THE LEASED PROPERTY

The Leased Property will include (i) the real property and facilities comprising the San Mateo County Health Center (the "County Health Center"), which will include the Medical Center Improvements project described above, which is being constructed on the existing campus of the County Health Center (ii) the real property and the facilities known as the Office Building Project (iii) the real property and facilities comprising the County Crime Lab, (iv) the real property and facilities comprising the Skylonda Fire Station, and (v) the real property and facilities comprising the regional operations center (the "ROC"), currently under construction.

County Health Center

The County Health Center is located on a 21-acre parcel of land and consists of a hospital, an outpatient clinics building (the "39th Avenue Clinics"), a central plant and the remodeled portion of the 1954 hospital building, now used for hospital administration. The hospital is a four-story building of approximately 350,000 square feet housing 227 acute and long-term beds. The hospital provides a full array of emergency, in-patient, psychiatric, imaging, laboratory, specialty health, skilled nursing, and surgical services. The medical/surgical, psychiatric, and intensive care units have an annual total of approximately 25,000 inpatient days. The surgery service and operating room also accommodates almost 2,500 surgeries annually. Additionally, the hospital operates both an acute Emergency Room (the "ER") and Psychiatric Emergency Services ("PES"). The acute ER has over 33,000 visits each year, while PES has almost 3,000 visits each year. The 39th Avenue Clinics, which include clinics relating to adult care, senior care, pediatrics, OB/GYN, medical specialty, surgical specialty, dental, and sexually transmitted diseases, had 112,000 ambulatory clinic visits in fiscal year 2017-18, representing half of the total clinic visits in the entire County Health Center ambulatory clinic system. The County Health Center is part of the San Mateo Medical Center.

Construction commenced in May 1994 and was completed in November 1998. The total cost of the construction of the County Health Center was approximately $134.7 million and the insured value is approximately $187.9 million.

See "THE COUNTY OF SAN MATEO—County Services" "—Health-Related Services" herein.

County Office Building No. 2

County Office Building No. 2, which is part of the County Government Center, is located at the corner of Middlefield Road and County Center Street, adjacent to the County's 900-car parking structure, which was completed in December 1994. The parcel is approximately 36,000 square feet. County Office Building No. 2 is a 5-story building of approximately 120,000 square feet with a basement level of 30,000 square feet. County Office

Building No. 2 provides offices for the County Public Works Department, the Department of Child Support Services, the County Assessor-Clerk-Recorder, the County Treasurer-Tax Collector and the County Controller.

Construction commenced in April 1998 and was completed in July 1999. The total cost of County Office Building No. 2 was approximately $23.3 million and the insured value is approximately $52.6 million.

County Crime Lab

The County Crime Lab ("Crime Lab") consists of a one-story building of approximately 30,000 square feet, and its construction was designed to provide for energy conservation. The exterior consists of split-face concrete block, and high solar-efficient glass was used for daylighting through exterior walls and skylights. Variable-volume fume hoods draw energy only when active and all mechanical and electrical systems have been interfaced with sensor controls to reduce energy consumption. In addition, the building's sloping roofs were designed for photovoltaic arrays capable of generating 180 kW, one-third of the building's projected electrical demand. The facility houses Crime Lab staff that consist of criminalists and forensic specialists, property officers, and administrative staff that serve all criminal justice agencies in the County by providing specialized investigative and scientific analytical services and expert testimony to support the investigation and adjudication of alleged criminal activity. In fiscal year 2017-18, the Crime Lab processed over 11,000 major case items, including firearms, latents, forensic biology, DNA analysis, crime scene processing controlled substances, and blood alcohols. The Crime Lab also houses the Administration and Investigation Units of the County Coroner's Office, including criminal investigators and administrative staff. The Coroner's Office receives over 3,000 death reports each year and investigates approximately 530 cases annually. Autopsies are performed at the County Health Center.

Construction commenced in October 2001 and was completed in 2003. The total cost of the construction of the County Crime Lab was approximately $12.9 million and the insured value is approximately $16.2 million.

Skylonda Fire Station

The Skylonda Fire Station (Station #58) is located on Skyline Boulevard in the Town of Woodside, California. The fire station is a two story, 6,000 square foot facility with living quarters for up to a dozen firefighting personnel and a community room that will be used for multi-company training involving the La Honda, Loma Mar, and Kings Mountain volunteers as well as community meetings. The fire station includes a separate Apparatus Building built in 1958 housing engines and equipment, which remains standing. This station, which responds to approximately 500 medical, fire, hazmat and vehicle accident calls on an annual basis, serves the communities of Skylonda, Kings Mountain, La Honda, Upper Woodside, Alpine Road, Middleton Tract, and Skyline Boulevard.

Construction commenced in May 2016 and the Skylonda Fire Station is expected to be completed in March 2019 however, the Skylonda Fire Station is considered to be available for use and occupancy pursuant to the Master Facility Lease. Occupancy and use had been delayed due to construction. The total cost of the construction of the Skylonda Fire Station (Station #58) was approximately $10 million and the insured value is approximately $10 million.

Regional Operations Center

The Regional Operations Center ("ROC") is a two-story, 36,000 square foot state-of-art dispatch and emergency response center located on the County's main campus. Upon completion, the ROC will house the County's 911 dispatch center, the related public safety communications and office of administrative services offices and will also serve as the County's main data center.

The ROC is under construction and is expected to be occupied by the County in the summer of 2019. Given its purpose, the ROC is designed to sustain its operations during an earthquake.

The ROC has a budgeted cost (and, upon completion will have an insured value) of $64 million, all of which will be paid from County fund balances (i.e., equity).

SECURITY FOR THE 2018/2019 BONDS

Pledge Under the Trust Agreement

The Trust Agreement provides that the Bonds, including the 2018/2019 Bonds, are payable solely from, and are secured by a lien on revenue of the Authority consisting of, (a) all Base Rental Payments and other payments paid by the County and received by the Authority under the Master Facility Lease as further described below, (b) all interest and other income derived from certain funds held under the Trust Agreement, and (c) any moneys payable to the Authority pursuant to an interest rate swap, cap, floor, collar or other hedging transaction (a "Swap") entered into by the Authority for the purpose of managing interest rate risk with respect to Bonds or any Additional Bonds (collectively, the "Revenues") and any other amounts (including proceeds of the sale of the Bonds) held by the Trustee in any fund or account established under the Trust Agreement (other than the Rebate Fund), all under the terms and conditions set forth in the Trust Agreement. The Authority has not entered into my Swap in connection with the Bonds, and, as of the date hereof, the County does not anticipate that any Bonds will have associated Swaps.

Pursuant to the Trust Agreement, the 2018/2019 Bonds are secured by a pledge of and charge and lien upon the Revenues equal to the pledge, charge and lien securing $97,050,000 of outstanding Bonds (the majority of which is expected to be refunded by the Series 2019A Bonds) and any additional Bonds issued under the Trust Agreement. As and to the extent set forth in the Trust Agreement, all the Revenues are irrevocably pledged for the security and payment of the Bonds and the sum payable by the Authority in connection with any Swaps; but nevertheless out of the Revenues certain amounts may be applied for other purposes as provided in the Trust Agreement.

The 2018/2019 Bonds are limited obligations of the Authority and are not secured by a legal or equitable pledge of, or charge or lien upon, any property of the Authority or any of its income or receipts, except the Revenues. Neither the full faith and credit of the Authority, the County or any Member of the Authority is pledged for the payment of the interest on or principal of the 2018/2019 Bonds nor for the payment of Base Rental Payments under the Master Facility Lease. Neither the payment of the principal of or interest on the 2018/2019 Bonds nor the obligation to make Base Rental Payments under the Master Facility Lease constitutes a debt, liability or obligation of the Authority, the County or any Member of the Authority for which any such entity is obligated to levy or pledge any form of taxation or for which any such entity has levied or pledged any form of taxation. The Authority has no taxing power.

Outstanding Parity Bonds

As October 1, 2018, the Authority had outstanding $97,050,000 aggregate principal amount of Bonds comprised of $62,900,000 principal amount of 2009 Bonds and $34,150,000 principal amount of 2013 Bonds, secured by a pledge, charge and lien upon the Revenues equal to the pledge, charge and lien securing the 2018/2019 Bonds. A portion of the net proceeds of the 2019A Bonds will be used to redeem all or a portion of the outstanding 2009 Bonds. Following delivery of the 2019A Bonds, only the unrefunded 2009 Bonds, the 2013 Bonds and the 2018/2019 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 2018/2019 Bonds consist primarily of the Base Rental Payments to be made by the County to the Authority under the Master 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. NEITHER THE FULL FAITH AND CREDIT OF THE AUTHORITY, THE COUNTY OR ANY MEMBER OF THE AUTHORITY IS PLEDGED FOR THE PAYMENT OF 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 in the Reserve Fund or proceeds of rental interruption insurance are available to pay principal of and interest on the 2018/2019 Bonds. See "BASE RENTAL PAYMENTS—Covenant to Budget and Appropriate—Abatement" and "RISK FACTORS—Abatement Risk" herein.

Common Reserve Fund

Pursuant to a proposed amendment to the Trust Agreement, the Trust Agreement will be amended, effective upon retirement of the 2009 Bonds and the Series 2013 Bonds, so that the Reserve Fund Requirement will be reduced to zero. Consequently payment of the 2018/2019 Bondholders will not be secured with a reserve fund following retirement of the 2013 Bonds. See below under "—Amendments to Master Facility Lease and Trust Amendment—Proposed Trust Agreement Amendment Effective upon Retirement of the Unrefunded 2009 Bonds and the 2013 Bonds" and APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS—THE TRUST AGREEMENT—Springing Amendments" herein.

The Trust Agreement establishes a common Reserve Fund which is currently funded in an amount equal to the Reserve Fund Requirement, which means the lesser of maximum annual debt service on all Bonds outstanding or 125% of average annual debt service on all Bonds outstanding. As of the date of this Official Statement, the Reserve Fund Requirement is $__________, calculated based upon 125% of average annual debt service on the outstanding Bonds. This balance consists of approximately [$__________] of cash and investments, with the remainder funded with a municipal bond debt service reserve insurance policy (the "Existing Assured Surety Policy") issued by AGM. The Existing Assured Surety Policy insurance policy, issued in the initial amount of $5,300,000, expires on July 15, 2032 (which is also the final maturity date of the 2013 Bonds).

Upon delivery of the 2018A Bonds, the County expects to obtain a second reserve fund insurance policy from AGM (the "2018 Assured Surety Policy") in an amount so that, the aggregate stated amount of the Existing Assured Surety Policy, together with the stated amount of the 2018 Assured Surety Policy, will be sufficient to meet the Reserve Fund Requirement for the outstanding Bonds. At the same time, the Trustee will release any cash or other investments held in the Reserve Fund to the County.

All money in the Reserve Fund must be used and withdrawn by the Trustee solely for the purpose of paying the interest on or principal of the Bonds or for the retirement of all the Bonds then outstanding, except that so long as the Authority is not in default under the Trust Agreement, any cash amounts in the Reserve Fund in excess of the Reserve Fund Requirement may be withdrawn from the Reserve Fund and deposited in the Revenue Fund, on or before each interest payment date. See APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS—THE TRUST AGREEMENT—Revenue Fund" herein.

Pursuant to the terms of the Trust Agreement, the provider of a reserve fund surety must have a rating of Aaa by Moody's Investors Service and AAA by Standard & Poor's Corporation, at the time of issuance of the policy. Effective upon the issuance of the 2018A Bonds, the Trust Agreement will be amended so as to reduce the required rating for any surety provider at the time of issuance of a surety policy to one of two highest rating categories of any rating agency providing a rating on the Bonds at the request of the County and the beneficial holders of the 2018A Bonds will be deemed to have consented to such amendment by purchase of the 2018A Bonds.

Substitution of Leased Property

Pursuant to the Master Facility Lease, the County and the Authority may substitute real property as part of the Leased Property being leased for purposes of the Master Site Lease and the Master Facility Lease, 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 Master Site Lease and the Master Facility Lease or amendments thereto containing the amended description of the Leased Property and the real property being leased, including the legal description of the real property being leased as modified if necessary;

b) A Certificate of the County with copies of the Master Site Lease and the Master Facility Lease, if needed, or amendments thereto containing the amended description of the Leased Property and the real property being leased stating that such documents have been duly recorded in the official records of the County Recorder of the County;

c) A Certificate of the County, evidencing that the annual fair rental value of the Leased Property and the real property which will constitute the Leased Property after such substitution (which may be based on the construction or acquisition cost or replacement cost of such facility to the County) will at least equal 100% of the maximum amount of Base Rental Payments becoming due in the then current year ending July 15 or in any subsequent year ending July 15;

d) (i) A California Land Title Association leasehold owner's policy or policies or a commitment for such policy or policies or an amendment or endorsement to an existing policy or policies resulting in title insurance with respect to the real property being leased after such substitution in an amount at least equal to the amount of such insurance provided with respect to the real property being leased prior to such substitution; each such insurance instrument, when issued, shall name the Trustee as the insured, and shall insure the leasehold estate of the Authority in such substituted property subject only to such exceptions as do not substantially interfere with the County's right to use and occupy such substituted property and as will not result in an abatement of Base Rental Payments payable by the County under the Master Facility Lease; or

   (ii) An Opinion of Counsel or Certificate of the County stating that, based upon review of such instruments, certificates or any other matters described in such Opinion of Counsel or Certificate of the County, the County has good merchantable title to the Leased Property and the real property being leased which will constitute the Leased Property and the real property being leased after such substitution. The term "Good Merchantable Title" shall mean such title, as in the Opinion of Counsel or Certificate of the County is satisfactory and sufficient for the needs and operations of the County, subject only to certain permitted encumbrances;

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

f) An Opinion of Counsel stating that such amendment or modification (i) is authorized or permitted by the Constitution and laws of the State and the Master Facility Lease; (ii) complies with the terms of the Constitution and laws of the State and of the Master Facility Lease; (iii) will, upon the execution and delivery thereof, be valid and binding upon the Authority and the County in accordance with its terms; and (iv) will not cause the interest on the Bonds and any Additional Bonds to be included in gross income for federal income tax purposes.

Pursuant to the Fifth Amendment to Master Facility Lease (described below), the Authority in 2013 proposed eliminating a requirement for the delivery of an appraisal report in connection with the substitution of Leased Property, as well as an amendment permitting the release of Leased Property following the satisfaction of certain conditions. These amendments, which are reflected in the text above and below will become effective upon delivery of the 2018A Bonds. See "Amendments Effective upon Delivery of the 2018A Bonds" below.

Release of Leased Property

Pursuant to the Master Facility Lease the County and the Authority may release Leased Property from the Master Facility Lease and the Master Site Lease, but only after the County has 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 Master Site Lease and the Master Facility Lease or amendments thereto containing the amended description of the Leased Property;

b) A Certificate of the County with copies of the Master Site Lease and Master Facility Lease, if needed, or amendments thereto containing the amended description of Leased Property stating that such documents will be duly recorded in the official records of the County Recorder of the County;

c) A Certificate of the County that the annual fair rental value of Leased Property which will constitute the Leased Property after such release (which may be based on the construction or acquisition cost, replacement cost or insured value of such facility to the County) will be at least equal to 100% of the maximum amount of Base Rental Payments becoming due in the then current year ending July 15 or in any subsequent year ending July 15 and which will be no less than the debt service coming due on the Bonds then Outstanding under the Trust Agreement in the then current year or in each subsequent year; and

d) An Opinion of Counsel (as such term is defined in the Trust Agreement) stating that such amendment or modification (i) is authorized or permitted by the Constitution and laws of the State and the Master Facility Lease; (ii) complies with the terms of the Constitution and laws of the State and of the Master Facility Lease; (iii) will, upon the execution and delivery thereof, be valid and binding upon the Authority and the County in accordance with its terms; and (iv) will not cause the interest on the Bonds to be included in gross income for federal income tax purposes.

Amendments to Master Facility Lease and Trust Agreement

Amendments Effective upon Delivery of the 2018A Bonds. In 2013, the County proposed amending the Master Facility Lease, pursuant to a Fifth Amendment, in a manner which would (i) change the deliverables required of the County in connection with the substitution of Leased Property, and (ii) permit the County to release Leased Property from the Master Facility Lease and Master Site Lease upon satisfaction of the conditions described above under "Release of Leased Property." This amendment will become effective upon delivery of the 2018A Bonds.

Also effective upon the delivery of the 2018A Bonds, the Trust Agreement will be amended to permit the Authority to satisfy the Reserve Fund Requirement by the depositing with the Trustee for the credit of the Reserve Fund a reserve fund surety which, with respect to a surety bond or insurance policy, is issued by a company rated, or, with respect to a letter of credit, is issued or confirmed by a state or national bank, or a foreign bank with an agency or branch located in the continental United States, which has outstanding an issue of unsecured long term debt securities rated, at the time of such deposit, in one of two highest rating categories of any rating agency which has a then currently effective rating on the Bonds.

As stated the foregoing amendments will become effective upon issuance of the 2018A Bonds and the purchase of the 2018A Bonds by the beneficial owners thereof will constitute consent of such purchasers, as bondholders, to these amendments.

Proposed Trust Agreement Amendment Effective upon Retirement of the Unfunded 2009 Bonds and the 2013 Bonds. Pursuant to a proposed amendment set forth in the Eighth Supplemental Trust Agreement, the Trust Agreement will be amended to eliminate the requirement for a Reserve Fund, effective upon retirement of the unrefunded 2009 Bonds and the 2013 Bonds. As a consequence, upon retirement of the unrefunded 2009 Bonds and the 2013 Bonds, the Reserve Fund Requirement under the Trust Agreement will be reduced to zero, and payment of the 2018/2019 Bondholders will not be secured with a reserve account. The amendment also permits the County and the Authority to establish a reserve fund for any new series of Bonds, but the reserve fund will not serve as security for any outstanding series of Bonds. The purchase of the 2018/2019 Bonds by the beneficial owners thereof will constitute consent of such purchasers, as bondholders, to these amendments.

See APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS—THE TRUST AGREEMENT—Springing Amendments" herein.

Additional Bonds

In addition to the 2018/2019 Bonds, the 2013 Bonds and the 2009 Bonds, 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. See APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS—THE TRUST AGREEMENT—Additional Bonds" herein. See also "COUNTY FINANCIAL INFORMATION—County Debt Limit" herein. In addition, the Authority may, with the prior written consent of the insurer of any Bonds, enter into swap agreements, payments under which would be on a parity with the Bonds. See APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS—THE TRUST AGREEMENT—Pledge of Revenues; Creation of Special Funds and Accounts" 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

As rent for the right to use and occupy the Leased Property, 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 Leased Property as described in the Master Facility Lease, including without limitation, the fees, costs and expenses and all administrative costs of the Authority related to the Leased Property and the fees of auditors, accountants, attorneys or architects.

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 Master 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—MASTER FACILITY LEASE—Payments to be Unconditional."

Covenant to Budget and Appropriate

Pursuant to the Master 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

Insurance. The Leased Property will be insured to the extent set forth in the Master Facility Lease. See APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS—THE MASTER FACILITY LEASE—Fire and Extended Coverage and Earthquake Insurance" and "—Rental Interruption or Use and Occupancy Insurance" herein. The Master Facility Lease requires the County to maintain or cause to be maintained insurance against risk of loss or damage by fire and lightning, with extended coverage insurance, vandalism and malicious mischief insurance and sprinkler system leakage insurance, and during construction, earthquake insurance. See, “THE LEASED PROPERTY” for a discussion of the portions of the Leased Property that will be under construction and subject to the requirement to maintain earthquake insurance during the construction period. The extended insurance coverage 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 Leased Property, excluding the cost of excavations, of grading and filling, and of the land (except that such earthquake insurance may be subject to a deductible clause of not to exceed 10% of such replacement cost for any one loss and except that such other insurance may be subject to deductible clauses for any one loss of not to exceed $250,000), or, in the alternative, shall be in an amount and in a form sufficient (together with moneys in the Reserve Fund), in the event of total or partial loss, to enable all Bonds then outstanding to be redeemed. The proceeds of all property insurance must be used to repair, reconstruct or replace the Leased Property or any portion thereof which is destroyed or damaged or to redeem Bonds. Pursuant to the Master Facility Lease the County may self-insure for such risks. The County self-insures its real property with respect to most hazards and 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 its buildings against earthquake and flood damage through a $100 million per occurrence and in the aggregate property insurance policy, 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 is required to maintain rental interruption or use and occupancy insurance to cover loss of rental income from or loss of the use of the Leased Property as a result of any of the hazards covered by its insurance coverage required by the Master Facility Lease in an amount equal to maximum annual Base Rental Payments due under the Master Facility Lease for any two-year period, except that such insurance may be subject to a deductible clause of not to exceed $1,000 and except that such insurance need be maintained as to the peril of earthquake only during construction.

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 Leased Property during each such period for which said rental is to be paid.

Prior to the expected occupancy of the Medical Center Improvements and the ROC, Base Rental Payments will be payable with respect to a portion of the 2018A Bonds from the proceeds of the 2018A 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 any of the Medical Center Improvements or the ROC by the end of the Capitalized Interest Period, the rent payable under the Master Facility Lease shall be abated proportionately, in the proportion which the construction cost of the part or parts of the Leased Property not yet delivered to the County bears to the aggregate construction cost of the whole of the Leased Property. There can be no assurance that the construction of these Leased Properties under construction 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 construction, but there is no assurance that Additional Bonds can or would be issued. See “SECURITY FOR THE 2018/2019 BONDS—Additional Bonds” and “RISK FACTORS—Abatement Risk” herein.

The Base Rental Payments will be abated proportionately during any period in which by reason of any material damage or destruction or loss or defect in title (other than by condemnation which is otherwise provided for in the Master Facility Lease) there is substantial interference with the use and occupancy of any portion of the Leased Property by the County, in the proportion in which the cost of that portion of the Leased Property rendered unusable bears to the cost of the whole Leased Property. Such abatement will continue for the period commencing with such damage or destruction (or loss or defect in title) and ending with the substantial completion of the work of repair or reconstruction. In the event of any such damage or destruction, the Master Facility Lease continues in full force and effect and the County waives any right to terminate the Master Facility Lease by virtue of any such damage or destruction. 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 (a period of two years) plus the period for which funds are available from the Reserve Fund, 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 Bondowners in full. See APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS—THE MASTER FACILITY LEASE—Fire and Extended Coverage and Earthquake Insurance" and "—Rental Interruption or Use and Occupancy Insurance" herein.

Default and Remedies

Upon an Event of Default described below, the County will be deemed to be in default under the Master Facility Lease and the Authority (or the Trustee as assignee of the Authority) may exercise any and all remedies available pursuant to law or granted pursuant to the Master Facility Lease. Upon any such default, including a failure to pay Base Rental Payments, the Trustee as assignee of the Authority may either (1) terminate the Master Facility Lease and recover certain damages or (2) continue to collect rent from the County on an annual basis by seeking a separate judgment each year for that year's defaulted Base Rental Payments and/or reenter the Leased Property and relet it. **In the event of default, there is no remedy of the 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 Leased Property and use the proceeds of such sale to prepay the Bonds or pay debt service thereon.**

Events of Default under the Master Facility Lease include (i) the failure of the County to pay any rental payable under the Master 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 Master Facility Lease to be kept or performed by the County after notice and the elapse of a 30-day grace period and (iii) the bankruptcy or insolvency of the County.

FOR A FURTHER DESCRIPTION OF THE PROVISIONS OF THE MASTER 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 — THE MASTER FACILITY LEASE" IN APPENDIX D ATTACHED HERETO.

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the 2018A Bonds, Assured Guaranty Municipal Corp. ("AGM") will issue a municipal bond insurance policy (the "Bond Policy") for the Insured 2018A Bonds. The Bond Policy guarantees the scheduled payment principal of and interest on the Insured 2018A Bonds when due as set forth in "APPENDIX I – SPECIMEN MUNICIPAL BOND INSURANCE POLICY."

AGM will also issue a debt service reserve insurance policy (the "Surety Policy" and together with the "Bond Policy," the "Policies"). The Policies are not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Assured Guaranty Municipal Corp.

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and global public finance, infrastructure and structured finance markets. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("KBRA") and "A2" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On June 26, 2018, S&P announced it had affirmed AGM's financial strength rating of "AA" (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On May 7, 2018, Moody's announced it had affirmed AGM's insurance financial strength rating of "A2" (stable outlook). AGM can give no assurance as to any further ratings action that Moody's may take.

On January 23, 2018, KBRA announced it had affirmed AGM's insurance financial strength rating of "AA+" (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2017.

Capitalization of AGM

At June 30, 2018:

- The policyholders' surplus of AGM was approximately $2,221 million.

- The contingency reserves of AGM and its indirect subsidiary Municipal Assurance Corp. ("MAC") (as described below) were approximately $1,166 million. Such amount includes 100% of AGM's contingency reserve and 60.7% of MAC's contingency reserve.

- The net unearned premium reserves and net deferred ceding commission income of AGM and its subsidiaries (as described below) were approximately $1,898 million. Such amount includes (i) 100% of the net unearned premium reserve and deferred ceding commission income of AGM, (ii) the consolidated net unearned premium reserves and net deferred ceding commissions of AGM's wholly owned subsidiary Assured Guaranty (Europe) plc ("AGE"), and (iii) 60.7% of the net unearned premium reserve of MAC.

The policyholders' surplus of AGM and the contingency reserves, net unearned premium reserves and deferred ceding commission income of AGM and MAC were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGE were determined in accordance with accounting principles generally accepted in the United States of America.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

(i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2017 (filed by AGL with the SEC on February 23, 2018);

(ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2018 (filed by AGL with the SEC on May 4, 2018); and

(iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2018 (filed by AGL with the SEC on August 2, 2018).

All consolidated financial statements of AGM and all other information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Series 2018 Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at http://www.sec.gov, at AGL's website at http://www.assuredguaranty.com, or will be provided upon request to Assured Guaranty Municipal Corp.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AGM included herein under the caption "BOND INSURANCE – Assured Guaranty Municipal Corp." or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

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. In terms of population, it is the 14th largest county in the State, with 774,155 persons according to the California Department of Finance preliminary population estimates as of January 1, 2018. The county seat is located in Redwood City.

As of January 1, 2018, approximately 65,828 people lived in the unincorporated area of the County. The Board and 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 the Board 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 district. 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 Assistant County Manager, the County Treasurer-Tax Collector and the County Controller follow:

Carole Groom was elected to the Board in June 2010, served as President of the Board in 2011 and 2015. 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, improved access to 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.

In 2009 she launched "Active San Mateo County," which convenes an annual Fall conference that explores the health and wellbeing of residents through planning, recreation, and policy, as well as the annual countywide event, "Streets Alive! Parks Alive!" In 2012, the San Mateo County Parks & Recreation Directors Association honored her for her efforts with their "Champion of the Community" award.

Since 2011, she has worked with the San Mateo County Office of Education and Silicon Valley Community Foundation to increase the reading proficiency of third graders countywide. This 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 from 58% to 80% by 2020 through key interventions including access to preschool, inspiring summer experiences, reducing chronic absenteeism and increasing family engagement from preschool to third grade.

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, a feasibility study was completed in 2015 and, in 2016, the Joint Powers Authority was formally created to launch Peninsula Clean Energy. In 2017, PCE served over 288,000 residential and business accounts across San Mateo County.

Her professional experience includes 18 years as a Vice President of Mills-Peninsula Health Services. She also serves on the Boards of Directors of the San Mateo Police Activities League and Leadership San Mateo/Foster City/Burlingame/Hillsborough. Supervisor 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. 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. 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 to represent District 1 in a special election in May 2011. He is currently Board President and also served in that position in 2014.

As chair of the SF Bay Restoration Authority, chair of the San Mateo Countywide Water Coordination Committee, and a member of the SF Bay Conservation and Development Commission and the San Franciscquito Creek Joint Powers Authority, Pine works extensively on the intersecting issues of flood control, sea level rise and tidal land restoration. He played an instrumental role in the passage of Measure AA, the nine county Bay Area parcel tax to fund shoreline projects that will protect and restore the Bay.

Supervisor Pine also is the founding chair of the Peninsula Clean Energy Authority which provides San Mateo County residents and businesses with cleaner energy at competitive rates. In addition, he is active in transportation issues and serves on the Caltrain Joint Powers Board and the San Mateo County Transit District Board.

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 the University of Michigan Law School. He resides in Burlingame with his wife Jane and their two sons.

David Canepa was elected to the Board in November 2016. He represents District 5, which includes: the City of Brisbane, Broadmoor, the Town of Colma, the City of Daly City, and parts of the City of San Bruno and the City of South San Francisco.

Supervisor Canepa served on the Daly City Council from 2008 through 2016 and served as Mayor in 2014. He is a proud fourth-generation San Mateo County resident who was born at Seton Hospital. He has a bachelor's degree from the University of San Francisco in Politics and graduated from Skyline College in San Bruno before that.

Canepa's previous experience includes serving on the City/County Association of Governments (C/CAG), as Vice Chair of the San Mateo County Transportation Authority, and as Director of the Bay Area Air Quality Management District representing 20 cities.

As Supervisor, Canepa continues to serve on the Board of Directors for the Bay Area Air Quality Management District and C/CAG. He also serves on boards such as the First 5 Commission, Health Plan of San Mateo, San Mateo County Medical Center, the San Mateo County Event Center, the Commission on Aging, Community Corrections Partnership and the Association of Bay Area Governments.

During Canepa's career, he has focused on investing in the creation of affordable housing, improving public safety, enhancing public transportation, and ending discrimination in all of its forms.

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

As a member of the Board, Warren serves the County on a number of Boards and Commissions including the Metropolitan Transportation Commission, Local Agency Formation Commission, Housing Endowment & Regional Trust, and the Housing Our People Effectively Interagency Action Council. He is Co-Chair of the Home for All San Mateo County initiative.

Since his election to the Board, 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. He is a proud Vietnam veteran who earned his degree from San Diego State University. Previously, Warren served and as the San Mateo County

Assessor-County Clerk Recorder & Chief Elections Officer. He and his wife, Maria Diaz-Slocum, President 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."

John L. Maltbie rejoined the County as County Manager in December 2011 after initially serving as the County Manager from March 1989 through December 2008. Mr. Maltbie will retire as County Manager in November 2018. While serving the County, Mr. Maltbie has implemented fiscal programs such as performance-based budgeting, strategic planning, comprehensive financial evaluation, and capital planning and budgeting. Under his leadership, the County of San Mateo was the first county in the state to develop school-based children and family services, a Medi-Cal managed care system for medical and mental health patients, universal health care for children and a work-first model for welfare reform. Since rejoining the County, Mr. Maltbie has worked with unions to implement an "agile workforce" model making better and more extensive use of temporary, contract and volunteer workers to quickly respond to community needs while reducing post-retirement liabilities. As a strong proponent of collaborative relationships with other local governments and community organizations, he continued the County of San Mateo's long history of this mutually beneficial partnership with the formation of the City/County Association of Governments, Peninsula Partnership for Children, Youth and Families, San Mateo County Telecommunications Authority, and the Library Joint Powers Authority. He worked closely with the cities in developing a nationally recognized model for countywide emergency medical services. Mr. Maltbie's service in Public Administration began in 1972. After fulfilling his duties in the United States Army as First Lieutenant, he began his career in Santa Clara County, California as an Administrative Analyst where his work assignments involved fiscal administration and employee relations. Mr. Maltbie has also served as the City Manager for Milpitas, California and Glendale, Arizona, as well as Assistant County Executive for Santa Clara County. Mr. Maltbie has served as a member of the Speakers Commission on State/Local Government Finance, the Joint Venture Silicon Valley Vision 2010 Team, and ICMA (International Cities/Counties Management Association) Performance Measurement Task Force and Chair of the ICMA, Performance Measurement-Youth Services Task Force. Mr. Maltbie holds Master of Arts Degree and Bachelor of Arts degrees in political science with emphasis in public administration from San Jose State University.

Mike Callagy is the Assistant County Manager and will assume the role of County Manager in November 2018 following Mr. Maltbie's retirement. His current responsibilities include coordinating anti-human trafficking efforts throughout the county, Parks, Public Safety Communications, Criminal Justice programs, Agriculture/Weights and Measures, North Fair Oaks Forward. Local Agency Formation Commission, Public Works, Planning and Building, Emergency Response, and Animal Control.

Mr. Callagy joined the County of San Mateo in 2013 as a Deputy County Manager and was named Assistant County Manager effective April 2016. After 29 years with the San Mateo Police Department, Mr. Callagy retired as the Deputy Police Chief where he ran day-to-day operations. Mr. Callagy 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 of Arts in public administration from the College of Notre Dame and a Master's degree in homeland defense and security from the Naval Postgraduate School.

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 served as Deputy Treasurer-Tax Collector since 2002. Since her election, Ms. Arnott's priorities have been focused on improving payment processes by making them more efficient and green. She opened remote tax collection locations in South San Francisco and Half Moon Bay and also provides mailbox drop-off service during peak tax collection periods. Live chat website assistance and online property auctions were introduced in 2011. E-billing for Secured property taxes was made available in 2015. She is currently implementing a new property tax system (TaxSys), the first such system in California, with a go-live date of July 2019. Ms. 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 9/22/16. She currently serves as President and ex-Officio Trustee of the San Mateo County Employees Retirement Association (SamCERA); Member of the San Mateo County Treasury Oversight Committee; Immediate Past President of the California Association of County Treasurers & Tax Collectors (CACTTC) and is a member of the CACTTC Legislative, School Finance and Education Committees. Ms. Arnott was selected by State Treasurer

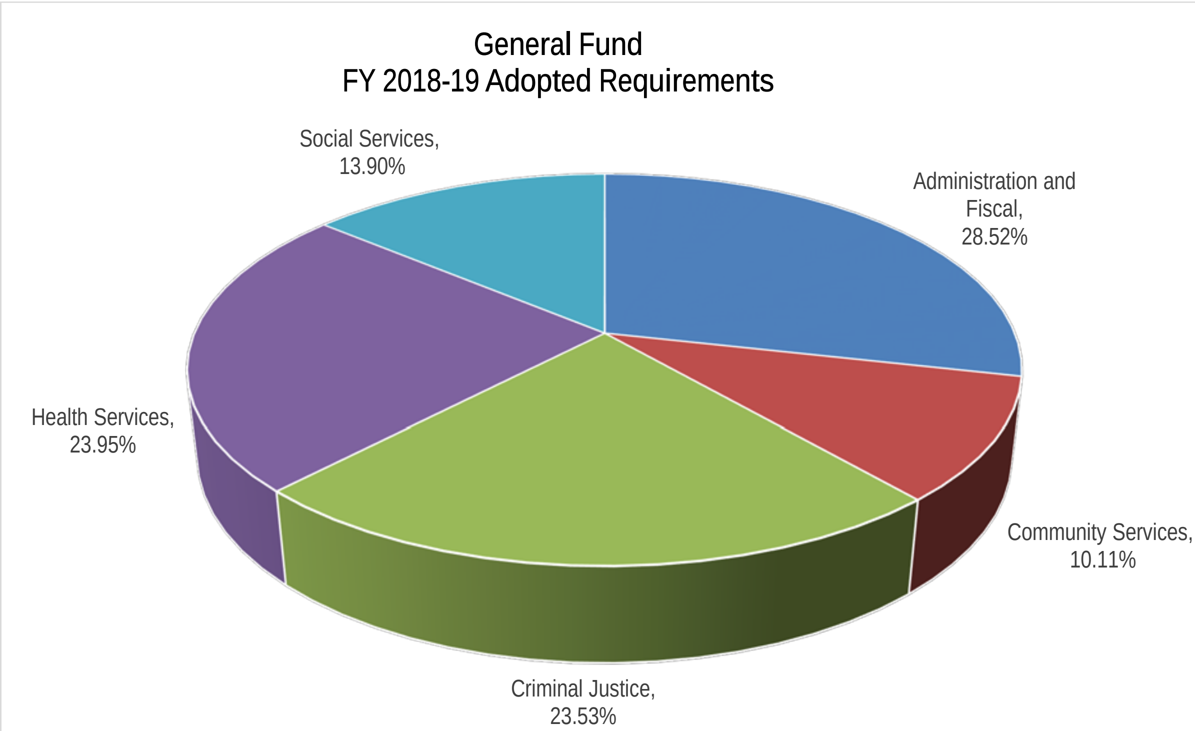
Betty Yee to serve on a special Property Tax Procedures Manual Committee and was selected by the California State Association of Counties (CSAC) to serve on a California Debt Investment Advisory Committee (CDIAC) steering committee. She was recently selected to serve on the Legislative Committee of the National Association of County Collectors, Treasurers and Finance Officers (NACCTFO) and is a Director on the board of the North Peninsula Food 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. He later became the payroll division manager and then the controller's information systems division manager. Prior to being elected as Controller, he was the County's Assistant Controller for three years. During his time with the County, Controller Raigoza developed expertise in governmental accounting, auditing and internal controls. His knowledge of information systems, operations management and financial accounting enabled him to assess business and accounting functions and develop business processes and information technology solutions to improve operational and financial performance. Leveraging this expertise allowed Controller Raigoza to successfully lead the implementation of a new payroll system. Other countywide initiatives include replacing paper time sheets with an automated timekeeping system and upgrading the County's financial accounting system. Controller Raigoza is a member of the Government Finance Officers Associations (GFOA) and Chair of the Bay Area Group of the State Association of County Auditors. Controller Raigoza's office has received the GFOA's Award for Excellence in Financial Reporting for the County of San Mateo's Comprehensive Annual Financial Report for 15 consecutive years and the Popular Annual Financial Report for 13 consecutive years. Prior to joining the County, Raigoza worked for two Big-4 accounting firms. He worked as a State and Local Tax Consultant for Ernst & Young and as a Management Consultant for Deloitte & Touche, where he primarily advised public sector clients. 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. Controller Raigoza has an undergraduate degree in Business Administration with a concentration in finance and accounting, and a Master's of Business Administration (MBA) 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 charts below show the General Fund adopted budget requirements for each of the major service areas during fiscal year 2018-19:



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 (the "Health System"), which includes the following divisions: Aging and Adult Services/Public Authority, Behavioral Health and Recovery Services, Correctional Health, Emergency Medical Services, Environmental Health, Family Health, Health Administration, Health Coverage Unit, Health Information Technology, Public Health Policy and Planning, and the Medical Center. The County is also responsible for all medical care of the indigent pursuant to State law. The County provides these medical care services to all County residents regardless of their ability to pay.

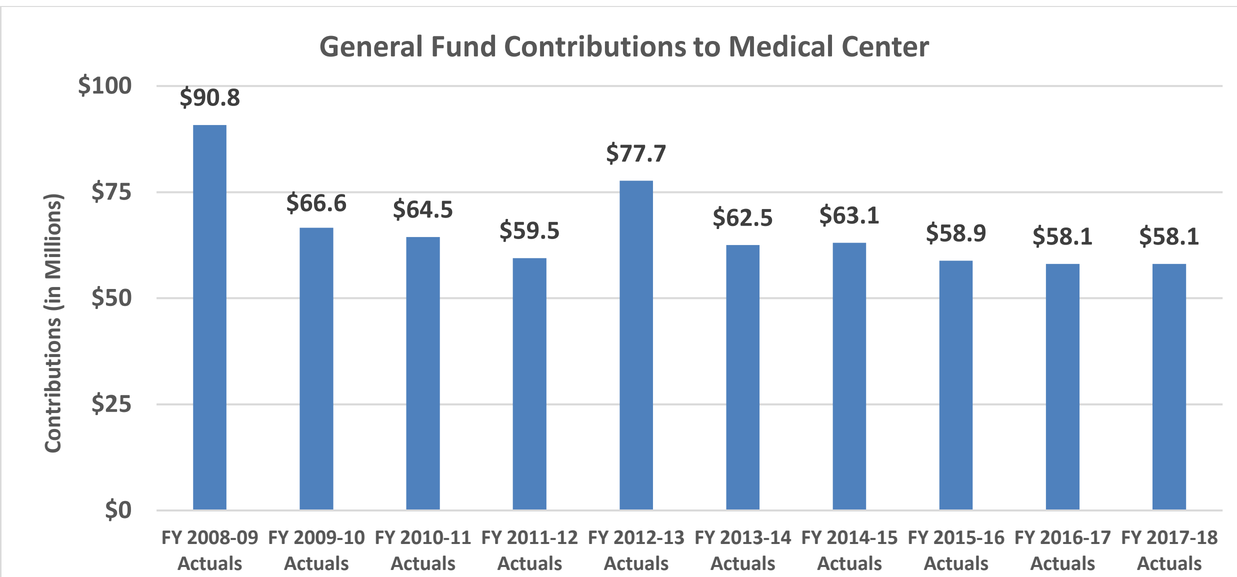
The Board approved $827.3 million for fiscal year 2018-19 in total requirements (expenditures and department reserves) for all Health System services and programs, or 23.95% of the County's fiscal year 2018-19 Adopted Budget for General Funds. The General Fund cost of all Health System services and programs (net of State and federal reimbursements and other revenue), is budgeted at $156.5 million, including $58.1 million in General Fund contributions to the Medical Center for medical care of the indigent, pursuant to the State mandate described in the preceding paragraph.

During fiscal year 2018-19, the cost of General Fund operating divisions within the Health System is funded with approximately 36% from State funds (including realignment revenues described in "COUNTY FINANCIAL INFORMATION—State Funding" below), approximately 4% from federal funds, approximately 28% from charges for services, and approximately 20% from County funds, with the remaining 12% being funded primarily by aid from local agencies, miscellaneous revenues and existing fund balances.

The County owns and operates an acute care hospital, a long term care facility as well as ten primary care clinics with a total of 509 beds. Collectively, these facilities are referred to as the Medical Center. The hospital provides a full array of emergency, in-patient, psychiatric, imaging, laboratory, specialty health, skilled nursing, and surgical services. The clinics provide community-oriented primary and specialty care across the County and provided approximately 236,352 ambulatory visits to County residents in fiscal year 2017-18.

The Medical Center is operated as an enterprise fund, separate and apart from the County's General Fund. The Medical Center 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 2018-19, the cost of the Medical Center is funded with approximately 42% from State and federal funds (including realignment revenues described in "COUNTY FINANCIAL INFORMATION—State Funding" below), approximately 37% in net patient revenues, approximately 16% from the General Fund, with the remaining 5% being funded by the sales of pharmaceuticals and medical supplies, miscellaneous revenues and existing fund balances.

The County annually makes General Fund contributions to support the operations of the Medical Center. In fiscal year 2017-18, the Medical Center received a $58.1 million contribution from the General Fund. The County's contribution has remained relatively flat for the last three years. See "COUNTY FINANCIAL INFORMATION—2018-19 County Budget" and "—Future Year Budgets" herein. The chart below illustrates that General Fund historical and budgeted contributions to the Medical Center over a ten year horizon.



See also "COUNTY FINANCIAL INFORMATION—State Reimbursement Payments" herein for a description of the financing of the County Medical Center. See also APPENDIX C – "COMPREHENSIVE ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED JUNE 30, 2017."

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 September 1, 2018, the Health Plan of San Mateo (HPSM), a separate legal entity from the County, had 33,000 additional Medi-Cal members and a total Medi-Cal membership of 114,000.

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 to the County's Health System.

As a direct result of the ACA, the Medical Center is now serving 17,000 additional Medi-Cal members. At the same time, the number of patients served by the County's Access and Care for Everyone (ACE) program declined with the expansion of Medi-Cal. 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 21,000, 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 Medical Center now have insurance, the Medical Center is less reliant upon State realignment funds.] However, the significant increase in patients has also stressed the Medical Center's capacity to serve Medi-Cal members, as they are required to be seen for urgent, primary and specialty care within specified timeframes—standards that the ACE program does not have.

At this time, the Medicaid provisions under the ACA remain in place. Although the Tax Cuts and Jobs Act of 2017 passed in Congress in December 2017 included a repeal of the Affordable Care Act's individual mandate starting in 2019, and a repeal of the individual mandate is likely to result in higher premiums on the health insurance exchanges, the County does not anticipate any significant revenue impact to the County solely as a result of the repeal of the individual mandate.

Health System Challenges. Given the decline in federal support for the ACA and potential changes to the Act, as well as declining revenues and increasing operating costs, the Health System officials have indicated that the Health System may see a revenue gap of between $25 and $49 million in fiscal years 2019-20 through 2020-21. Although any changes to the ACA are unclear at this time, the Health System's analysis assumes that certain waivers granted in connection with early implementation of the ACA will be eliminated. Such waivers had increased subsidies at the Medical Center and lowered San Mateo County health insurance premiums.

Using the budget balancing principals that the Board has adopted, the Health System will be developing strategies to bring back to the Board and County executives over the course of the next six months to mitigate the possible loss of revenues and increased operating costs resulting from potential changes to the ACA or otherwise. Such mitigation measures will likely include the elimination of non-mandated programs. At this time, the County's position that the Health System would receive no greater growth in County contribution than other from the General Fund Departments. The potential revenue 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 ("MOE") 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 "Trial Court Act"). 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 2018-19 adopted budget for the Sheriff's Office is $277 million or 9.1% of the General Fund budget, including a General Fund cost of $140 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 2017-18, the average daily inmate population was 996 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 April 2013 and was completed in March 2016. The total architectural and construction costs for the Maple Street Correctional Center was approximately $165 million. The Maple Street Correctional Center, including the site acquisition, was financed with the proceeds of the $175,065,000 Lease Revenue Bonds (Capital Projects), 2014 Series A (Maple Street Correctional Center) issued by the Authority for the benefit of the County. (See "COUNTY FINANCIAL INFORMATION—Indebtedness—Long-Term Obligations" herein.) In fiscal year 2014-15 the Board approved plans to add 256 inmate beds at a cost of $25,611,000, 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 under-served 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, STEM engagement, 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 2018-19 at $50.1 million, a 4.4% increase from fiscal year 2017-18. The Board approved $260.6 million in total requirements for all human services programs in the 2018-19 County Budget or approximately 13.9% of the General Fund budget. The cost of all human service programs is being funded approximately 40% with State funds (including realignment revenues (described below)), approximately 21% with federal funds and approximately 19% with County funds , with the remaining 20% being funded from miscellaneous revenues, charges for services and existing fund balances.

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"), a division of the County Sheriff's Office, operates under a Joint Powers Agreement between the County and the 20 cities of the County. OES provides training, emergency response coordination, and planning and related services for a total General Fund cost of $1 million.

General Government. The County is responsible for the administration of the property tax system, including property assessment, assessment appeals, collection of taxes and distribution of taxes to cities, successor agencies to redevelopment agencies, special districts, local school districts and the County for a total budgeted General Fund cost of $10,342,833 in fiscal year 2018-19.

A second major government service is the County's voter registration and election system, which serves over 384,683 registered voters and provides 492 voting precincts with an All-Mailed Ballot/Vote Center Election model for a total budgeted General Fund cost of $5.5 million in fiscal year 2018-19.

Parks. The County operates a network of 22 parks, three historic sites, and recreational facilities which serve over 2.9 million park visitors annually. The County park system encompasses over 16,000 acres and 190 miles of trails that includes playgrounds, free picnic areas and reservable campgrounds and shelters for a total budgeted General Fund cost of $13.6 million in fiscal year 2018-19.

Libraries. The County operates a library system, governed by a joint powers authority, which is comprised of 12 community libraries and one bookmobile. The network of libraries serves approximately 2.2 million visitors annually for a total budgeted General Fund cost of $155,504 in fiscal year 2018-19 (out of a total cost of $53.6 million).

County Employment

The number of authorized permanent employment positions for fiscal year 2018-2019 was 5,535 of which 558 are currently vacant. The following table sets forth the total number of authorized County employment positions for the fiscal years listed.

Table 2
COUNTY OF SAN MATEO
AUTHORIZED PERMANENT EMPLOYMENT POSITIONS
Fiscal Years 2008-09 to 2018-19

Fiscal Year	Authorized Permanent Employment Positions
2008-09	5,714
2009-10	5,400
2010-11	5,311
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

Source: County.

Employee Relations and Collective Bargaining

County employees include ten labor organizations represented by bargaining agents and three unrepresented labor 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 65.4% of all County employees. Contracts with these two organizations expired on October 6, 2018, and the County is currently negotiating new contracts.

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 3
COUNTY OF SAN MATEO
EMPLOYEE BARGAINING REPRESENTATION
AND NON-REPRESENTED EMPLOYEES
(As of September 11, 2018)

Bargaining Agents:	Number of Employees(1)	Contract Expiration Date
AFSCME	1,920	October 6, 2018
California Nurses Association	424	December 31, 2021
Deputy Sheriffs Association	463	January 9, 2021
SEIU	1,458	October 6, 2018
Building Construction and Trades Council	90	February 9, 2019
Union of American Physicians and Dentists	130	May 4, 2019
San Mateo County Council of Engineers	17	February 23, 2019
Probation and Detention Association	274	May 19,2019
Organization of Sheriff's Sergeants	62	April 4, 2021
Law Enforcement	42	December 29, 2018
Non-represented employees:		
Unrepresented Attorneys	78	N/A
Confidential	103	N/A
Management	603	N/A

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

In addition to its ongoing negotiations with the AFSME and SEIU, the County will be negotiating three other soon-to-expire contracts with the Building and Construction Trades Council, the San Mateo County Council of Engineers and the Law Enforcement Unit (the Deputy Sheriff's Association Non-Safety Classifications) over the next several months.

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.

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.

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 for fiscal years 2013-15, 2015-17, and completed its third two-year budget for fiscal years 2017-19 in September 2017. As part of its process for developing the budgets for such fiscal years, the County has projected General Fund discretionary revenue and expenses over a five-year planning horizon. See "—2018-19 County Budget" and "—Future Year Budgets" below.

Each year, the CMO presents the recommended budget for the upcoming fiscal year to the Board. 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. 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.

2018-19 County Budget

In accordance with its two-year budget process, the Board adopted the County's fiscal year 2017-18 budget on September 26, 2017, and received the preliminary recommended budget for fiscal year 2018-19 at the same time. The Adopted Budget for fiscal year 2018-19, following year-end closing activities and September budget revisions, including final fund balance adjustments, was adopted by the Board on September 25, 2018. The General Fund budget for fiscal year 2018-19 amounts to $1.96 billion, representing an increase of 4.98% or $93 million over fiscal year 2017-18. The increase was largely due to new labor agreements with the Deputy Sheriff's Association in January 2016 and the California Nurses Association in April 2018, the addition of 16 permanent positions, and one-time outlays for capital and IT improvements, including those funded with Measure K (formerly Measure A, half-cent sales tax) proceeds. See "—Measure K Revenues" below.

The General Fund began fiscal year 2018-19 with a fund balance of $499.5 million inclusive of General Fund contingencies and reserves, which is $49.5 million more than the prior fiscal year. This increase was largely due to Excess Educational Revenue Augmentation Fund (ERAF) proceeds of $128.9 million, net of a $27 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.

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 4
COUNTY OF SAN MATEO
ADOPTED COUNTY BUDGET – GENERAL FUND
Fiscal Years 2013-14 through 2018-19

	Adopted 2013-14 Budget	Adopted 2014-15 Budget	Adopted 2015-16 Budget	Adopted 2016-17 Budget	Adopted 2017-18 Budget	Adopted 2018-19 Budget
SOURCES:						
Taxes:						
Property Taxes[1]	$279,709,294	$303,816,934	$338,695,161	$369,194,578	$394,721,269	$426,217,146
Excess ERAF[2]	40,000,000	40,000,000	55,000,000	55,000,000	55,000,000	55,000,000
Sales Taxes[3]	25,441,900	26,767,962	25,786,000	25,141,677	25,017,432	25,467,746
Measure K Sales Tax[4]	41,064,557	55,353,451	98,907,618	120,297,830	129,444,764	120,770,412
All Other Taxes	17,726,440	20,939,561	25,130,203	23,352,658	25,953,886	26,567,641
Licenses, Permits and Franchises	5,682,291	5,792,115	6,482,374	7,089,603	7,030,866	7,288,690
Fines, Forfeitures and Penalties	8,651,873	8,703,684	7,484,059	7,074,284	5,984,342	5,986,842
Use of Money and Property	9,018,203	7,308,017	8,550,086	10,386,903	11,769,397	15,990,860
Intergovernmental Revenues[5]	456,473,762	451,018,145	465,414,277	463,447,487	505,294,625	504,826,610
Charges for Services	109,433,736	112,618,497	142,489,014	142,899,427	139,954,615	146,725,074
Interfund Revenue	55,215,079	57,661,380	74,646,958	77,855,295	77,236,555	77,804,089
Miscellaneous Revenue	35,907,837	33,717,439	36,660,713	33,649,923	38,411,316	36,934,906
Other Financing Sources	63,081,962[6]	513,422	460,542	5,720,034	2,085,000	11,829,461
Total Revenue	$1,147,406,934	$1,124,210,607	$1,285,707,005	$1,341,109,699	$1,417,904,067	$1,461,409,477
Fund Balance	315,930,723	370,698,083	416,463,403	421,909,308	450,064,032	499,527,400
TOTAL SOURCES	$1,463,337,657	$1,494,908,690	$1,702,170,408	$1,763,019,007	$1,867,968,099	$1,960,936,877
REQUIREMENTS:						
Salaries and Benefits	$651,904,153	$654,894,066	$730,697,936[7]	$777,567,201	$817,750,982	$836,369,190
Services and Supplies	373,027,662	404,775,444	474,039,639	474,850,981	516,917,154	483,352,086
Other Charges	228,671,819	227,799,452	292,282,846	334,173,046	352,469,310	334,778,147
Fixed Assets	14,519,732	33,309,281	23,665,074	31,686,890	19,155,604	28,922,383
Other Financing Uses	161,191,988	151,843,255	177,115,444	189,324,172	176,038,047	184,328,483
Gross Appropriations	$1,429,315,354	$1,472,621,498	$1,697,800,939	$1,807,602,290	$1,882,331,097	$1,867,750,289
Intrafund Transfers	(176,675,714)	(193,658,132)	(211,395,678)	(214,643,674)	(204,328,741)	(191,402,685)
Net Appropriations	$1,252,639,640	$1,278,963,366	$1,486,405,261	$1,592,958,616	$1,678,002,356	$1,676,347,604
Contingencies/Dept Reserves	210,698,017	215,945,324	215,765,147	170,060,391	189,965,743	284,589,273
General Reserves (Non-Gen Fd)			–			
Non-General Fund Reserves			–			
TOTAL REQUIREMENTS	$1,463,337,657	$1,494,908,690	$1,702,170,408	$1,763,019,007	$1,867,968,099	$1,960,936,877

(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) Includes realignment revenues.
(6) Amount includes reimbursement for expenditures relating to 2014 Maple Street Correctional Center Project costs.
(7) During fiscal year 2014-15, the County entered into new labor contracts with most labor organizations represented by bargaining agents. In addition, between March 2015 and September 2015, the County added 108 authorized positions.

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 2017-18 and 2018-19, the County has projected General Fund discretionary revenue and expenses over a five-year planning horizon.

Projections described herein, including Tables 5, 6, 7 and 8, 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. 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 2017-18, Measure T resulted in incremental revenues of $11 million, which is expected to increase to $12 million by fiscal year 2022-23. 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, known as San Mateo County Sales Tax Increase, Measure A ("Measure A"), 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 2017-18, sales tax revenues from Measure K proceeds were $90 million and the County projects these tax revenues to increase to $98.9 million by fiscal year 2022-23. 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) 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 2017-18, Excess ERAF revenues were approximately $115 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 5
COUNTY OF SAN MATEO
GENERAL FUND DISCRETIONARY REVENUE GROWTH PROJECTIONS
Fiscal Years 2018-19 through 2023-24

	Fiscal Year 2017-18	Fiscal Year 2018-19	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2021-22	Fiscal Year 2022-2023
Secured Property Tax	7.5%(1)	5.0%	4.0%	4.0%	4.0%	4.0%
Unsecured Property Tax	9.5%	1.0%	1.0%	1.0%	1.0%	1.0%
Excess ERAF (Ongoing Portion)	9.1%	-8.3%	0.0%	0.0%	0.0%	0.0%
Vehicle Rental Tax (Measure T) (2)	-13.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Sales Tax	0.7%	2.0%	2.0%	2.0%	2.0%	2.0%
Property Transfer Tax	9.1%	3.0%	3.0%	3.0%	3.0%	3.0%
Transient Occupancy Tax(3)	44.0%	64.1%	39.8%	7.7%	7.3%	6.9%
Property Tax In-Lieu of VLF	7.8%	4.0%	4.0%	4.0%	4.0%	4.0%
Interest & Investment Income	67.7%	5.0%	3.0%	3.0%	3.0%	3.0%
Other Revenue	7.9%	-0.5%	0.3%	0.4%	0.4%	0.4%
Overall Growth	8.18%	2.65%	3.22%	3.04%	3.06%	3.08%
Public Safety Sales Tax (Prop. 172)	2.9%	2.0%	2.0%	2.0%	2.0%	2.0%
Measure K Sales Tax	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%

(1) Reflects actual growth.
(2) Drop in Measure T is attributed to alternative transportation (e.g., UBER, LYFT).
(3) Assumes opening of the 350 room Airport Hyatt in 2019.
Source: County.

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; actual results may differ from such projections and such differences may be material.

Table 6
COUNTY OF SAN MATEO
GENERAL FUND DISCRETIONARY REVENUE PROJECTIONS – 5-YEAR PROJECTED GROWTH
Fiscal Year 2017-18 to Fiscal Year 2022-23

	Fiscal Year 2017-18	Fiscal Year 2022-23	5-Year Aggregate Growth
Secured Property Tax	$ 251,046,893	$ 306,772,957	$ 55,726,064
Unsecured Property Tax	10,205,354	10,573,620	$ 368,266
Excess ERAF (Ongoing)[1]	60,000,000	55,000,000	$ (5,000,000)
Vehicle Rental Tax (Measure T)	10,945,852	12,085,105	$ 1,139,253
Sales Tax	24,056,794	26,560,645	$ 2,503,850
Property Transfer Tax	11,007,724	12,760,969	$ 1,753,245
Transient Occupancy Tax	2,307,690	6,546,726	$ 4,239,036
Property Tax In-Lieu of VLF	106,363,690	129,407,692	$ 23,044,002
Interest & Investment Income	18,798,668	21,812,625	$ 3,013,957
Other Revenue	50,744,091	51,201,339	$ 457,248
General Purpose Revenue Growth	$545,476,756	$632,721,678	$87,244,922
Public Safety Sales Tax (Prop. 172)[2]	$ 80,872,048	$ 89,289,276	$ 8,417,228
Measure K Sales Tax	$ 89,602,981	$ 98,928,931	$ 9,325,950
Excess ERAF (One-Time)	$ 68,919,064	$ -	$ (68,919,064)

(1) One-half of anticipated Excess ERAF ($55 million) is budgeted and no assumptions 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.

These growth assumptions represent an increase in General Fund revenues of $87.2 million over the next five years. Based on the close of the secured tax roll, Secured Property Tax revenues increased 8.0% in fiscal year 2017-18 and are projected to grow 4.0-5.0% through fiscal year 2022-23 for a projected increase of $55.7 million over the five-year period. Sales tax growth is projected to grow at 2.0% through fiscal year 2022-23 for a projected increase of $2.5 million over the five-year period. In addition Property Tax In Lieu of VLF, which grows at the same rate as Secured Property Tax, is projected to grow by $23 million (or 21.6%) over the next five years. Transient Occupancy Tax (TOT) growth projections are increased due to high inclusion of the anticipated opening of the 350-room Airport Hyatt in 2019, which is anticipated to add approximately $2.5 million annually and then hold at 2% annually thereafter. 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 $8.4 million over the five-year period.

Expenditure Growth Projections. Ongoing discretionary expenditures are expected to grow $115.3 million or 17.4% 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 $100.8 million from fiscal year 2018-19 to fiscal year 2022-23, largely due to projected labor agreements with many of the bargaining units beginning in the fall of 2018. Furthermore, 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 $70.6 million (or 3.0% per year).

In its expenditure projections, the County factors in 9% annual growth for health benefits, 3% annual growth for dental benefits, and applies the blended retirement contribution rate of 36.02% (the statutory rate for fiscal year 2018-19) for fiscal years 2019-21 through 2022-23. 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 7
SUMMARY OF SALARY AND BENEFITS INCREASES
Fiscal Year 2017-18 through 2022-23 [(1)]

Expenditure	Fiscal Year 2017-18 Adopted Budget	Fiscal Year 2022-23 Projected	Five Year Increase	Aggregate Percent Change
Salaries	$584,405,938	$675,192,676	$90,786,738	15.53%
Overtime/Extra Help/Special	62,350,555	74,208,762	11,858,207	19.02%
FICA & Medicare	33,493,000	38,034,527	4,541,527	13.56%
County Retirement Contribution[(2)]	180,730,103	211,855,069	31,124,966	17.22%
County Retirement Pre-Pay	27,630,129	28,889,962	1,259,833	4.56%
Other Retirement	339,039	362,272	23,233	6.85%
Health & Dental Benefits	105,627,017	145,300,813	39,673,796	37.56%
Worker’s Compensation	16,374,107	16,901,816	527,709	3.22%
Other Benefits	19,212,547	17,099,696	(2,112,851)	-11.00%
Total Salaries & Benefits	$1,030,162,435	$1,207,845,594	$177,683,159	17.25%
Claiming Revenue Offset (30%)			$53,304,948	
Net Increase in Salaries and Benefits			$124,378,211	

(1) Excludes overtime, extra help, prepayments to SamCERA and other labor costs.
(2) The percent change in the County’s Retirement Contribution is below projected salary increases based on a statutory rate of 36.02% in fiscal year 2018-19. Despite the County’s plan to pay down its unfunded pension liability, the statutory rate of 36.02% is used for projection purposes in fiscal years 2018-19 through 2022-23.

Source: County.

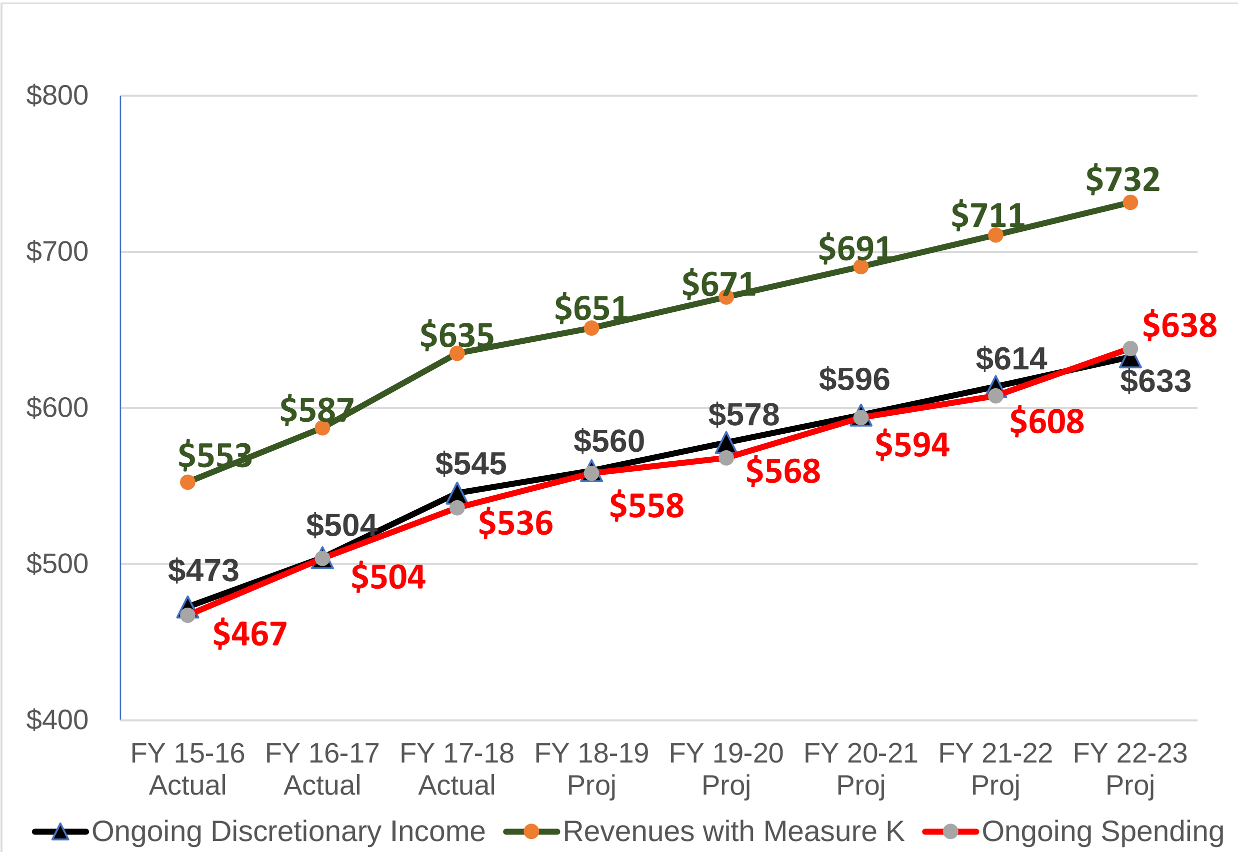
In August 2013, the Board adopted a plan to aggressively pay down the County’s unfunded pension liability, beginning with a $50 million contribution in fiscal year 2013-14 followed by annual contributions of $10 million through fiscal year 2022-23. The plan also includes funding the retirement system at a rate of 37% 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 2022-23. 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 $91.3 and $98.9 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 $93.2 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 2018, the Board approved the use of $193.8 million of Measure K Sales Tax proceeds, including $105 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 Medical Center.

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

Table 8
COUNTY OF SAN MATEO
GENERAL FUND DISCRETIONARY REVENUE AND EXPENDITURE PROJECTIONS(1)
Fiscal Years 2015-16 through 2022-23
($ 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. The first two fiscal years of the CIP consist of the planned expenditures for fiscal years 2017-18 and 2018-19. The projected expenditures shown for the remaining three fiscal years (fiscal years 2019-20 through 2021-22) are included primarily for project planning purposes and do not necessarily reflect a commitment of funds. 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 9
COUNTY OF SAN MATEO
5-YEAR CAPITAL IMPROVEMENT PLAN

Funding Source	FY 2017-18 Adopted	FY 2018-19 Recommended	FY 2019-22 Projected	5-Year Projected Funding
General Fund	$128,064,459	$ 50,116,817	$138,339,300	$316,520,576
Measure K	60,625,324	9,000,000	68,682,895	138,308,219
Accumulated Capital Outlay Fund	10,900,000	45,400,000	19,400,000	75,700,000
Bonds**	8,815,312	86,500,000	176,470,000	271,785,312
Other Funding Sources	2,212,660	0	5,600,000	7,812,660
Proposition 172	6,300,000	4,400,000	500,000	11,200,000
Departmental	6,464,000	3,775,000	800,000	11,039,000
Parks Fund	149,729	0	0	149,729
Facility Surcharge	568,277	1,000,000	0	1.568.277
Future Recommended Capital Program Funding (Facilities)	0	0	18,000,000	18,000,000
TOTAL	$224,099,761	$200,191,817	$427,792,195	$852,083,773

** Includes 2018A Bonds
Source: County.

County General Fund Reserves and Reserves Policies

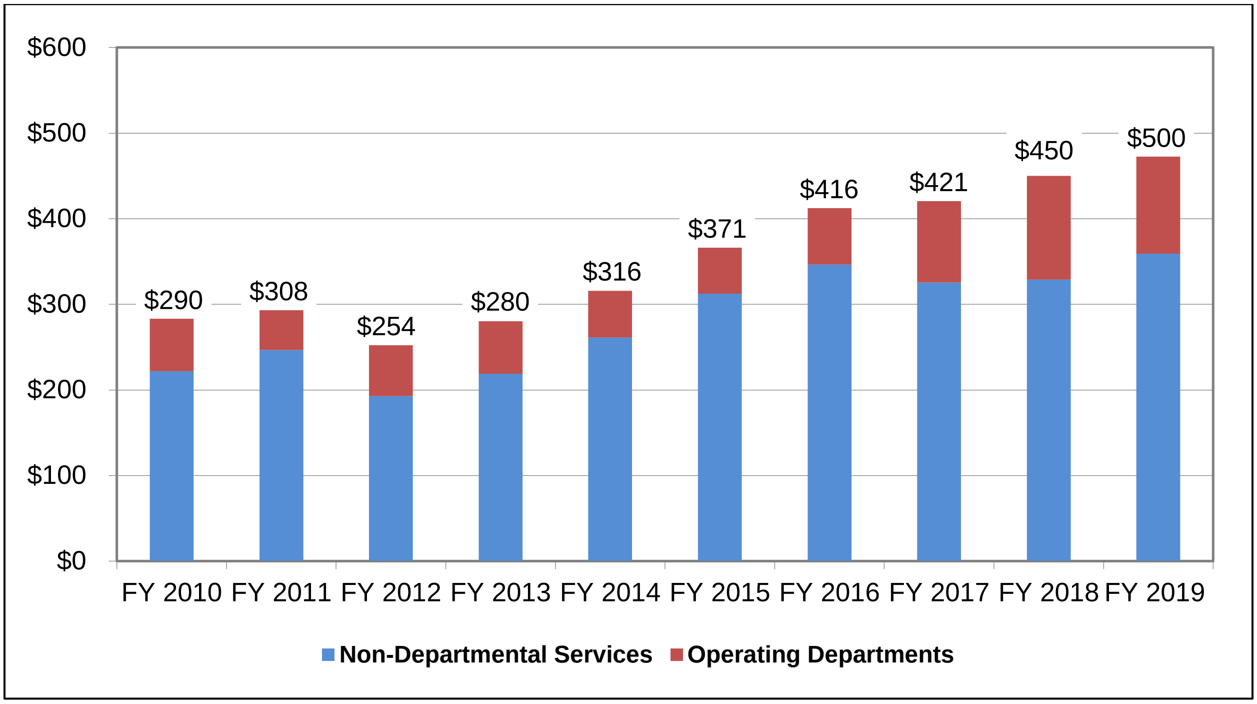
The Board approved the original County Reserves Policy in April 1999, which was revised most recently in June 2012 (the "Reserves Policy"). The County's fiscal officers initiated the creation of the Reserves Policy to reduce the negative fiscal impacts on the County during times of economic uncertainty 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 2018-19, the appropriated General Fund Reserves and Contingencies of $283.8 million (or 16.9% of Net Appropriations) exceed the Reserves Policy's minimum reserves requirements of 10%.

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

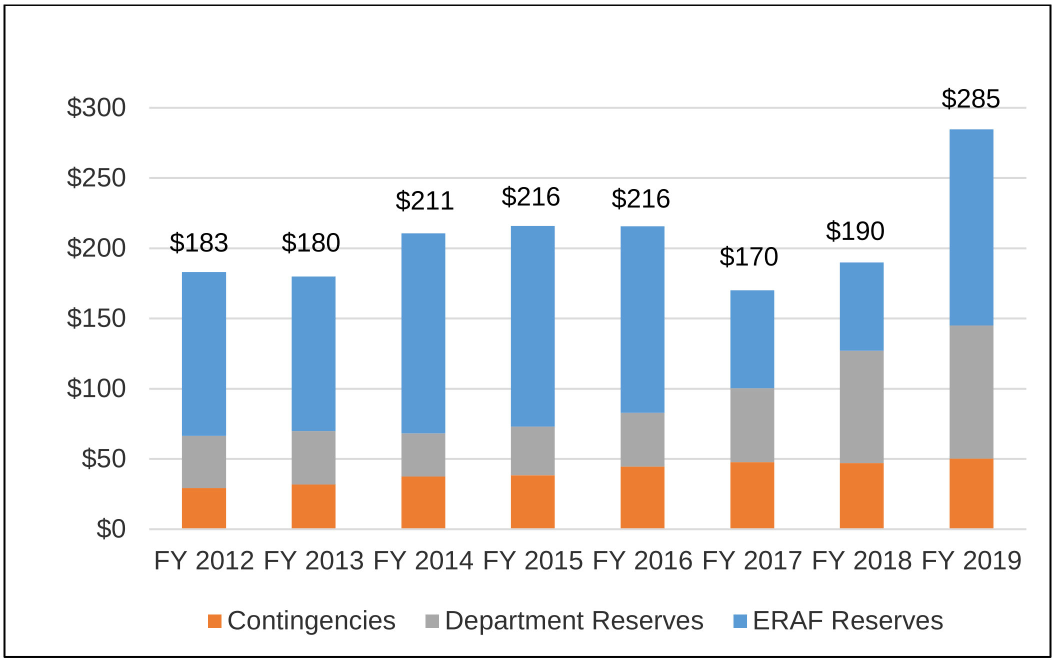
Table 10
COUNTY OF SAN MATEO
BEGINNING GENERAL FUND BALANCES
Fiscal Years 2009-10 through 2018-19
($ in Millions)



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.

Table 11
COUNTY OF SAN MATEO
GENERAL FUND CONTINGENCIES AND RESERVES
Fiscal Years 2011-12 through 2018-19
($ 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.

Table 12
COUNTY OF SAN MATEO
"ONE-TIME" USE OF EXCESS ERAF
Fiscal Years 2007-08 through 2018-19

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	25.6	Contribution to Pension UAAL.

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. Over the last several years, State and federally mandated expenditures in justice, health and welfare have grown at a greater rate than the County's discretionary general-purpose revenues.

The County is heavily dependent upon the State for a significant portion of its revenues. In fiscal year 2018-19, State aid accounts for approximately 7.1% of General Fund revenues, and total State revenues (including

State aid and other State revenues) account for approximately 25.2% of General Fund revenues. See “2018-19 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 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.

Fiscal Year 1991-92 Realignment Program

In fiscal Year 1991-92, the State and county governments collectively developed a program realignment system (the “1991-92 Realignment Program”) that removed State funding for certain health and welfare programs, and provided counties with additional flexibility to administer such programs. Under the 1991-92 Realignment Program, certain health and welfare services are funded by a 0.5% increase in sales taxes and increased vehicle license fees. Since counties receive their share of the funding for health and welfare programs under a fixed formula prescribed by State law, the flow of funds is no longer subject to the State budget process. If sales tax and vehicle license fee revenues are not realized as expected, county governments will still maintain responsibility for the management and cost of such programs.

On June 27, 2013, Governor Brown signed into law AB 85, which provides a mechanism for the State to redirect certain 1991-92 Realignment Program health care funding to social service programs. With California electing to implement a state-run Medicaid expansion pursuant to the Affordable Care Act, the State anticipates that the cost to counties for providing health care services to the indigent population will decrease as this population becomes eligible for coverage through Medi-Cal or the State-run health insurance exchange.

Public Safety Realignment

The approval of the Public Safety Realignment Act of 2011 (AB 109) transferred responsibility for the custody and supervision of specific low-level inmates and parolees from the California Department of Corrections and Rehabilitation to counties. Funding for AB 109 is financed by redirecting 1.0625% of State sales tax revenue and a portion of Vehicle License Fee revenues from the State to the counties. In November 2012, California voters passed Proposition 30, which authorized a constitutional amendment prohibiting the State Legislature from removing AB 109 funding.

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. Total revenues from the State represent approximately 25% of the County General Fund revenues appropriated in the budget for fiscal years 2017-18 and 2018-19, 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 27, 2018, Governor Brown signed the California State Budget for Fiscal Year 2018-19 (the "2018 Budget Act"). The 2018 Budget Act projects a beginning fund balance surplus from fiscal year 2017-18 of $8.5 billion, total revenues and transfers of $133.3 billion, total expenditures of $138.7 billion, and a year-end surplus of $3.1 billion for fiscal year 2018-19. Of the projected year-end surplus, approximately $1.2 billion is to be allocated to the Reserve for Liquidation of Encumbrances and approximately $2.0 billion is to be deposited into the Rainy Day Fund, which would bring the balance to $13.77 billion, reaching the Constitutional funding target established under Proposition 2 in 2014.

The 2018 State Budget Act reflects an overall improvement in the State revenue forecast from fiscal year 2016-17 through fiscal year 2018-19, resulting in an increase in total resources available of approximately $6.7 billion over the Governor's Proposed Budget for fiscal year 2018-19. The 2018 Budget Act includes an increase in total expenditures of approximately $7.0 billion over the Governor's Proposed Budget for fiscal year 2018-19 and leaves the state with almost $16 billion in state reserves by the end of 2018-19 to weather the next recession. Key one-times spending priorities included in the 2018-19 Budget Act, include counteracting the effects of poverty and combatting homelessness, mental health services, infrastructure and K-12 education.

The items of major interest to the County in the 2018 Budget Act are summarized below. 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.

- *No Place Like Home.* The 2018 State Budget Act includes a proposal to place a measure on the November 2018 ballot to validate the No Place Like Home Program and accelerate the issuance of bonds to help address the State's housing shortage and expand housing opportunities for individuals with mental illness and who are chronically homeless. If approved by the voters, up to $140 million in Mental Health Services Act funding would be authorized to be diverted in fiscal year 2018-19 to jumpstart the No Place Like Home Program and allow the issuance of up to $2 billion in bonds.

- *Homelessness.* The 2018 State Budget Act includes $609 million of statewide funding for various programs in fiscal year 2018-19 to assist local governments in their immediate efforts to address homelessness. The homelessness package includes $500 million for Homeless Emergency Aid to local governments. This one-time funding is spread over a number of competitive and non-competitive programs focused on funding a variety of homelessness services – such as shelter services, rental assistance outreach, and construction of affordable housing. To date, the County estimates it should receive $7.3 million in formula funding over five different programs. Any additional funds received about this amount are currently unknown and subject to competition for this funding.

- *Children's Mental Health Mandate (AB 3632) Repayment.* The 2018 State Budget Act includes a repayment of approximately $254 million for repealed State mandates related to services provided by counties to seriously emotionally disturbed children (AB 3632). The total estimated repayment due to the County under AB 3632 is approximately $8.4 million.

- *IHSS Administration.* The State Legislature provided an additional $15.4 million in the State General Fund for county IHSS administrative costs in fiscal year 2018-19. This is in addition to the $24 million General Fund increase included in the May Revision that provided funding for both county IHSS administration ($22.5 million) and Public Authority administration ($1.5 million).

- *CalWORKs Single Allocation.* The State Legislature provided an additional $23.5 million in the State General Fund for Single Allocation in fiscal year 2018-19. This is in addition to the $55.8 million in Temporary Assistance for Needy Families (TANF) funding that was included in the May Revision that was partially offset by a reduction for further caseload declines.

- *Medi-Cal County Administration.* The 2018 State Budget Act includes an increase of $54.8 million ($18.5 million in the State General Fund) for Medi-Cal county administration. This amount is based on an adjustment that incorporates the increase in the California Consumer Price Index and similar adjustments will be made in subsequent years. The estimated funding for the County is not available at this time.

- *Medi-Cal County Indigent Savings.* The 2018 State Budget Act projects to spend $18.7 billion ($1.7 billion from the General Fund) on the ACA Optional Expansion population in fiscal year 2018-19. This expansion will be funded in part by a redirection of some of the savings experienced by counties who have responsibility for indigent health care programs. The State is projected to redirect approximately $773 million in fiscal year 2018-19 for this purpose. The County estimates that up to $16.2 million in 1991-92 Realignment Program funding may be redirected from the County to the State.

- *Foster Care Support.* The 2018 State Budget Act includes $34.2 million of statewide funding in fiscal year 2018-19 to support foster youth and their caregivers, including providing caregivers with up to six months of emergency assistance payments pending approval as a resource family; eliminating the backlog of applications and improve the assessment of a child's needed level of care; and training voucher grant awards to former foster youth up to age 26.

- *AB 109 Realignment Funding.* The 2018 State Budget Act estimates a statewide AB 109 Program base allocation to counties of approximately $1.3 billion in fiscal year 2018-19. The estimated base allocation for the County for fiscal year 2017-18 is approximately $16.3 million. The final allocation *to* the County will be determined in the fall of 2018.

- *Voting Systems Upgrade and Replacement.* The 2018 State Budget Act includes a one-time expenditure from the State General Fund of $134.3 million to support voting systems upgrade and replacement. This funding will provide reimbursement to counties by matching county funds spent on voting system replacement activities on a dollar-for-dollar basis, up to the maximum amount of funds allocated for this purpose.

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. "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."

Table 13
COUNTY OF SAN MATEO
SUMMARY OF BUDGETED REVENUE SOURCES
Fiscal Years 2015-16 through 2018-19

	Budgeted 2015-16	**Budgeted 2016-17**	**Budgeted 2017-18**	**Budgeted 2018-19**
Taxes:				
Property Taxes[(1)]	24.54%	19.42%	20.26%	20.11%
Excess ERAF[(2)]	4.10	2.73	2.65	2.44
Sales Taxes[(3)]	2.06	1.34	1.30	1.22
Measure K Sales Tax[(4)]	9.89	8.81	8.82	8.62
All Other Taxes	1.87	0.74	0.74	0.70
Intergovernmental Revenues:				
Aid from Federal Agencies	8.34	6.09	5.59	5.52
Aid from State[(5)]	26.73	20.83	25.70	24.88
Aid from Local Agencies	1.83	1.15	1.34	1.26
Charges for Services	10.62	16.97	14.88	13.65
Interfund Revenue	5.57	5.24	4.90	4.53
Licenses, Permits and Franchises	0.48	0.49	0.48	0.47
Fines, Forfeitures and Penalties	0.56	0.47	0.36	0.33
Use of Money and Property	0.64	0.78	0.86	0.98
Miscellaneous Revenue	2.73	2.02	2.25	1.99
Other Financing Sources	0.03	12.90	9.88	13.30
Total Revenue	100.00%	100.00%	100.00%	100.00%

(1) Property Taxes include Secured, Unsecured, Supplementals and In-Lieu VLF amounts. See "—VLF Property Swap"
(2) Only includes 50% of the projected General Fund apportionment of Excess ERAF. 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) 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 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 RPTTF residual of the former RDAs. See "—Redevelopment Agencies (RDAs)" below.

Table 14
COUNTY OF SAN MATEO
SUMMARY OF TAX LEVIES AND COLLECTIONS
SECURED PROPERTY TAX ROLL
Fiscal Years 2007-08 through 2017-18

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)]
2007-08	$ 164,670,885	$ 5,453,900	3.31%	$ 21,149,692
2008-09	175,408,516	4,941,258	2.82	30,337,555
2009-10	177,454,751	3,886,259	2.19	36,181,418
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

(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
UNSECURED PROPERTY TAX ROLL
Fiscal Years 2007-08 through 2017-18

Fiscal Year	Unsecured Property Levy at June 30[(1)]	Total Current and Non-Current Levy Collections[(2)]	Percentage of Total Collections to Original Levy
2007-08	$ 9,758,096	$ 8,489,663	87.0%
2008-09	12,110,729	9,188,849	75.9
2009-10	11,102,420	9,950,214	89.6
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

(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 16
COUNTY OF SAN MATEO
SUMMARY OF TAX LEVIES AND COLLECTIONS
SUPPLEMENTAL ROLL
Fiscal Years 2007-08 through 2017-18

Fiscal Year	Supplemental Roll Tax Change (Net) [(1)]	Total Collections at June 30 [(2)]	Percentage of Total Collections to Current Charge
2007-08	$ 12,911,574	$ 9,099,483	70.5%
2008-09	9,244,822	8,038,564	87.0
2009-10	6,532,771	4,663,007	71.4
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

(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 17
COUNTY OF SAN MATEO
SECURED ROLL ASSESSED VALUATION
Fiscal Years 2013-14 through 2018-19
($ in Thousands)

Fiscal Year	Land	Improvements	Personal Property	Exemption	Net Total	% Change from Prior Fiscal Year
2013-14	$ 71,325,753	$ 78,511,586	$ 1,761,223	$ 4,092,508	$ 147,506,053	6.2%
2014-15	75,915,997	82,655,243	1,805,492	4,288,346	156,088,386	5.8
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

Source: County Controller.

Approximately 62.9% of the County's assessed valuation is based on single family residences based on 2018-19 assessed valuations. Set forth below is the per-parcel assessed valuation of single family residences:

Table 18
COUNTY OF SAN MATEO
Per Parcel 2018-19 Assessed Valuation of Single Family Homes

	No. of Parcels	2018-19 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single-Family Residential	161,152	$133,365,564,630	$827,576	$579,544

2018-19 Assessed Valuation	No. of Parcels[1]	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $99,999	11,704	7.263	7.263%	$ 911,613,443	0.684%	0.684
$100,000 - $199,999	18,855	11.700	18.963	2,685,591,096	2.014	2.697
$200,000 - $299,999	13,126	8.145	27.108	3,284,316,087	2.463	5.160
$300,000 - $399,999	14,385	8.926	36.034	5,029,056,552	3.771	8.931
$400,000 - $499,999	12,761	7.919	43.953	5,743,323,488	4.306	13.237
$500,000 - $599,999	12,268	7.613	51.566	6,751,794,207	5.063	18.300
$600,000 - $699,999	11,604	7.201	58.766	7,534,811,244	5.650	23.950
$700,000 - $799,999	10,709	6.645	65.412	8,022,015,404	6.015	29.965
$800,000 - $899,999	9,463	5.872	71.284	8,034,051,347	6.024	35.989
$900,000 - $999,999	7,857	4.876	76.159	7,447,139,533	5.584	41.573
$1,000,000 - $1,099,999	5,737	3.560	79.719	6,007,166,866	4.504	46.077
$1,100,000 - $1,199,999	4,393	2.726	82.445	5,042,496,072	3.781	49.858
$1,200,000 - $1,299,999	3,548	2.202	86.647	4,428,934,995	3.321	53.179
$1,300,000 - $1,399,999	3,185	1.976	86.623	4,295,316,619	3.221	56.400
$1,400,000 - $1,499,999	2,754	1.709	88.332	3,985,496,656	2.988	59.388
$1,500,000 - $1,599,999	2,380	1.477	89.809	3,682,887,530	2.761	62.149
$1,600,000 - $1,699,999	1,894	1.175	90.984	3,121,338,261	2.340	64.490
$1,700,000 - $1,799,999	1,600	0.993	91.977	2,797,768,486	2.098	66.588
$1,800,000 - $1,899,999	1,377	0.854	92.832	2,545,472,899	1.909	68.496
$1,900,000 - $1,999,999	1,138	0.706	93.538	2,215,713,354	1.661	70.158
$2,000,000 and greater	10,414	6.462	100.000	39,799,260,491	29.842	100.000
	161,152	100.000		$133,365,564,630	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 (General Fund only) of such refunds varies from year to year. Of the $10.64 million in total refunds for fiscal year 2017-18, the County's share was approximately $1.36 million (or approximately 12.75%).

Table 19
COUNTY OF SAN MATEO
REFUNDS OF PROPERTY TAXES

Fiscal Year	Amount Refunded From All Taxing Entities in County
2011-12	$ 42,025,531
2013-14	33,204,978
2014-15	22,892,133
2015-16	16,385,955
2016-17	11,319,911
2017-18	10,643,109

Source: County Controller.

As of September 12, 2018, the total number of open appeals before the AAB, including appeals for all prior tax years, was 1,076. The difference between the current assessed values and the taxpayers' opinion of values for the open AAB appeals is approximately $24.4 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 $244 million of which approximately 12% (or $29.3 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 "—Principal Taxpayers—Genentech Tax Settlement" and "—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 2017-18, 0.9040% of the County's total net assessed valuation constituted these types of properties subject to State assessment by the SBOE, for which approximately $18.9 million of 1% general property taxes were collected in fiscal year 2017-18. The portion of these tax collections attributable to the General Fund was $3.6 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 2017-18, the top ten property taxpayers only accounted for approximately

5.25% of the total assessed valuation in the County and the top taxpayer accounts for approximately 1.14% of the total assessed valuation in the County. Table 20 shows the ten largest taxpayers in the County, as shown on the 2017-18 locally assessed tax rolls based on the January 1, 2017 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 2017-18. Approximately 14% of these tax revenues are received by the County.

Table 20
COUNTY OF SAN MATEO
TEN LARGEST TAXPAYERS
2017-18 ASSESSED VALUES
SECURED AND UNSECURED ROLLS
($ in Thousands)

Taxpayer	Nature of Business	Taxable Assessed Value[1]	% of Total Taxable Assessed Value[2]
Genentech	Biotechnology	2,203,689	1.14
United Airlines	Air Carrier	1,794,939	0.93
Gilead Sciences Incorporation	Biopharmaceutical	1,590,023	0.82
Google Inc.	Technology	1,063,589	0.55
American Airlines	Air Carrier	685,461	0.36
Oracle Corporation	Software	678,295	0.35
Facebook	Technology	659,639	0.34
Slough BTC LLC	Lease	621,229	0.32
Peninsula Innovation Partners LLC	Financial Services/Consulting	434,985	0.23
Virgin America	Air Carrier	410,394	0.21

(1) Assessed valuation on the locally assessed rolls as of January 1, 2017.
(2) Total taxable assessed value on the locally assessed rolls as of January 1, 2017, was approximately $165 billion. This amount is subject to pending appeals. See "Pending Genentech Property Tax Assessment Appeals" below.
Source: County Assessor.

Table 21
COUNTY OF SAN MATEO
TEN LARGEST TAXPAYERS
TAXES PAYABLE[1]
Fiscal Year 2017-18

Taxpayer	Total
Pacific Gas & Electric Co.	25,006,197
Genentech	22,772,277
United Airlines	19,789,656
Gilead Sciences	18,250,464
Google	11,678,222
Facebook	8,765,802
Oracle	7,828,296
American Airlines	7,553,089
Slough BTC LLC	6,585,648
Peninsula Innovation Partners LLC	4,810,497
TOTAL	133,040,148

(1) Based on secured and unsecured properties. Utilities not included.
Source: County Controller.

Genentech Tax Settlement. In April 2011, the County settled property tax claims brought by Genentech, Inc. ("Genentech"), the County's largest tax payer, that the company paid excess taxes for the tax years 1990 through 1999 (the "Genentech Settlement"). The original dispute arose when Genentech challenged the methodology used to determine the taxable value of its land, buildings, fixtures and equipment. The allegations included claims for refunds of tax payments and claims asking for revisions to the methods, formulas, and calculations used to determine taxable property categories and values. The Genentech Settlement not only included a resolution of the valuation of the property at issue, but also encompassed a refund due pursuant to a 2008 Court-issued Writ ordering the enrollment of the property values on certain Genentech assessment appeal applications for tax years 1994 to 1999. The County agreed to credit Genentech with $26.5 million in property taxes plus interest over the next six years. The County credited $1.1 million in fiscal year 2010-11, $7.0 million in fiscal year 2011-12, $5.9 million in fiscal year 2012-13, and $3.1 million in each of the fiscal years 2013-14 through 2016-17.

Pending Genentech Property Tax Assessment Appeals. There are also currently outstanding appeals brought by 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, the total refund and interest at issue for those 2003 tax year appeals is currently estimated to be between $5 million and $7 million. There are currently two lawsuits challenging the AAB's decision. The Assessor filed a Writ of Mandate which was decided in the Assessor's favor on May 4, 2018. The Court remanded the matter to the AAB with instructions to increase certain costs included in Genentech's assessment by approximately $500 million. In August 2018, Genentech appealed the Superior Court's decision. A decision on Genentech's appeal is not expected for at least 18 months. In February 2018, Genentech also filed an action for refund challenging the remaining portion of the AAB decision. That matter is set for trial in February 2019. Presently, the value of Genentech's claims in that suit is unclear, but if Genentech prevails, then a refund of $6.7 million or more may be due.

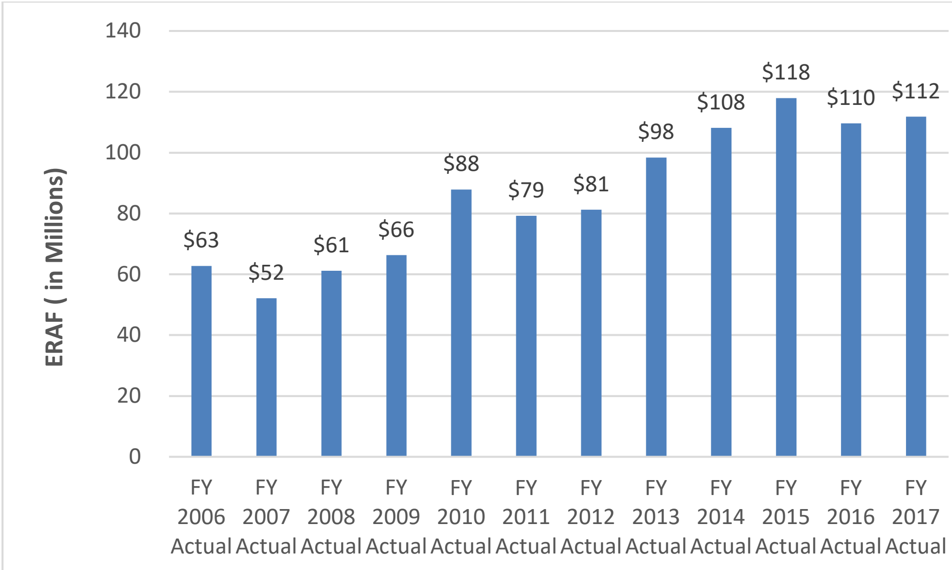
Return of Local Property Taxes – Excess ERAF

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 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 (as defined above) or State legislation attempting to utilize ERAF funds for other State purposes.

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 2005-06 to 2016-17



Source: County.

VLF Property Swap

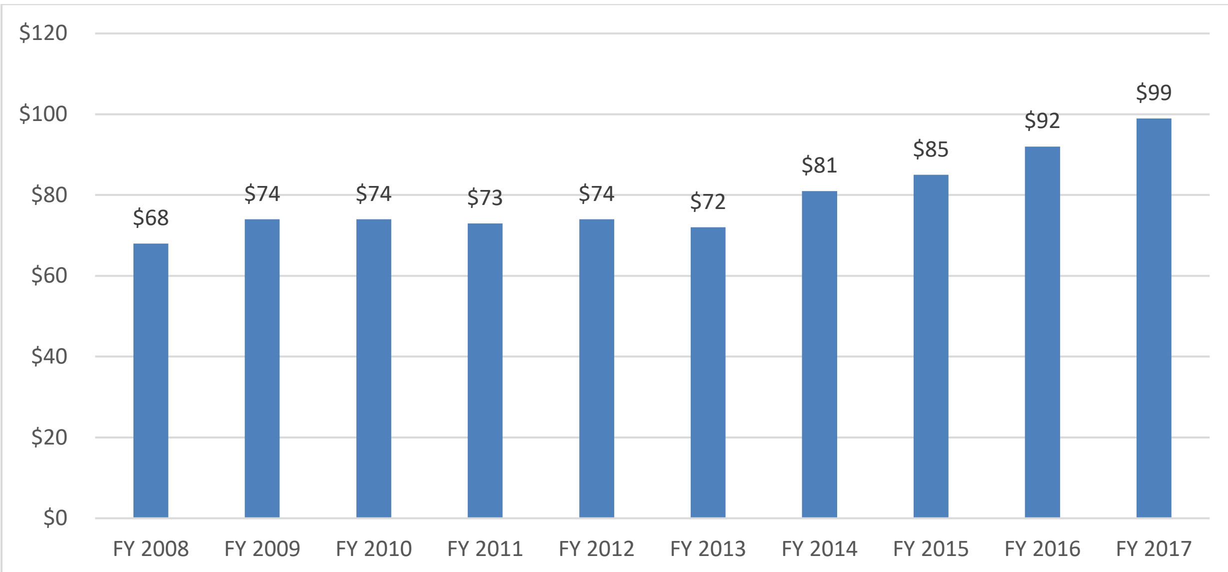
In 2004, Senate Bill 1096 ("SB 1096") mandated a revenue shift whereby certain sales and use taxes and Vehicle License Fees (VLF) moneys that were previously distributed to local government entities would instead be diverted to the State for its purposes or otherwise eliminated. In exchange, the State would replace the local governmental entities' lost revenues with an "In-Lieu VLF" amount. Each year, the In-Lieu VLF amounts 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 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 increases, the County and cities within the County could potentially face shortfalls in their In-Lieu VLF amounts.

Based upon varying assumptions, the County may experience a shortfall of ERAF and property tax funds available to pay the In-Lieu VLF amounts, beginning in fiscal year 2020-21 and annually thereafter. Such revenue shortfall for the County if it occurs, could range from $6-24 million per year. Historically, the State has reimbursed counties and other taxing entities for the In-Lieu VLF shortfall via one-time budget appropriations. In the event of future shortfalls, the County will seek reimbursement from the State. However, the County has not experienced such a shortfall since fiscal year 2013-14 and that shortfall was subsequently reimbursed by 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
Fiscal Years 2007-08 through 2016-17
($ 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 Revenue and Taxation Code of the State. Generally, the Teeter Plan provides for a tax distribution procedure in which 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 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 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 2017-18, was approximately $24.7 million, or a minimum of 1.0%, 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.

Intergovernmental Revenues

Aid from other governmental agencies is one of the County's largest revenue sources, accounting for approximately $712 million in the 2018-19 County Budget, or approximately 32% of the County's total revenues (all funds). The County derives approximately 30% of its total General Fund revenues from State and federal sources (5.52% Federal and 24.88% State). 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 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 2017-18, approximately $9.9 million, or 18% of the County's total debt service, was attributable to the costs of building the Medical Center. Approximately 46% of the Medical Center 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 Medical Center 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 Medical Center has met the disproportionate share criteria through June 30, 2018, and continued disproportionate share eligibility is expected by the County. The Medical Center also maintains an SPCP contract. Therefore, it currently meets the eligibility criteria. However, the Medical Center 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 Medical Center), recording fees, legal fees, and court 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 $45 million in the 2018-19 County Budget, or approximately 2% 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 Medical Center. The County received approximately $7.6 million in fiscal year 2017-18. It is projected that the County's share of settlement payments for fiscal year 2018-19 will be approximately $6.8 million. 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 the SamCERA's 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, 2018, the total number of County plan participants (active, retired and deferred) was 12,142.

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 62 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 basic employee contributions in November 2014 and completed it in July 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.

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 the 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 2% at 62 for the general member benefit formula and 2.7% at 57 benefit formula 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 of PEPRA members' contribution on the employees' behalf, with certain exceptions. PEPRA also limits the types of compensation that can be used and caps the total amount of 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 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 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, GASB adopted final changes in pension accounting and financial reporting standards for state and local governments ("GASB Statement No. 67" and "GASB Statement No. 68"). These changes will impact 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. GASB Statement No. 67 was implemented by SamCERA with the issuance of SamCERA's financial statements for the fiscal year ended 2013-14, and GASB Statement No. 68 was implemented by the County with the issuance of the County's financial statements for fiscal year 2014-15. See APPENDIX C – "COMPREHENSIVE ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED JUNE 30, 2017."

The new 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, or 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
1/8/12-12/31/12	3% at age 55*
1/8/12-12/31/12	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 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% @ at 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 5 years of service credit and 10 years of service.
- 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 vesting occurs after 10 years of service credit. Members 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, which is 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 actuarial valuation reports every two years for the purpose of recommending contribution rates for employers (including the County) and members. The most recent actuarial valuation report as of June 30, 2018 was prepared by Milliman Inc. and submitted to the SamCERA board in September 2018. This report can be accessed at www.samcera.org., which website is not incorporated herein by reference.

Among the actuarial assumptions included in the June 30 2018 Milliman report are a 2.75% annual inflation rate, a 6.75% annual investment rate of return, and a 2.50% general wage increase assumption. The June 30 2018 actuarial valuation report will be used to determine employer and member contribution rates for the fiscal year beginning July 1, 2019.

For fiscal years 2017-18 the County's statutory contribution rate was 33.91%, which was equal to $173 million; for fiscal year 2018-19, the statutory contribution rate is estimated to be 35.48%, or an estimated $25.6 million. These contribution rates were determined based upon an actuarial valuation report as of June 30, 2016, using the Entry Age Normal actuarial cost method. The actuarial assumptions included a 2.75% annual inflation rate, a 7.0% annual investment rate of return, and a 3.25% general wage increase assumption. These contribution rates do not include the voluntary supplemental payments made by the County to SamCERA pursuant to a Memorandum of Understanding described below.

In June 2017, in consultation with its actuary, SamCERA reduced its assumed investment rate of return from 7% to 6 ¾%.

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 2022-23, after which, the County statutory contribution rates are projected to fall below 15% and approximate the "normal cost" thereafter.

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 can be 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 deviation 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 2017-18 and estimated information for fiscal year 2018-19. These contributions include the supplemental payments made by the County to CalPERS pursuant to a 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
Fiscal Years 2010-11 through 2018-19
($ 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(	192,593	121.1
2017-18	200,937	115.9
2018-19[2]	218,033	113.3

(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 agreeing to make contributions to SamCERA in excess of the required actuarial contributions to accelerate the payment of the UAAL. The County made $24.5 million of additional contributions to SamCERA in fiscal years 2011-2012 and 2012-13. 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 $140 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 opted to apply this reduction to the 38% of pay that the MOU stipulated, resulting in a new contribution rate of 37.14%.

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, 2018, will be amortized over new 15-year periods, which is commonly referred to as a 15-year layered amortization.

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 five most recent actuarial valuation dates. As of June 30, 2018, the most recent actuarial valuation date, the plan was 87.5% funded.

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

(1) The County is responsible for approximately 96.3% of UAAL.
Sources: SamCERA Actuarial Valuation as of June 30, 2018; 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 eight most recent 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 Or (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

(1) Table includes funding for retirement benefits only. OPEB are not included.
(2) AAL minus market 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, 2018; 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, 2018) was issued by Milliman, Inc. in September 2018 and can be accessed at www.samcera.org. Such website is not incorporated herein by reference.

2017-18 Grand Jury Report: In its July 17, 2018 Report (the "Grand Jury Report"), the San Mateo County Civil Grand Jury reported on the status of the County's pension funding obligation. A copy of the Grand

Jury Report can be accessed on the website of the San Mateo County Superior Court at: www.sanmateocourt.org /documents/grand_jury/2017/county_pension.pdf; such website is not incorporated herein by reference.

The Grand Jury Report generally commended the Board and the SamCERA Board of Retirement for actions taken to reduce the County's pension liability. The report cited favorably the County's actions including supplemental contributions to SamCERA under the MOU (as discussed above), limited salary increases, shifting certain pension costs to employees, and reducing benefit plans for new employees. The report also cited SamCERA's actions, including reducing the assumed rate of investment return on its plan assets, adopting an asset allocation model for its investments that is more diversified and less volatile, and using a relatively short 15-year amortization period to determine the annual contributions needed to pay off the UAAL. The Grand Jury Report made three recommendations directed to the County, including:

1. Continue to implement its MOU with SamCERA to eliminate any UAAL.

2. Keep overall salary increases at or below the actuarial rates assumed by SamCERA.

3. In budgeting for years beyond fiscal year 2022-2023, ensure that the anticipated savings that accrue from eliminating the need to pay down an Unfunded Liability are not irrevocably committed to other budgetary purposes, such as operational or other ongoing expenses.

In its response to the Grand Jury Report recommendations, the Board agreed with the first two recommendations. The County stated in its response to the third: "Although the Board agrees in principle that it is prudent to not commit to increases in ongoing operational costs within the county's control, it is difficult to anticipate where future costs or needs may arise."

The Grand Jury Report had only one recommendation to the SamCERA Board of Retirement, which was to continue to conduct Triennial Experience Studies to address potential demographic changes and continue to conduct annual economic analyses to assess its economic assumptions, including Return on Investment. At its July 24, 2018 meeting, the Board of Retirement stated that the Grand Jury Report recommendation would be implemented. The Board stated that it would continue to have its actuary perform its Triennial Experience Studies, in accordance with Government Code Section 31453, and continue to have an actuarial audit performed by its auditing actuary to ensure completeness and soundness of the recommended assumptions and findings contained in the Triennial Experience Studies, and continue to have an annual valuation performed by its actuary to determine if adjustments are needed prior to the Triennial Experience Study.

The County believes (and the Grand Jury Report confirmed) that it has one of the most conservative retirement funding structures in the State, with a 6.75% earnings rate assumption, gains and losses outside a 20% corridor are recognized immediately, gains and losses within the corridor are smoothed over five years. The UAAL as of June 30, 2008, is being amortized over a 15-year period ending June 30, 2023, and future changes in UAAL beginning with the 2009 valuation being amortized over 15-year layered periods. The County implemented lower retirement tiers for new employees in fiscal year 2011-12, and the lower PEPRA tiers and contribution rates were implemented effective January 1, 2013. See "California Public Employees' Pension Reform Act" above. In addition, as of June 30, 2018, the County's retirement plan was 87.5% funded (based on the actuarial value of assets) without the assistance of pension obligation bonds. See "Funded Status and Funding Progress" above.

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, 2018.

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

Asset Class	Target Allocation	June 30, 2018 - Actual
Equity	40.0%	41.6%
Fixed Income	21.0%	20.5%
Alternatives	13.0%	11.8%
Risk Parity	8.0%	7.1%
Inflation Hedge	18.0%	17.5%
Cash	0.0%	1.5%

Sources: County, SamCERA 2018 CAFR.

The following table summarizes the composition and fair value of SamCERA's assets as of June 30, 2018.

Table 31
SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
MARKET VALUE OF ASSET ALLOCATION
As of June 30, 2018

Asset Allocation	Market Value
Equity	$1,809,329,959
Fixed Income	892,923,149
Alternatives	514,972,248
Risk Parity	311,126,425
Inflation Hedge	761,393,517
Other	84,216,216
Total	$4,373,961,514

Sources: County, SamCERA 2018 CAFR.

Returns. For the past five and ten years ending June 30, 2018, the total plan return has averaged 8.0% and 6.1% per annum, respectively. For the three fiscal years ending June 30, 2016, June 30, 2017 and June 30, 2018 total plan return was 0.7%, 12.6% and 6.7%, respectively. In June 2017 SamCERA's Board of Retirement approved a reduction of the assumed investment rate of return from 7% to s 6.75% for actuarial purposes.

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, 2018) (the "OPEB Actuarial Report") was prepared by Milliman, Inc. in September 2018, and is attached hereto as APPENDIX G – "GASB 45 REPORT OF POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS AS OF JUNE 30, 2018."

The current funding policy of the County is to contribute the actuarially determined contribution each year. Contribution requirements or amendments for Retiree Health Plan members and the County are established through negotiations with individual bargaining units. As further described below, for fiscal year **2017-18**, the County contributed approximately $24.6 million, or approximately 10%, of the actuarially required contributions, to the Retiree Health Plan.

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 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 "subsidy" described above.

Table 32
COUNTY OF SAN MATEO
COUNTY RETIREE HEALTH COSTS
Fiscal Years 2013-14 through 2017-18

	Fiscal Year 2013-14	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18
General Fund	$ 14,732,136	$ 14,054,715	$ 18,580,146	$ 19,463,326	$ 14,395,604
Other Funds	3,903,864	3,472,285	3,396,854	3,298,674	4,170,396
Total Annual Required Contribution	$ 18,636,000	$ 17,527,000	$ 21,977,000	$ 22,762,000	$ 18,566,000
Percentage Contributed by General Fund	79.1%	80.2%	84.5%	85.5%	77.5%

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. Note that these projections do not reflect any hires after July 1, 2018. 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 (including the impact of the ACA "Cadillac" tax) starting at 6% in 2018-19, all as described in greater detail APPENDIX G. Further the health care cost increases incorporate the assumed imposition of an excise tax on high cost health care coverage, or "Cadillac" health plans, under the ACA. 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 Years 2018-19 through 2027-28

Fiscal Year	County Direct Payment	Premium Subsidy	Total Benefit Payments
2018-19	13,832,470	6,628,061	20,460,531
2019-20	14,711,809	7,539,083	22,250,892
2020-21	15,382,402	8,480,123	23,862,526
2021-22	16,404,398	10,243,963	26,648,360
2022-23	17,250,969	11,989,857	29,240,826
2023-24	18,188,550	13,384,359	31,572,909
2024-25	19,071,393	14,898,415	33,969,807
2025-26	19,575,129	16,311,678	35,886,806
2026-27	19,983,659	17,918,824	37,902,483
2027-28	20,611,481	19,157,597	39,769,078
Total	$175,012,260	$126,551,960	$301,564,218

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 15, 2016. 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, 2018 for GASB 74, and for June 30, 2019 for GASB 75. This information further is based on a June 30, 2018 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
Fiscal Years 2009-10 through 2018-19
($ in Thousands)

Fiscal Year	Annual OPEB Cost	% of Annual OPEB Cost Contributed
2009-10	$ 17,331	100.0%
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	25,221	100.0

(1) The county contributed 1 million dollars in additional contribution in fiscal year 2017-18.
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 six most recent valuation dates, reflecting two sets of GASB reporting standards. As of June 30, 2018, the most recent actuarial valuation date, the County's OPEB plan was 75% 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

(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, 2018."

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 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 $55 million per event after the first $1,000,000 claimed per incident; workers' compensation claims up to the maximum statutory limits after the first $1,000,000 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, 2018 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 2018/2019 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 2018-19 is $106.7 million, which exceeds the maximum annual debt service on outstanding debt ($52.1 million).

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 October 1, 2018.

		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	$	1,625,360.20
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		14,840,000
Authority Lease Revenue Bonds (Capital Projects), 2009 Series A (the "2009 Bonds"), fixed rate, bearing or accruing interest at an average rate of 4.91%, payable semiannually (at maturity or earlier redemption) with annual requirements due through 2026*		62,900,000
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		34,150,000
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..........		139,235,000
Authority Refunding Lease Revenue Bonds (Youth Services Campus) 2016 Series A, fixed rate, bearing interest at an average rate of ___%, payable semiannually (at maturity or earlier redemption) with annual principal requirements due through 2036..........		97,525,000
Total	$	350,275,360.20

* To be partially refunded with the proceeds of the 2019A Bonds.
Source: County

The County paid approximately $52.2 million in debt service in fiscal year 2017-18 with respect to the Authority Lease Revenue Bonds, and will pay approximately $50.6 million in debt service due in fiscal year 2018-19, with respect to such obligations.

The following table sets forth the estimated annual debt service on each series of the Authority Lease Revenue Bonds currently outstanding.

Table 36
COUNTY OF SAN MATEO
AUTHORITY LEASE REVENUE BONDS
ANNUAL DEBT SERVICE REQUIREMENTS

Period Ending (June 30)	1993 Bonds	1993A Bonds	2009 Bonds*	2013 Bonds	2014 Bonds	2016 Bonds	Total
2019	$ 955,000	$5,352,781	$9,863,200	$ 3,071,463	$23,464,250	$7,743,175	$50,449,869
2020	995,000	5,323,500	9,883,700	3,068,838	20,484,000	7,743,975	47,499,013
2021	1,035,000	5,344,250	9,902,425	2,185,463	17,342,000	7,744,075	43,553,213
2022	1,075,000	5,335,125	9,920,113	2,187,213	14,023,650	7,748,175	40,289,276
2023	1,115,000	–	9,937,581	2,187,463	13,299,850	7,740,675	34,280,569
2024	1,160,000	–	9,577,319	2,191,088	12,550,600	7,744,425	33,223,432
2025	1,205,000	–	9,418,394	2,183,213	11,780,850	7,747,425	32,334,882
2026	1,255,000	–	9,649,400	2,183,838	10,987,350	7,744,300	31,819,888
2027	1,305,000	–	8,276,706	2,182,713	10,167,100	7,744,550	29,676,069
2028	–	–	–	11,473,313	9,327,350	7,742,550	28,543,213
2029	–	–	–	5,673,263	8,460,100	7,742,675	21,876,038
2030	–	–	–	5,546,419	7,564,550	7,744,175	20,855,144
2031	–	–	–	3,103,906	6,645,550	7,746,300	17,495,756
2032	–	–	–	3,121,081	5,696,800	7,743,425	16,561,306
2033	–	–	–	2,236,538	4,721,400	7,741,375	14,699,313
2034	–	–	–	–	3,717,000	7,744,400	11,461,400
2035	–	–	–	–	2,681,000	7,742,225	10,423,225
2036	–	–	–	–	1,611,000	7,740,425	9,351,425
2037	–	–	–	–	514,800	7,739,062	8,253,863

* To be refunded with the proceeds of the 2019A Bonds.

Anticipated Financings. Based upon the County's Fiscal Year Capital Improvement Program (described above), the County anticipates issuing approximately $407 million of additional "new money" general fund obligations (including the 2018A Bonds) through fiscal year 2021-22. The "new money" issuances may include an issuance of approximately $160 million as early as 2019 to finance the Cordilleras Mental Health Center the South San Francisco Health System hub improvements. The County plans to finance a new parking garage and homeless shelter on a pay-as-you-go basis.

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 October 1, 2018. 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.

Table 37
COUNTY OF SAN MATEO
DIRECT AND OVERLAPPING DEBT
As of October 1,, 2018
($ in Thousands)

Assessed Valuation (including unitary utility valuation): $225,449,784
Redevelopment Incremental Assessed Valuation [1]: $21,636,964

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	$350,275	100. %	$350,275
San Mateo County Flood Control District Certificates of Participation	16,815	100.	16,815
	$367,090		$367,090
OVERLAPPING GENERAL FUND DEBT:			
Cities			
City of Brisbane General Fund and Pension Obligation Bonds	$ 9,529	100. %	$ 9,529
City of Burlingame General Fund and Pension Obligation Bonds	21,075	100.	21,075
City of Daly City Pension Obligation Bonds	20,520	100.	20,520
City of Pacifica General Fund and Pension Obligation Bonds	24,715	100.	24,715
City of San Mateo General Fund Obligations	30,835	100.	30,835
Other City General Fund and Pension Obligation Bonds	31,564	100.	31,564
Special Districts			
Midpeninsula Regional Open Space Park General Fund Obligations	117,451	30.738	36,102
Menlo Park Fire Protection District Certificates of Participation	10,205	100.	10,205
Highland Recreation General Fund Obligations	2,549	100.	2,549
School District			
San Mateo County Board of Education Certificates of Participation	8,745	100.	8,745
South San Francisco Unified School District Certificates of Participation	3,733	100.	3,733
Jefferson Union High School District Certificates of Participation	656	100.	656
Burlingame School District General Fund Obligations	3,444	100.	3,444
Portola Valley School District Certificates of Participation	1,761	100.	1,761
San Bruno Park School District General Fund Obligations	3,150	100.	3,150
TOTAL OVERLAPPING GENERAL FUND DEBT	289,932		208,583
OVERLAPPING TAX AND ASSESSMENT DEBT:			
Cities	$ 49,305	100. %	$ 49,305
Special Districts			
Midpeninsula Open Space Park District	92,460	30.738	28,420
Montara Sanitary District	9,290	100.	9,290
Community Facilities District	102,285	100.	102,285
1915 Act Bonds	11,119	100.	11,119
School Districts			
San Mateo Community College District	543,165	100.	543,165
Cabrillo Unified School District	55,951	100.	55,951
La Honda-Pescadero Unified School District	9,517	100.	9,517
South San Francisco Unified School District	170,344	100.	170,344
Jefferson Union High School District	234,348	100.	234,348
San Mateo Union High School District	511,074	100.	511,074
Sequoia Union High School District	485,005	100.	485,005
Belmont-Redwood Shores School and School Facilities Improvement Districts	120,787	100.	120,787
Burlingame School District	119,077	100.	119,077
Hillsborough School District	66,966	100.	66,966
Jefferson School District	93,410	100.	93,410
Menlo Park City School District	127,776	100.	127,776
Millbrae School District	53,785	100.	53,785
Redwood City School District	135,719	100.	135,719
San Carlos School District	115,881	100.	115,881
San Mateo-Foster City School District	268,913	100.	268,913
Other School Districts	163,689	100.	163,689
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT	$3,539,868		$3,475,828
OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):	$170,118	100. %	$170,118
TOTAL OVERLAPPING DEBT	**$3,999,917**		**$3,854,529**
TOTAL DIRECT AND OVERLAPPING DEBT [3]	**$4,367,007**		**$4,221,619**

Ratio of Total Direct and Overlapping Debt to Assessed Valuation:	1.94%
Ratio of Total Overlapping Tax Increment Debt to Redevelopment Incremental Valuation:	0.79%

(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, 2017, 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, 2017 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, 2017 that would cause the financial information in APPENDIX C hereof to be incorrect or misleading in any material respect. The County expects the financial statements for the year ended June 30, 2018 to be available on or about December 1, 2018.

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		

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 2012-13 through 2016-17
($ in Thousands)

	2012-13	2013-14	2014-15	2015-16	2016-17
REVENUES					
Taxes	$ 440,808	$ 537,162	$ 567,088	$ 580,840	$ 616,435
Licenses and Permits	6,250	6,826	7,058	7,365	7,504
Aid From Governmental Agencies	457,867	430,615	473,709	460,412	459,724
Charges for Services	94,266	118,857	154,498	137,345	131,324
Fines, Forfeitures and Penalties	9,958	9,194	8,834	9,819	8,052
Rents and Concessions	1,613	3,443	1,078	1,666	1,546
Investment Income	3,401	8,526	9,282	14,607	10,853
Securities Lending Activities:					
Securities Lending Income	–	–	–		
Securities Lending Expenditures	–	–	–		
Other	26,850	28,829	26,224	23,760	28,643
TOTAL REVENUES	$1,041,013	$1,143,452	$ 1,247,771	$ 1,235,814	$ 1,264,081
EXPENDITURES					
Current:					
General Government	$ 69,279	$ 97,478	$ 116,241	$ 106,369	$ 114,264
Public Protection	320,517	333,532	348,761	376,640	387,718
Health and Sanitation	205,650	226,935	241,407	266,788	283,836
Public Assistance	184,840	204,991	209,320	212,631	224,640
Recreation	8,005	9,633	11,553	12,992	14,629
Capital Outlay	6,815	13,472	16,681	9,020	22,728
Debt Service:					
Principal Retirement	–	–	–		
Interest	3	20	–		
TOTAL EXPENDITURES	$ 795,109	$ 886,061	$ 943,963	$ 984,440	$ 1,047,815
EXCESS OF REVENUES OVER EXPENDITURES	$ 245,904	$ 257,391	$ 303,808	$ 251,374	$ 216,266
OTHER FINANCING SOURCES (USES)					
Operating Transfers In	$ 814	$1,416	$ 1,019	$ 1,855	$ 1,696
Operating Transfers Out[(1)]	(118,081)	(185,619)	(106,156)	(124,540)	(122,344)
Proceeds From Sale of Capital Assets	3	3	–	9	33
Total Other Financing Sources (Uses)	$ (118,081)	$ (184,200)	$ (105,137)	$ (122,676)	$ (120,615)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	$ 127,823	$ 73,191	$ 198,671	$ 128,698	$ 95,651
Special items:					
Proceeds from sale of Circle Star Plaza					
Project cost reimbursement from/to JPFA					
Additional pension contribution to SamCERA			(10,000)	(19,538)	(33,600)
Net change in fund balances					
Fund Balance, Beginning of Year	$ 309,149	$ 436,972	$ 575,998	$ 764,669	$ 873,829
Fund Balance, End of Year	$ 436,972	$ 575,998	$ 764,669	$ 873,829	$ 935,880

(1) Operating transfers from the General Fund consist primarily of the subsidy to the County Medical Center'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, 2013, 2014, 2015, 2016 and 2017
($ in Thousands)

	At June 30,				
	2013	**2014**	**2015**	**2016**	**2017**
ASSETS:					
Cash and Investments	$ 456,081	$ 600,276	$ 819,828	$ 909,241	$ 964,889
Receivables					
Accounts, net of allowances for uncollectible amounts	19,796	17,331	17,347	16,695	16,728
Interest	13,388	14,039	13,481	16,262	18,971
Taxes, net of allowances for uncollectible amounts	15,070	15,494	17,711	18,232	20,517
Mortgages	68,836	73,212	78,733	81,838	88,059
Advances			295	839	1,571
Other	25,814	23,248	23,768	22,729	20,762
Due from Other Funds	6,536	7,139	5,161	11,487	7,230
Due from Other Governmental Agencies	183,861	183,791	165,832	140,973	148,931
Loan receivable				3,141	4,654
Inventories	84	116	58	96	108
Advances to Other Funds	4,138	10,119	11,465	6,710	11,854
Other Assets	2,676	195	3,082	4,108	6,159
TOTAL ASSETS	$ 796,280	$ 944,960	$1,156,761	$1,232,351	$1,310,433
LIABILITIES:					
Accounts Payable	$ 32,069	$ 36,835	$ 36,954	$ 35,750	$ 41,242
Accrued Salaries and Benefits	10,466	13,154	16,184	22,058	25,261
Accrued Liabilities	120	400	7	10	14
Due to Other Funds	3,868	407	14,513	4,174	329
Due to Other Governmental Agencies	25,034	26,839	25,558	23,498	18,366
Unearned Revenues	49,575	50,650	62,375	62,307	66,447
Deferred Revenues	238,176	240,677	236,501	210,725	222,894
TOTAL LIABILITIES	$ 359,308	$ 368,962	$ 392,092	$ 358,522	$ 374,553
FUND BALANCES					
Reserved for:					
Encumbrances	$ 24,379	$ 20,912	$ 35,269	$ 33,905	$ 40,106
Advances to other funds and inventories	4,138	10,119	85,816	89,025	94,418
Committed	60,119	160,447			
Unreserved:					
Designated	6,190	4,410	1,623	6,584	10,235
Undesignated	342,146	380,110	641,961	744,315	791,121
TOTAL LIABILITIES AND FUND BALANCES	$ 796,280	$ 944,960	$1,156,761	$1,232,351	$1,310,433

Source: County General Purpose Financial Statements.

See also APPENDIX C – "COMPREHENSIVE ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED JUNE 30, 2017."

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, 2018, there were 1196 participant accounts in the County Pool, the largest single agencies being the school districts and the community college district representing 35.9% of the County Pool, voluntary participant accounts from Cities and Special Districts representing 23.5%, and the County representing 40.6% 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, 2018

Participant Category	Invested Funds	% of Total
School Districts	1,475,319,285.47	30.1%
SMC Community College	284,398,726.90	5.8%
Cities	467,657,460.20	9.6%
Special Districts	184,862,696.67	3.8%
Bay Area Air Quality Management District	240,177,458.53	4.9%
San Mateo County Transportation Authority/JPB	253,771,920.18	5.2%
All Other San Mateo County Funds	1,987,678,838.72	40.6%
Total	4,893,866,386.67	100.00%

Source: County.

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, 2018

Security	Carrying Value[1]	Market Value[2]	% of Total
Repurchase Agreements	204,000,000.00	204,000,000.00	4.2%
Commercial Paper	1,046,255,300.08	1,050,693,742.50	21.7%
Certificate of Deposit	310,031,850.53	310,939,956.61	6.4%
LAIF	65,000,000.00	65,208,371.94	1.3%
Corporate Floating Rate Notes	276,198,292.00	277,999,103.38	5.7%
Corporate Bonds	194,885,863.89	193,905,105.28	4.0%
Federal Agency Securities	821,136,446.34	817,572,603.41	16.9%
United States Instrumentalities	527,789,764.16	527,372,823.21	10.90%
United States Treasury Bills	584,273,860.42	586,560,917.50	12.1%
United States Treasury Notes	829,071,121.27	810,206,197.86	16.7%
Total[3]	4,858,642,498.69	4,844,458,821.69	100.00%

((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, 2018, the carrying value and market value of investments credited to the County Pool were both approximately $4,844,458,821.70 billion and included approximately $2,138,867,909.59 billion in cash or cash equivalents, which represents the County Pool's liquidity. As of June 30, 2018, the dollar weighted average maturity of the County Pool was 0.91 years with a duration of 0.87 years and approximately 23.5 % 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 on March 13, 2018 (the "County Investment Policy") and can be found at http://www.sanmateocountytreasurer.org/investmentpolicies/ Investment%20Policy%202018.pdf. To meet the requirements of both liquidity and long-term investment needs, the County adopted, and from time to time amends, 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.

Lehman Bankruptcy. On September 15, 2008, Lehman Inc. ("Lehman") filed the largest bankruptcy in United States history. The County had invested about 5.9% of its investment pool in Lehman securities. Specifically, of a total County Pool of approximately $2.6 billion, the County Pool wrote down approximately $155 million in value as a result of the bankruptcy. This write down resulted in a projected $8.6 million loss to the County's General Fund and a total $30 million loss to the County. The County subsequently engaged in an aggressive effort to recover the Lehman loss by becoming a creditor in the bankruptcy action, becoming actively involved in a nationwide effort to recover the lost funds through federal legislative efforts, and by filing a lawsuit in 2009 against former Lehman officers and directors and Ernst & Young LLP, Lehman's independent accounting firm, seeking damages for alleged securities fraud.

In January 2011, thirteen school districts sued the County and the County Treasurer claiming over $20 million dollars in damages due to the County Pool losses as a result of the Lehman bankruptcy. The County demurred, and ultimately prevailed in this litigation.

Ultimately, the County Pool's total recovery through the Lehman bankruptcy proceedings was approximately $61.6 million, or 39.8%, of the $155 million claim. In addition, lawsuits against the Lehman officers and directors and Ernst & Young resulted in an additional recovery for the Pool of approximately, $9.8 million, bringing the total recovery of the County Pool to $70.8 million or 45.8% of the County Pool's $155 million claim.

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 2018/2019 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 2018/2019 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 2018/2019 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 2018/2019 Bonds or the Master Facility Lease has been sought. Based on an analysis of existing laws and court decisions, Bond Counsel is delivering its opinions on the validity of the 2018/2019 Bonds and the Master Facility Lease in the forms attached hereto in APPENDIX E.

Abatement Risk

There can be no assurance that the portion of the Leased Property under construction will be substantially completed within the estimated budget or by the expected completion date. If the County is unable to take possession of the portion of any of the Leased Property under construction, the rent payable under the Master Facility Lease with respect to the portion of the Leased Property under construction shall be abated proportionately as set forth in the Master Facility Lease. In addition, 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 2018/2019 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 2018/2019 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 2018/2019 Bonds so as to preserve the tax-exempt nature of interest on the 2018/2019 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 2018/2019 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.

No Obligation to Replace Reserve Facility upon Surety Provider Rating Downgrade Prior to Elimination of Reserve Fund

Regardless of any change in rating or any other change in status (including, but not limited to, insolvency, dissolution or bankruptcy) of the Series 2018 Reserve Provider after the deposit of such Series 2018 Reserve Facility, the Authority is under no obligation to replace the Series 2018 Reserve Facility or to deposit additional cash to the Series 2018 Reserve Account with respect to the amount of the Series 2018 Reserve Facility. See "SECURITY FOR THE 2018/2019 BONDS—Series 2018 Reserve Account." The requirement for a Reserve Fund will be eliminated effective upon retirement of the Unrefunded 2009 Bonds and the 2013 Bonds. As a consequence, payment of the 2018/2019 Bondholders will not be secured by the Series 2018 Reserve Facility after that time. See APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS—THE TRUST AGREEMENT—Springing Amendments" 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 2018/2019 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 2018/2019 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 2018/2019 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 2018/2019 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 2018/2019 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 2018/2019 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 2018/2019 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 2018/2019 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 2018/2019 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 2018/2019 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 2018/2019 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 2018/2019 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 2018/2019 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 2018/2019 Bonds being includable in gross income for purposes of federal income taxation retroactive to the dates of delivery of the 2018/2019 Bonds. Should such an event of taxability occur, the 2018/2019 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 currently before the 9th Circuit Court of Appeals, Case No. 18-15499. 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 total assessed value of parcels located in the three 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. Sea levels are expected to rise between 1.6 feet and 6.9 feet over year 2000 levels by the year 2100, based on the 2018 California State Sea Level Rise Guidance document.

The 2018/2019 Bonds are limited obligations payable solely from, and secured solely by, 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 #2 and the Regional Operations Center) is located as being threatened with flooding and other harm from sea level rise. 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. 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 2018/2019 Bond owners in full.

The County of San Mateo 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 2018/2019 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." 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 of San Mateo is unable to determine what effect wildfire may have on the investment value of the 2018/2019 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 requite 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 two 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 2018/2019 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 material 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 2018/2019 Bonds may be purchased at a premium. Any extraordinary redemption of the 2018/2019 Bonds could cause the holders a loss of the premium paid by the investors upon purchase of the 2018/2019 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 2017-18 is approximately $505.1 million. For fiscal year 2017-18 the estimated appropriations subject to the limit amount is approximately $501.2 million. [The County does not anticipate that the appropriation limit will restrict its spending even if certain appropriations that are currently not included in the Article XIIIB limit, such as appropriations to comply with prior federal government mandates under the Affordable Care Act (ACA), are included as appropriations subject to the limit in future years because they are no longer mandated. This is because the County has planned a large amount of appropriations for qualified capital outlay projects (which are not counted against the Article XIIIB limit) that will replace spending that is currently not exempted from 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 2018/2019 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

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 2018/2019 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 2018/2019 Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Complete copies of the proposed forms of opinion of Bond Counsel are set forth in APPENDIX E hereto.

To the extent the issue price of any maturity of the 2018/2019 Bonds is less than the amount to be paid at maturity of such 2018/2019 Bonds (excluding amounts stated to be interest and payable at least annually over the term of such 2018/2019 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 2018/2019 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 2018/2019 Bonds is the first price at which a substantial amount of such maturity of the 2018/2019 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 2018/2019 Bonds accrues daily over the term to maturity of such 2018/2019 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 2018/2019 Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such 2018/2019 Bonds. Beneficial Owners of the 2018/2019 Bonds should consult their own tax advisors with respect to the tax consequences of ownership of 2018/2019 Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such 2018/2019 Bonds in the original offering to the public at the first price at which a substantial amount of such 2018/2019 Bonds is sold to the public.

2018/2019 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 2018/2019 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 2018/2019 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 2018/2019 Bonds being included in gross income for federal income tax purposes, possibly from the dates of original issuance of the 2018/2019 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 2018/2019 Bonds may adversely affect the value of, or the tax status of interest on, the 2018/2019 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 2018/2019 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 2018/2019 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 2018/2019 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. 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 2018/2019 Bonds. Prospective purchasers of the 2018/2019 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 2018/2019 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 2018/2019 Bonds ends with the issuance of the 2018/2019 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 2018/2019 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 2018/2019 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 2018/2019 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, 2017 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 November 22, 2017, 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. The County does not expect to release its financial statements for the year ended June 30, 2018 before December 1, 2018. 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 2017-18 to be filed on or before March 30, 2019 with respect to the 2018A Bonds and commencing with the report for fiscal year 2018-19 to be filed on or before March 30, 2020 with respect to the 2019A 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. See APPENDIX F – "PROPOSED FORMS OF CONTINUING DISCLOSURE AGREEMENT" herein.

LEGAL MATTERS

The validity of the 2018/2019 Bonds and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority. Complete copies of the proposed forms of Bond

Counsel opinion are 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 Squire Patton Boggs, 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 2018/2019 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 2018/2019 Bonds.

LITIGATION

The County is not currently aware of any litigation that is pending or threatened concerning the validity of the 2018/2019 Bonds, the Master Site Lease, the Master Facility Lease or the Trust Agreement, and wit 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 each series of the 2018/2019 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 2018/2019 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 and S&P Global Ratings, a Standard & Poor's Financial Services LLC business ("S&P") have assigned ratings of "___" and "___," respectively, to the 2018/2019 Bonds. Such ratings express only the views of the rating agencies and are not a recommendation to buy, sell or hold the 2018/2019 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 2018/2019 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 2018/2019 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 2018A Bonds are being purchased by Barclays Capital Inc., as representative (the "Representative") of itself, Citigroup Global Markets Inc., Morgan Stanley & Co. LLC and Siebert Cisneros Shank & Co., L.L.C. (together, the "Underwriters" and each, an "Underwriter"). The Underwriters have agreed to purchase the 2018A Bonds at a purchase price of $_________ (representing the aggregate principal amount of the 2018A Bonds, less an Underwriters' discount of $__________[, plus a [net] original issue premium of $__________)]. The Underwriters will purchase all of the 2018A 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 2018A Bonds.

The 2019A Bonds will be purchased by the Underwriters from the Authority at a price of $________ (equal to the $_______ aggregate principal amount of the 2019A Bonds, less an Underwriters' discount of $__________, plus [net]original issue premium of $__________), subject to the terms of the Forward Delivery Purchase Contract. The Forward Delivery Purchase Contract provides that the Underwriters will purchase all of the 2019A Bonds if any are purchased, and that the obligation to make such purchase is subject to certain terms and conditions set forth in the Forward Delivery Purchase Contract, the approval of certain legal matters by counsel, and certain other conditions. See " – Certain Forward Delivery Considerations, Acknowledgments and Risks" below.

The Underwriters may also offer and sell the 2018/2019 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. 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.

Morgan Stanley & Co. LLC, one of the Underwriters of the 2018/2019 Bonds, has entered into a retail distribution arrangement with its affiliate, Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its underwriting efforts with respect to the 2018/2019 Bonds.

FORWARD DELIVERY OF THE 2019A BONDS

Subject to the terms of the Forward Delivery Purchase Agreement, the State expects to issue and deliver the 2019A Bonds on October __, 2019, or on such later date (no later than October , 2019) as is mutually agreed upon by the State and the Representative (the "Settlement Date"). The following is a description of certain provisions of the Forward Delivery Purchase Agreement. This description is not to be considered a full statement of the terms of the Forward Delivery Purchase Agreement and accordingly is qualified by reference thereto and is subject to the full text thereof.

The obligation of the Underwriters to purchase the 2019 Series A Bonds from the State is subject to the satisfaction of certain conditions as of November __, 2018 (the "Preliminary Closing Date"), and on the Settlement Date.

Conditions of Settlement. The issuance and purchase of the 2019A Bonds on the Settlement Date are subject to the satisfaction of certain conditions set forth in the Forward Delivery Purchase Agreement, including, among other things, the delivery to the Representative of certain documents and legal opinions on and as of the Preliminary Closing Date and certain additional documents and legal opinions, and the satisfaction of other conditions, on and as of the Settlement Date, including the delivery to the Representative of: (i) the opinion of Bond Counsel relating to the 2019A Bonds, substantially in the form and to the effect set forth in APPENDIX E, and (ii) written evidence satisfactory to the Representative that Moody's and S&P continue to rate (at any level) the 2019A Bonds. Changes or proposed changes in federal or state laws, court decisions, regulations or proposed regulations or rulings of administrative agencies occurring or in effect prior to the Settlement Date or the failure by the County or the Authority to provide closing documents of the type customarily required in connection with the issuance of state and local government tax-exempt bonds could prevent those conditions from being satisfied. None of the 2019A Bonds will be issued unless all of the 2019A Bonds are issued and delivered on the Settlement Date.

Termination of Forward Delivery Purchase Agreement. The obligations of the Underwriters on the Settlement Date to accept delivery of and pay for the 2019A Bonds on the Settlement Date shall be subject, at the option of the Underwriters, to the condition that between the Preliminary Closing Date and the Settlement Date, (i) the market price or marketability, at the initial offering price set forth in this Official Statement, of the 2019A Bonds or the ability of the Underwriters to enforce contracts for the sale of 2019A Bonds shall not have been materially adversely affected, in the reasonable judgment of the Underwriters (evidenced by a written notice to the Authority and the County), by reason of (i) any withdrawal of a rating on the 2019A Bonds by a rating agency who, at the date of the Forward Delivery Purchase Contract, has published a rating on the 2019A Bonds or (ii) any of the following events:

- Legislation shall be enacted by or introduced in the Congress of the United States or recommended to the Congress for passage by the President of the United States, or the Treasury Department of the United States or the Internal Revenue Service or favorably reported for passage to either House of the Congress by any committee of such House to which such legislation has been referred for consideration, a decision by a court of the United States or of the State or the United States Tax Court shall be rendered, or an order, ruling, regulation (final, temporary or proposed), press release, statement or other form of notice by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be made or proposed, the effect of any or all of which would be to alter, directly or indirectly, federal income taxation upon interest received on obligations of the general character of the 2019A Bonds, or the interest on the 2019A Bonds as described in this Official Statement, or other action or events shall have transpired which may have the purpose or effect, directly or indirectly, of changing the federal income tax consequences of any of the transactions contemplated by the Forward Delivery Purchase Contract;

- Legislation introduced in or enacted (or resolution passed) by the Congress or an order, decree, or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary, or proposed), press release or other form of notice issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the 2019A Bonds are not exempt from registration under or other requirements of the Securities Act of 1933, as amended, or that the Trust Agreement, as amended and supplemented, is not exempt from qualification under or other requirements of the Trust Indenture Act of 1939, as amended, or that the issuance, offering, or sale of obligations of the general character of the 2019A Bonds, as contemplated hereby or by this Official Statement or otherwise, is or would be in violation of the federal securities law as amended and then in effect;

- Any event occurring, or information becoming known which, in the reasonable judgment of the Underwriters, makes untrue in any material respect any statement or information contained in this Official Statement, or has the effect of causing this Official Statement to contain any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; or

- A material disruption in securities settlement, payment or clearance services shall have occurred.

Forward Delivery Contract. The Representative reserves the right to require investors purchasing the 2019A Bonds to execute a Forward Delivery Contract in substantially the form set forth in APPENDIX H. The Forward Delivery Contract provides that the purchaser will remain obligated to purchase the 2019A Bonds, even if the purchaser decides to sell the purchased bonds following the date of the Forward Delivery Contract. Neither the County nor the Authority will be a party to any Forward Delivery Contract, and neither the County nor the Authority is in any way responsible for the performance thereof or for any representations or warranties contained therein. The rights and obligations under the Forward Delivery Purchase Agreement are not conditioned or dependent upon the performance of any Forward Delivery Contract.

Additional Risks Related to Forward Delivery Period. Between the date of the Forward Delivery Purchase Agreement and the Settlement Date (the “Forward Delivery Period”), certain information contained in this Official Statement may change in material respects. Any changes in such information will not permit the Representative to terminate the Forward Delivery Purchase Agreement or release the purchasers of their obligation to purchase the 2019A Bonds unless the change reflects an event described under "Termination of Forward Delivery Purchase Agreement" above. In addition to the risks set forth above and under "RISK FACTORS" herein, purchasers of the 2019A Bonds are subject to certain additional risks, some of which are described below.

Ratings Risk. No assurances can be given that the ratings assigned to the 2019A Bonds on the Settlement Date will not be different from those assigned as of the Preliminary Closing Date to the 2019A Bonds. Issuance of the 2019A Bonds and the Underwriters' obligations under the Forward Delivery Purchase Agreement are not conditioned upon the assignment of any particular ratings for the 2019A Bonds or the maintenance of the initial ratings of the 2019A Bonds.

Secondary Market Risk. The Underwriters are not obligated to make a secondary market for the 2019A Bonds, and no assurance can be given that a secondary market will exist for the 2019A Bonds during the Forward Delivery Period or at any time thereafter. Prospective purchasers of the 2019A Bonds should assume that there will be no secondary market for the 2019A Bonds during the Forward Delivery Period.

Market Value Risk. The market value of the 2019A Bonds as of the Settlement Date may be affected by a variety of factors, including, without limitation, general market conditions, the financial condition of the County, and federal and state tax, securities and other laws. The market value of the 2019A Bonds as of the Settlement Date could therefore be higher or lower than the price to be paid by the initial purchasers of the 2019A Bonds, and that difference could be substantial. Neither the Authority, the County nor the Underwriters make any representations as to the expected market value of the 2019A Bonds as of the Settlement Date.

Tax Law Risk. Subject to the other conditions of closing and delivery and the Representative's rights of termination described above, the Forward Delivery Purchase Agreement obligates the Authority to deliver, and the Underwriters to accept, the 2019A Bonds if the Authority causes to be delivered an opinion of Bond Counsel substantially in the form and to the effect set forth in APPENDIX E relating to the 2019A Bonds. Notwithstanding that the enactment of new legislation, new court decisions or the promulgation of new regulations or rulings might diminish the value of, or otherwise affect, the exclusion from gross income of interest payable on "state or local bonds" (such as the 2019A Bonds) for federal income tax purposes, the State might be able to satisfy the requirements for the delivery of the 2019A Bonds. In such event, the purchasers would be required to accept delivery of the 2019A Bonds. Prospective purchasers are encouraged to consult their tax advisors regarding the likelihood of any such changes in tax law and the consequences of such changes to the purchasers. See "TAX MATTERS" herein]

MUNICIPAL ADVISOR

California Financial Services (the "Municipal Advisor") has acted as Municipal Advisor to the County in conjunction with the issuance of the 2018/2019 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 2018/2019 Bonds. The Municipal Advisor will receive compensation contingent upon the sale and delivery of the 2018/2019 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.

VERIFICATION

Concurrently with the issuance of the 2019A Bonds, _________________ (the "Verification Agent") will deliver a report with respect to the mathematical accuracy of certain computations, contained in schedules provided to them, which were prepared by the Underwriters, relative to the sufficiency of moneys and securities deposited into the escrow fund established pursuant to an escrow agreement to pay, when due the principal, whether at maturity or upon prior redemption, interest and redemption premium requirements of the 2009 Refunded Bonds. The report of the Verification Agent will include the statement that the scope of its engagement is limited to verifying the mathematical accuracy of the aforesaid computations and that it has no obligation to update its report because of events occurring, or data or information coming to its attention, subsequent to the date of the report.

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: ______________________________
Paul Scannell
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
2014 THROUGH 2018[(1)]

	2014	2015	2016	2017	2018
Six Largest Cities:					
Daly City	106,615	107,260	107,810	107,733	107,864
Pacifica	38,143	38,232	38,318	38,342	38,418
Redwood City	82,775	84,204	86,079	86,271	86,380
San Bruno	44,311	45,861	46,036	45,965	46,085
San Mateo	100,403	101,608	103,006	103,465	104,490
South San Francisco	65,992	66,297	66,597	66,752	67,082
Total County	752,700	760,343	766,589	770,256	774,155
Total State	38,357,121	38,714,725	39,179,627	39,500,973	39,809,693

(1) As of January 1 for the year shown.
Source: Historical Population Estimates for Cities, Counties and the State, 2014-2018, California Department of Finance, May 2018.

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
2013 through 2017[(1)]

Year	Area	Labor Force	Civilian Employment	Unemployment	Unemployment Rate
2013	County of San Mateo	403,600	381,800	21,800	5.4%
	State of California	18,551,000	16,970,000	1,581,000	8.5%
	United States	155,389,000	143,929,000	11,460,000	7.4%
2014	County of San Mateo	430,800	412,700	18,100	4.2%
	State of California	18,811,400	17,397,100	1,414,300	7.5%
	United States	155,922,000	146,305,000	9,617,000	6.2%
2015	County of San Mateo	437, 700	422,800	14,900	3.4%
	State of California	18,896,500	17,724,800	1,171,700	6.2%
	United States	154,130,000	148,834,000	8,296,000	5.3%
2016	County of San Mateo	445,400	431,900	13,500	3.0%
	State of California	19,093,700	18,048,800	1,044,800	5.5%
	United States	159,187,000	151,436,000	7,751,000	4.9%
2017	County of San Mateo	452,300	440,200	12,100	2.7%
	State of California	19,312,000	18,393,100	918,900	4.8%
	United States	160,320,000	153,337,000	6,982,000	4.4%

(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

Employer	Type of Business
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
Franklin Templeton Investments	Investments
Genentech Inc.	Biotechnology Products & Services
Gilead Sciences Inc.	Biological Products (mfrs)
Guckenheimer Inc.	Marketing Programs & Services
Kaiser Permanente Redwood City	Physicians & Surgeons
Kaiser Permenente South Sn	Hospitals
Lpch	Health Care Facilities
Mills-Peninsula Health Svc	Health Care Management
Oracle Corp	Computer Software-Manufacturers
San Francisco Intl Airport-SFO	Airports
San Mateo County	Government Offices-County
San Mateo Medical Ctr	Hospitals
Sciex LLC	Scientific Apparatus & Instruments-Mfrs
SMC Tax Collector	Tax Return Preparation & Filing
SRI International Inc.	Engineers-Research
Tectura Corp	Computer-System Designers & Consultants
US Interior Dept	Government Offices-Us
Visa	Credit Card & Other Credit Plans
	Associations
	Credit Card & Other Credit Plans

Source: State of California Employment Development Department, as extracted from the America's Labor Market Information. System (ALMIS) Employer Database, 2018 2nd 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
2017(1)

Industry	Number of County Employees	% of County Employment
Professional and Business Services	80,700	21.4%
Trade, Transportation & Public Utilities	76,600	20.3
Education and Health Services	46,800	12.4
Leisure and Hospitality	43,300	11.4
Other	13,600	3.6
Government	33,600	8.9
Information	33,300	8.8
Manufacturing	26,400	7.0
Financial Activities	22,300	5.9
Total(2)	376,600	100.0%

(1) All information updated per March 2017 Benchmark. Data for 2018 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]
2013 through 2017[2]
(In Thousands)

Industry Group	2013	2014	2015	2016	2017
Total Farm	1.7	1.7	1.7	1.8	1.7
Total Nonfarm	353.2	370.5	370.0	382.4	395.3
Mining, Logging and Construction	16.8	19.0	17.1	17.2	18.5
Manufacturing	25.5	25.7	25.3	24.7	26.4
Durable Goods	11.9	11.7	11.0	10.5	10.8
Nondurable Goods	13.5	14.0	14.3	14.2	15.6
Trade, Transportation & Public Utilities	72.3	74.3	72.8	74.6	76.6
Wholesale Trade	11.2	11.6	12.0	11.9	11.6
Retail Trade	34.1	35.1	33.2	33.2	33.3
Transportation, Warehousing & Utilities	27.1	27.7	27.6	29.5	31.7
Information	23.8	26.2	27.2	30.5	33.5
Financial Activities	20.2	20.7	21.2	22.1	22.3
Finance & Insurance	13.9	14.3	14.6	15.2	15.4
Real Estate & Rental & Leasing	6.3	6.3	6.6	6.9	6.9
Professional & Business Services	71.2	75.4	74.2	79.6	80.7
Professional, Scientific & Technical Services	45.2	47.1	48.4	51.8	51.7
Management of Companies & Enterprises	4.6	5.7	6.4	6.9	7.7
Administrative & Support & Waste Services	21.5	22.6	19.4	20.9	21.3
Educational & Health Services	40.1	42.8	44.0	44.8	46.8
Educational Services	6.3	7.3	7.8	8.1	8.2
Health Care & Social Assistance	33.8	35.5	36.2	36.7	38.6
Leisure & Hospitality	39.4	41.2	41.6	42.2	43.3
Arts, Entertainment & Recreation	5.2	5.3	5.4	5.6	5.6
Accommodation & Food Services	34.3	35.9	36.2	36.6	37.7
Other Services	13.4	13.9	14.0	13.6	13.6
Government[3]	30.4	31.2	32.6	33.1	33.6
Federal Government	3.6	3.7	3.7	3.7	3.7
State Government	0.6	0.6	0.6	0.6	0.6
Local Government	26.2	26.9	28.3	28.8	29.3
Total All Industries[4]	354.8	372.2	371.7	384.2	397.0

(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 2017 Benchmark. Data for 2018 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 2014, the latest year for which annual data is available, the County's per capita income was 79.3% higher than that of the State and 94.7% higher than that of the United States.

Table A-6
COUNTY OF SAN MATEO
PER CAPITA INCOME
2012 through 2016(1)

Year	County	State	United States
2012	$87,523	$48,369	$44,282
2013	87,045	48,369	44,493
2014	92,759	51,344	46,494
2015	101,264	54,718	48,451
2016	105,721	56,374	49,246

(1) Data is not yet available for 2017.
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
2012 through 2016(1)
($ in Thousands)

Type of Business	2012	2013	2014	2015	2016
Motor Vehicle and Parts Dealers	$ 1,464,005	$ 1,682,692	1,831,220	1,945,310	1,902,427
Home Furnishings and Appliance Stores	750,756	778,642	810,355	816,315	897,143
Building Materials/ Garden Equipment/ Supplies Dealers	758,787	843,865	884,697	947,423	958,806
Food and Beverage Stores	563,507	584,609	610,223	636,760	650,941
Gasoline Stations	1,262,692	1,250,794	1,158,444	940,292	850,055
Clothing and Clothing Accessories Stores	683,382	727,281	786,446	808,788	805,349
General Merchandise Stores	1,130,266	1,131,430	1,124,294	945,470	906,752
Food Services and Drinking Places	1,502,049	1,612,392	1,754,088	1,931,719	2,027,889
Other Retail Group	1,161,700	1,323,935	1,318,949	1,329,119	1,394,693
All Other Outlets	4,629,834	4,675,976	5,019,717	5,176,813	5,264,519
Total All Outlets(2)	**$ 13,906,978**	**$ 14,611,618**	**15,298,434**	**15,478,010**	**15,658,573**

(1) Annual data is not yet available for 2017.
(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 $1.82 billion in 2014 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
2012 through 2016
($ in Thousands)

Type of Permit	2012	2013	2014	2015	2016
Residential:					
New Single-Dwelling	$ 245,163	$ 292,893	$ 289,903	$ 374,275	$ 367,334
New Multi-Dwelling	171,390	151,019	168,859	259,181	252,560
Additions/ Alterations	201,543	299,830	348,231	408,011	395,240
Total Residential(1)	$ 618,097	$ 743,743	$ 806,993	$ 1,041,467	$ 1,015,135
Non Residential:					
New Commercial	$ 83,374	$ 165,578	$ 432,585	$ 427,063	$ 683,630
New Industrial	2,021	15,724	9,600	--	4,954
Other	1,975	58,726	84,241	94,031	195,895
Additions/Alterations	167,438	263,460	490,364	489,389	728,965
Total Non Residential(1)	$ 254,810	$ 503,490	$ 1,016,790	$ 1,010,485	$ 1,613,445
Total Valuation(1)	$ 82,907	$ 1,247,233	$ 1,823,783	$ 2,051,952	$ 2,628,580

(1) 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 2017. Fifty two major passenger and commuter airlines fly from the Airport, and twenty-nine of them serve international destinations. The Airport served 55.8 million passengers in 2017, and increase of 4.8% from 2016.

The Airport handled 441,797 metric tons of cargo in fiscal year ending June 30, 2017, a 19.2% increase 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, 2013 through 2017

Fiscal Year Ended June 30	Enplanements, Deplanements and In-transit Passengers	Freight and Express Air Cargo and U.S. and Foreign Mail (Metric Tons)
2013	44,742,521	370,195
2014	46,191,454	370,525
2015	48,243,910	441,797
2016	51,421,348	442,689
2017	53,976,956	535,558

Source: Airport Commission of the City and County of San Francisco, Financial Statements with Schedule of Passenger Facility Charges and Expenditures for Fiscal Years 2014-15, 2015-16 and 2016-17.

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, 2017, the Port handled a total of 1,552,814 metric tons of cargo according to the Port Commission's most recent annual tonnage press release in July 2017.

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, 2018 there were 33,170 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 2% increase 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 65,095 passengers in its 2018 annual passenger count, a 1.5% increase from the prior year count. Average weekday ridership has increased by more than 171.8% since 2004.

APPENDIX B

BOOK-ENTRY SYSTEM

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the 2018/2019 Bonds (for purposes of this APPENDIX B only, the "Bonds"). The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for the Bonds, in the aggregate principal amount of such issue, 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, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2015 Bond documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

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

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

Principal, premium and redemption proceeds, distributions, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the 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 Participants and not of DTC or of its nominee, the Trustee or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium and redemption proceeds, distributions, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to the Remarketing Agent, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to the Remarketing Agent. The requirement for physical delivery of Bonds in connection with a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to the Remarketing Agent's DTC account.

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

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 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.

The Authority cannot and do not give any assurances that DTC will distribute to Participants or that Participants or others will distribute to the Beneficial Owners payments of principal of and interest and premium, if any, on the Bonds paid or any redemption or other notices or that they will do so on a timely basis or will serve and act in the manner described in this Official Statement. The Authority is not responsible or liable for the failure of DTC or any Participant or Indirect Participant to make any payments or give any notice to a Beneficial Owner with respect to the Bonds or any error or delay relating thereto.

Neither the Authority nor the Trustee will have any responsibility or obligation to Participants, to Indirect Participants or to any Beneficial Owner with respect to (i) the accuracy of any records maintained by DTC, any Participant, or any Indirect Participant; (ii) the payment by DTC or any Participant or Indirect Participant of any amount with respect to the principal of or premium, if any, or interest on the Bonds; (iii) any notice that is permitted or required to be given to Holders under the Trust Agreement; (iv) the

selection by DTC, any Participant or any Indirect Participant of any person to receive payment in the event of a partial redemption of the Bonds; (v) any consent given or other action taken by DTC as Bondholder; or (vi) any other procedures or obligations of DTC, Participants or Indirect Participants under the book-entry system.

APPENDIX C

COMPREHENSIVE ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED JUNE 30, 2017

APPENDIX D

SUMMARY OF CERTAIN PROVISIONS
OF PRINCIPAL LEGAL DOCUMENTS

APPENDIX E

PROPOSED FORMS OF OPINION OF BOND COUNSEL

PROPOSED FORM OF SERIES 2018A BOND COUNSEL OPINION

PROPOSED FORM OF SERIES 2019A BOND COUNSEL OPINION

APPENDIX F

PROPOSED FORMS OF CONTINUING DISCLOSURE AGREEMENT

PROPOSED FORM OF SERIES 2018A CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT (this “Disclosure Agreement”), dated as of _______, 2018, is executed and delivered by the County of San Mateo (the “County”) and U.S. Bank National Association, as successor Trustee (the “Trustee”) and as Dissemination Agent (as hereinafter defined), in connection with the issuance of $___________ San Mateo County Joint Powers Financing Authority Lease Revenue Bonds (Capital Projects), 2018 Series A (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 15, 1994, by and between the San Mateo County Joint Powers Financing Authority (the “Authority”) and the Trustee, as amended and supplemented and as further supplemented by an Eighth Supplemental Trust Agreement, dated as of November 1, 2018 relating to the Bonds. . The County, the Dissemination Agent and the Trustee 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 the Trustee 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 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, 2017, with the report for the fiscal year ending June 30, 2016, 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 or the Trustee, 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.

(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 is other than the County, the Dissemination Agent shall, as soon as reasonably practicable after obtaining actual knowledge of the occurrence of any of the Listed Events contact the County and request that the County promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to subsections (a) and (b) and promptly direct the Dissemination Agent whether or not to report such event to the Bondowners. In the absence of such direction, the Dissemination Agent shall not report such event unless required to be reported by the Dissemination Agent to the Bondowners under the Trust Agreement, as applicable. The Dissemination Agent may conclusively rely upon such direction (or lack thereof). For purposes of this Disclosure Agreement, actual knowledge of the occurrence of such Listed Events shall mean actual knowledge by the Dissemination Agent. 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 shall not be responsible in any manner for the content of any notice or report prepared by the County pursuant to this Disclosure Agreement.

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 Avenue
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 _______, 2018 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 (Capital Projects), 2018 Series A

Date of Issuance: __________, 2018

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]

PROPOSED FORM OF SERIES 2019A CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT (this "Disclosure Agreement"), dated as of _______, 2019, is executed and delivered by the County of San Mateo (the "County") and U.S. Bank National Association, as successor Trustee (the "Trustee") and as Dissemination Agent (as hereinafter defined), in connection with the issuance of $___________ San Mateo County Joint Powers Financing Authority Lease Revenue Bonds (Forward Refunding), 2019 Series A (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 15, 1994, by and between the San Mateo County Joint Powers Financing Authority (the "Authority") and the Trustee, as amended and supplemented and as further supplemented by an Ninth Supplemental Trust Agreement, dated as of October 1, 2019 relating to the Bonds.. The County, the Dissemination Agent and the Trustee 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 the Trustee 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.

"Financial Obligation" shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii); provided that the term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"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 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, 2017, with the report for the fiscal year ending June 30, 2016, 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 or the Trustee, 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;

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 obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect 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 obligated person, 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, 14 and 15 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 is other than the County, the Dissemination Agent shall, as soon as reasonably practicable after obtaining actual knowledge of the occurrence of any of the Listed Events contact the County and request that the County promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to subsections (a) and (b) and promptly direct the

Dissemination Agent whether or not to report such event to the Bondowners. In the absence of such direction, the Dissemination Agent shall not report such event unless required to be reported by the Dissemination Agent to the Bondowners under the Trust Agreement, as applicable. The Dissemination Agent may conclusively rely upon such direction (or lack thereof). For purposes of this Disclosure Agreement, actual knowledge of the occurrence of such Listed Events shall mean actual knowledge by the Dissemination Agent. 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 shall not be responsible in any manner for the content of any notice or report prepared by the County pursuant to this Disclosure Agreement.

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 Avenue
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 _______, 2019 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 (Forward Refunding), 2019 Series A

Date of Issuance: __________, 2019

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, 2018

APPENDIX H

FORM OF DELAYED DELIVERY CONTRACT

November __, 2018

Re: San Mateo County Joint Powers Financing Authority
Lease Revenue Bonds
(Forward Refunding)
2019 Series A

The Purchaser designated below and executing this instrument (the "Purchaser") hereby agrees to purchase when, as, and if issued and delivered by the Authority to Barclays Capital Inc., Citigroup Global Markets, Inc., Morgan Stanley & Co. LLC and Siebert Cisneros Shank & Co., L.L.C. (collectively, the "Underwriters") and the Underwriters agree to sell the undersigned,

Maturity Date	Par Amount	Coupon	CUSIP Number	Yield/Price

in the aggregate principal amount of the above-referenced Bonds (the "Purchased Bonds") offered by the Authority's Preliminary Official Statement dated October 25, 2018 and the Final Official Statement to be dated on or about November __, 2018 (the "Official Statement"), receipt of copies of which is hereby acknowledged, at a purchase price of $_________________ (plus accrued interest, if any, from the date of the initial delivery of the Bonds) at the interest rates, amounts and maturity dates shown above, and on the further terms and conditions set forth in this Delayed Delivery Contract.

The Purchaser hereby confirms that it has reviewed the Preliminary Official Statement and the Official Statement (including without limitation the section entitled "FORWARD DELIVERY OF THE 2019A BONDS" therein), has considered the risks associated with purchasing the Purchased Bonds and is duly authorized to purchase the Purchased Bonds. The Purchaser further acknowledges and agrees that the Purchased Bonds are being sold on a "forward" basis, and the Purchaser hereby purchases and agrees to accept delivery of such Purchased Bonds from the Underwriters on or about October __, 2019 (the "Settlement Date") as they may be issued pursuant to the Forward Delivery Bond Purchase Agreement among the Authority and the Underwriters.

Payment for the Purchased Bonds which the Purchaser has agreed to purchase on the Settlement Date shall be made to the Underwriters or their order by wire transfer to a bank account specified by the Underwriters, on the Settlement Date upon delivery to the Purchaser of the Purchased Bonds then to be purchased by the Purchaser through the book-entry system of The Depository Trust Company.

Upon issuance by the Authority of the Bonds and purchase thereof by the Underwriters, the obligation of the Purchaser to take delivery of the Purchased Bonds hereunder shall be unconditional unless the Underwriters terminate the Forward Delivery Bond Purchase Agreement with the Authority to purchase the Bonds on the Settlement Date for re-sale to the Purchaser. The obligations of the Underwriters on the Settlement Date to accept delivery of and pay for the 2019A Bonds on the Settlement Date shall be subject, at the option of the Underwriters, to the accuracy in all material respects of the representations and warranties on the part of the Authority and on the part of the County contained in the Forward Delivery Bond Purchase Agreement as of its date and as of the Settlement Date, to the accuracy in all material respects of the statements of the officers and other officials of the Authority and the County, as well as of the other individuals referred to therein, made in any certificates or other documents furnished pursuant to the provisions thereof, to the performance by the Authority and the County of their respective obligations to be performed thereunder at or prior to the Settlement Date and to the following additional conditions:

(a) On the Settlement Date, the 2019A Bonds and the Financing Documents shall be in full force and effect, and shall not have been amended, modified or supplemented, except as may have been agreed to in writing by the Underwriters and except as may be necessary to finalize the securities to be purchased and held by the Escrow Agent under the Escrow Agreement, and there shall have been taken in connection with the issuance of the 2019A Bonds and with the transactions contemplated by the 2019A Bonds and the Financing Documents, all such actions as, in the opinion of Bond Counsel shall be necessary and appropriate;

(b) Between the Preliminary Closing Date and the Settlement Date, (i) the ability of the Underwriters to enforce contracts for the sale of 2019A Bonds shall not have been materially adversely affected, in the reasonable judgment of the Underwriters (evidenced by a written notice to the Authority and the County terminating the obligation of the Underwriters to accept delivery of and make any payment for the 2019A Bonds), by reason of any of the events described in subsections (1) through (7) below, and (ii) there shall not have occurred any withdrawal of a rating on the 2019A Bonds by a rating agency who, at the date of the Forward Delivery Purchase Contract, has published a rating on the 2019A Bonds;

(1) Legislation shall be enacted by or introduced in the Congress of the United States or recommended to the Congress for passage by the President of the United States, or the Treasury Department of the United States or the Internal Revenue Service or favorably reported for passage to either House of the Congress by any committee of such House to which such legislation has been referred for consideration, a decision by a court of the United States or of the State or the United States Tax Court shall be rendered, or an order, ruling, regulation (final, temporary or proposed), press release, statement or other form of notice by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be made or proposed, the effect of any or all of which would be to alter, directly or indirectly, federal income taxation upon interest received on obligations of the general character of the 2019A Bonds, or the interest on the 2019A Bonds as described in the Official Statement, or other action or events shall have transpired which may have the purpose or effect, directly or indirectly, of changing the federal income tax consequences of any of the transactions contemplated herein;

(2) There shall have occurred: (i) any new material outbreak of hostilities (including, without limitation, an act of terrorism); (ii) the escalation of hostilities existing prior to the date hereof; or (iii) any other extraordinary event, material national or international calamity or crisis, or any material adverse change in the financial, political or economic conditions affecting the United States, the State, the Authority or the County;

(3) A general banking moratorium shall have been declared by Federal, New York or California authorities having jurisdiction and shall be in force;

(4) There shall have occurred a general suspension of trading in securities on the New York Stock Exchange or any other national securities exchange, the establishment of minimum or maximum prices on any such national securities exchange, the establishment of material restrictions (not in force as of the date hereof) upon trading securities generally by any governmental authority or any national securities exchange, or any material increase of restrictions now in force (including, with

respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriters);

(5) Legislation introduced in or enacted (or resolution passed) by the Congress or an order, decree, or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary, or proposed), press release or other form of notice issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the 2019A Bonds are not exempt from registration under or other requirements of the Securities Act of 1933, as amended, or that the Trust Agreement is not exempt from qualification under or other requirements of the Trust Indenture Act of 1939, as amended, or that the issuance, offering, or sale of obligations of the general character of the 2019A Bonds, as contemplated hereby or by the Official Statement or otherwise, is or would be in violation of the federal securities law as amended and then in effect;

(6) Any event occurring, or information becoming known which, in the reasonable judgment of the Underwriters, makes untrue in any material respect any statement or information contained in the Official Statement, or has the effect of causing the Official Statement to contain any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; or

(7) A material disruption in securities settlement, payment or clearance services shall have occurred.

If the change of law involves the enactment of legislation which only diminishes the value of, as opposed to eliminating, the exclusion from gross income for federal income tax purposes of interest payable on "state or local bonds," the Authority may, nonetheless, be able to satisfy the requirements for the delivery of the Purchased Bonds. In such event, the Purchaser would be required to accept delivery of the Purchased Bonds.

The Purchaser acknowledges and agrees that it will not be able to withdraw its order as described herein, and will not otherwise be excused from performance of its obligations to take up and pay for the Purchased Bonds on the Settlement Date because of market or credit changes, including specifically, but not limited to (a) changes in the ratings anticipated to be assigned to the Bonds, or (b) changes in the financial condition, operations, performance, properties or prospects of the Authority or the County from the date hereof to the Settlement Date of the Bonds (unless such changes give rise to an event of default under the financing documents). The Purchaser further acknowledges that the Underwriters could be liable under the Forward Delivery Bond Purchase Agreement for damages to the Authority in the event of a wrongful failure to accept delivery of the Bonds, and that the Underwriters have executed such Forward Delivery Bond Purchase Agreement in reliance of the Purchaser's commitment set forth herein. Finally, the Purchaser acknowledges and agrees that it will remain obligated to purchase the Purchased Bonds in accordance with the terms hereof even if the Purchaser decides to sell such Purchased Bonds following the date hereof.

The Purchaser represents and warrants that, as of the date of this Delayed Delivery Contract, the Purchaser is not prohibited from purchasing the Purchased Bonds hereby agreed to be purchased by it under the laws of the jurisdiction to which the undersigned is subject.

This Delayed Delivery Contract will inure to the benefit of and be binding upon the parties hereto and their respective successors, but will not be assignable by either party hereto without the prior written consent of the other.

This Delayed Delivery Contract may be executed by either of the parties hereto in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall constitute one and the same instrument.

It is understood that the acceptance by the Underwriters of any Delayed Delivery Contract (including this one) is in the Underwriters' sole discretion and that, without limiting the foregoing, acceptances of such contracts need not be on a first-come, first-served basis. If this Delayed Delivery Contract is acceptable to the Underwriters, it is requested that the Underwriters sign the form of acceptance below and mail or deliver one of the counterparts hereof to the Purchaser at its address set forth below. This will become a binding contract between the Underwriters and the Purchaser when such counterpart is mailed or delivered to the Purchaser. This Delayed Delivery Contract does not constitute a customer confirmation pursuant to Rule G-15 of the Municipal Securities Rulemaking Board.

This Delayed Delivery Contract shall be construed and administered under the laws of the State of New York.

By:____
(Signature)

Name: ______________________________________
Title: ______________________________________
Address: ____________________________________
____

Accepted: _____________, 2018

Barclays Capital Inc., as Representative of the Underwriters

By: _________________________________
Name: _________________________________
Title: _________________________________

Underwriters:

Barclays Capital Inc.
Citigroup Global Markets, Inc.
Morgan Stanley & Co. LLC
Siebert Cisneros Shank & Co., L.L.C.

APPENDIX I

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

[To Come]