PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER __, 2023

NEW ISSUE - BOOK-ENTRY ONLY

S&P: "__"
See "RATING"

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Special Counsel, subject, however to certain qualifications described herein, under existing law, the portion of lease payments designated as and comprising interest and received by the owners of the Certificates is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining certain income and earnings. In the further opinion of Special Counsel, such interest is exempt from California personal income taxes. See "TAX MATTERS."

$________*
City of Hayward
2023 Refunding Certificates of Participation
(2014 and 2015 Leases)

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

Authority for Execution and Delivery. The certificates of participation captioned above (the "Certificates") are being executed and delivered under a Trust Agreement dated as of _____ 1, 2023 (the "Trust Agreement"), among the City of Hayward (the "City"), the Hayward Public Financing Authority (the "Authority") and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"). See "THE CERTIFICATES – Authority for Execution and Delivery."

Purpose. The Certificates are being executed and delivered to (i) prepay the City's remaining lease payment obligations under a Lease Agreement dated as of August 1, 2014, (ii) prepay the City's remaining lease payment obligations under a Lease Agreement dated as of August 1, 2015, causing the prepayment of the outstanding certificates of the City of Hayward captioned "$67,535,000 City of Hayward 2015 Certificates of Participation (Capital Projects)" and (iii) pay certain costs of executing and delivering the Certificates. See "PLAN OF FINANCING."

Security for the Certificates. The Certificates evidence and represent direct, undivided fractional interests in certain payments (the "Lease Payments"), to be made by the City under a Lease Agreement dated as of _____ 1, 2023 (the "Lease Agreement"), between the City and the Authority, under which the Authority will lease certain real property to the City in consideration of the payment by the City of the Lease Payments. The Authority, for the benefit of the Owners of the Certificates, has assigned, among other things, its right to receive Lease Payments to the Trustee. See "SECURITY FOR THE CERTIFICATES."

No Reserve Fund. No reserve fund will be established for the Certificates.

Terms of the Certificates. The Certificates will be executed and delivered in denominations of $5,000 principal amount or integral multiples thereof. Interest with respect to the Certificates accrues from their date of delivery and is payable semiannually on November 1 and May 1, commencing November 1, 2023. See "THE CERTIFICATES – General Certificate Terms."

Book-Entry Only. The Certificates will be executed and delivered as fully registered certificates in book-entry form only, initially registered in the name of Cede & Co., New York, New York, as nominee of The Depository Trust Company ("DTC"), New York, New York. Purchasers will not receive physical certificates representing their interest in the Certificates. The principal and premium (if any) on and interest with respect to the Certificates will be payable by the Trustee to DTC for subsequent disbursement to DTC participants, so long as DTC or its nominee remains the registered owner of the Certificates. See "THE CERTIFICATES – Book-Entry System."

Prepayment. The Certificates are subject to optional prepayment, extraordinary mandatory prepayment from the net proceeds of insurance or condemnation proceedings, and mandatory sinking fund prepayment prior to their scheduled payment dates. See "THE CERTIFICATES – Prepayment of the Certificates."

The following firm is serving as municipal advisor to the City:

NHA | ADVISORS
Strategy. Innovation. Solutions.

This cover page contains information for general reference only, and is not a summary of the security or terms of this issue. Investors must read the entire Official Statement, including the section entitled "RISK FACTORS," for a discussion of special factors that should be considered, in addition to the other matters set forth in this Official Statement, in considering the investment quality of the Certificates. Capitalized terms used on this cover page and not otherwise defined have the meanings set forth in this Official Statement.

MATURITY SCHEDULE
See inside front cover

NEITHER THE CERTIFICATES NOR THE OBLIGATION OF THE CITY TO MAKE LEASE PAYMENTS CONSTITUTES A DEBT OF THE CITY OR OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMIT OR RESTRICTION, OR AN OBLIGATION FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION.

The Certificates are offered when, as and if sold, executed, delivered to and received by the Underwriter, subject to the approval as to their legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Special Counsel. Jones Hall is also serving as Disclosure Counsel to the City. Certain legal matters will be passed upon for the Authority and the City by the City Attorney, and for the Underwriter by Hawkins Delafield & Wood LLP, Los Angeles, California. It is anticipated that the Certificates in book-entry form will be available for delivery to DTC in New York, New York, on or about [September 27, 2023.]

BofA Securities

The date of this Official Statement is September ___, 2023.

* Preliminary; subject to change.

MATURITY SCHEDULE*

$____________ Serial Certificates

(Base CUSIP†: _______)

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

$_______ ____% Term Certificates Due November 1, 20___; Price: ____; Yield: ____%; CUSIP† : ____

* Preliminary; subject to change.
† CUSIP® is a registered trademark of the American Bankers Association. CUSIP data is provided by CUSIP Global Services (CGS) which is managed on behalf of the American Bankers Association by S&P Capital IQ. CUSIP® data is not intended to create a database and does not serve in any way as a substitute for the CUSIP® Service Bureau. CUSIP® numbers are provided for convenience of reference only. None of the District, the Authority nor the Underwriter take any responsibility for the accuracy of such numbers.

CITY OF HAYWARD, CALIFORNIA

City Council

Mark Salinas, *Mayor*
Angela Andrews, *Mayor Pro Tem*
Ray Bonilla Jr., *Council Member*
Dan Goldstein, *Council Member*
Julie Roche, *Council Member*
George Syrop, *Council Member*
Francisco Zermeño, *Council Member*

City Officials

Kelly McAdoo, *City Manager*
Dustin Claussen, *Assistant City Manager*
Michael Lawson, *City Attorney*
Miriam Lens, *City Clerk*
Nicole Gonzales, *Finance Director*

Municipal Advisor

NHA Advisors, LLC
San Rafael, California

Special Counsel and Disclosure Counsel

Jones Hall, A Professional Law Corporation
San Francisco, California

Trustee and Escrow Agent

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

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

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

Estimates and Forecasts. When used in this Official Statement and in any continuing disclosure by the City, in any press release and in any oral statement made with the approval of an authorized officer of the City, the words or phrases "will likely result," "are expected to," "will continue," "is anticipated," "estimate," "project," "forecast," "expect," "intend" and similar expressions identify "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material.

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

Limited Scope of Information. The City has obtained certain information set forth herein from sources that are believed to be reliable, but this information is not guaranteed as to accuracy or completeness. 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 City or any other parties described in this Official Statement since the date hereof.

All summaries of or references to the documents referred to in this Official Statement are made subject to the provisions of such documents and do not purport to be complete statements of any or all of such provisions. All capitalized terms used herein, unless noted otherwise, have the meanings given them in APPENDIX A.

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

Stabilization of Prices. In connection with this offering, the Underwriter may over-allot or effect transactions that stabilize or maintain the market price of the Certificates at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriter may offer and sell the Certificates to certain dealers and others at prices lower than the public offering prices set forth on the cover page hereof and said public offering prices may be changed from time to time by the Underwriter.

NO REGISTRATION. THE CERTIFICATES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXCEPTION FROM THE REGISTRATION REQUIREMENTS CONTAINED IN SUCH ACT. THE CERTIFICATES HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

City Internet Site. The City maintains a website, but the information presented on the website is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Certificates.

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OFFICIAL STATEMENT

$________*
City of Hayward
2023 Refunding Certificates of Participation
(2014 and 2015 Leases)

The purpose of this Official Statement (which includes the cover page and the attached appendices) is to provide information concerning the execution and delivery of the certificates of participation captioned above (the "**Certificates**"), evidencing and representing direct, undivided fractional interests of the registered owners thereof in certain lease payments (as described in this Official Statement) to be made by the City of Hayward (the "**City**") to the Hayward Public Financing Authority (the "**Authority**").

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

Capitalized terms used but not defined in this Official Statement have the meanings set forth in APPENDIX A.

INTRODUCTION

The City. The City is located fourteen miles south of Oakland in the San Francisco Bay Area and includes sixty-one square miles lying between the eastern shore of the San Francisco Bay and the southern Oakland-Berkeley Hills. The City is the sixth largest city in the San Francisco Bay Area and the third largest city in Alameda County (the "**County**"). The City serves as a major transportation hub and center of commercial and industrial activity, with immediate access to major interstate freeways, rail lines, and public transit routes such as Bay Area Rapid Transit.

For selected financial, economic and demographic information about the City, see "APPENDIX B – City of Hayward General Financial and Demographic Information."

The City's annual comprehensive financial report for the fiscal year ended June 30, 2022, is attached as APPENDIX C.

Authority for Execution and Delivery. The Certificates are being executed and delivered under a Trust Agreement dated as of _____ 1, 2023 (the "**Trust Agreement**"), among the City, the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "**Trustee**").

Purposes. The Certificates are being executed and delivered to:

(i) prepay the City's remaining lease payment obligations (the "**2014 Lease Payments**") under a Lease Agreement dated as of August 1, 2014, by and between the City and the Public Property Financing Corporation of

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* Preliminary; subject to change.

California, which were issued on August 1, 2014, and are currently outstanding in the aggregate principal amount of $2,482,104 (the "**2014 Lease**");

(ii) prepay the City's remaining lease payment obligations (the "**2015 Lease Payments**") under a Lease Agreement dated as of August 1, 2015, by and between the City and the Hayward Public Financing Authority (the "**Authority**"), causing the prepayment of the outstanding certificates of the City captioned "$67,535,000 City of Hayward 2015 Certificates of Participation (Capital Projects)," which were issued on October 14, 2015, and are currently outstanding in the aggregate principal amount of $52,245,000 (the "**2015 Certificates**"); and

(iii) pay certain costs of executing and delivering the Certificates.

See "PLAN OF FINANCING."

Security for the Certificates. In order to provide funds to prepay the 2014 Lease Payments, 2015 Lease Payments and 2015 Certificates, the Authority and the City have entered into a Site and Facilities Lease dated as of _____ 1, 2023 (the "**Site Lease**"), pursuant to which the City will lease certain real property and the improvements thereon (the "**Leased Property**") to the Authority, and the Authority and the City have entered into a Lease Agreement dated as of _____ 1, 2023 (the "**Lease Agreement**"), under which the Authority will lease the Leased Property back to the City in consideration of the payment by the City of semiannual lease payments (the "**Lease Payments**"). See "THE LEASED PROPERTY."

The Authority will assign its right to receive the Lease Payments to the Trustee under an Assignment Agreement dated as of _____ 1, 2023 (the "**Assignment Agreement**"), between the Authority and the Trustee, in consideration for which the Trustee has agreed to execute and deliver the Certificates. The Certificates evidence and represent direct, undivided fractional interests of the Certificate Owners in the Lease Payments. See "SECURITY FOR THE CERTIFICATES."

No Reserve Fund. No reserve fund will be established for the Certificates.

Prepayment. The Certificates are subject to optional prepayment, extraordinary mandatory prepayment from the net proceeds of insurance or condemnation proceedings, and mandatory sinking fund prepayment prior to their scheduled payment dates. See "THE CERTIFICATES – Prepayment of the Certificates."

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

Legal Opinion. Upon delivery of the Certificates, Jones Hall, A Professional Law Corporation, San Francisco, California, Special Counsel ("**Special Counsel**") will release its final approving legal opinion with respect to the Certificates, regarding the validity and tax-exempt status of the Certificates, in the form attached hereto as APPENDIX D.

Risk Factors. The Certificates are payable only from Lease Payments made by the City to the Authority and assigned to the Trustee under the Trust Agreement. For a discussion of some of the risks associated with the purchase of the Certificates, see "RISK FACTORS."

Limited Obligations. NEITHER THE CERTIFICATES NOR THE OBLIGATION OF THE CITY TO MAKE LEASE PAYMENTS CONSTITUTES A DEBT OF THE CITY OR OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMIT OR RESTRICTION, OR AN OBLIGATION FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION.

PLAN OF FINANCING

The proceeds of the Certificates will be used to (i) prepay the 2014 Lease Payments, (ii) prepay the 2015 Lease Payments, causing the prepayment of the 2015 Certificates, and (iii) pay certain costs of executing and delivering the Certificates.

Prepayment of 2014 Lease Payments, 2015 Lease Payments and 2015 Certificates

2014 Lease Payments. The proceeds of the 2014 Lease Payments were used for the following purposes:

(i) financing a new Fire Station No. 7 and a Firehouse Health Clinic located at the same site as Fire Station No. 7 and for other municipal purposes; and

(ii) paying costs of issuance.

2015 Lease Payment Certificates. The proceeds of the 2015 Certificates were used for the following purposes:

(i) financing the acquisition and construction of multiple capital improvements;

(ii) providing a debt service reserve fund;

(iii) funding a portion of interest due on the 2015 Certificates through June 1, 2018; and

(iv) paying certain costs of executing and delivering the 2015 Certificates.

On the date of execution and delivery of the Certificates (the "**Closing Date**"), the City will cause a portion of the proceeds of the Certificates to be transferred to The Bank of New York Mellon Trust Company, N.A., as escrow agent (the "**Escrow Agent**"), for deposit into an escrow fund (the "**Escrow Fund**") established under an Escrow Deposit and Trust Agreement, dated as of _____ 1, 2023, between the City and Escrow Agent, in an amount sufficient to prepay the remaining 2014 Lease Payments and 2015 Lease Payments and cause the prepayment of the 2015 Certificates on ______, 2023 (the "**Prepayment Date**").

The Escrow Agent will invest a portion of the amount deposited in the Escrow fund in federal securities, and hold the remaining amount deposited into the Escrow Fund in cash, uninvested. All amounts held in the Escrow Fund will be applied on the Prepayment Date to prepay the 2014 Lease Payments and 2015 Lease Payments and cause the prepayment of the 2015 Certificates at a price equal to 100% of their aggregate principal amount, together with accrued interest to the Prepayment Date, without premium.

The amounts held by the Escrow Agent are pledged solely to the prepayment of the 2014 Lease Payments and 2015 Lease Payments, and prepayment of the 2015 Certificates. The funds deposited into the Escrow Fund will not be available for the payment of debt service on the Certificates; however, following the prepayment of the 2014 Lease Payments and 2015 Lease Payments in full and prepayment of the 2015 Certificates, the Escrow Agent will transfer any amounts remaining on deposit in the Escrow Fund to the Trustee to be applied to pay interest next coming due and payable with respect to the Certificates.

Estimated Sources and Uses of Funds

The proceeds to be received from the sale of the Certificates, and related amounts, are anticipated to be applied as follows:

<u>SOURCES</u>	
Principal Amount of Certificates	
Plus/Less: Net Original Issue Premium/(Discount)	
Amounts Related to 2015 Certificates	
Total Sources	
<u>USES</u>	
Deposit into Escrow Fund [1]	
Deposit into Costs of Issuance Fund [2]	
Underwriter's Discount	
Total Uses	

[1] To be used to prepay the 2014 Lease Payments, 2015 Lease Payments and 2015 Certificates on the Prepayment Date. See "– Prepayment of 2014 Lease Payments, 2015 Lease Payments and 2015 Certificates."

[2] Includes fees of Special Counsel, Disclosure Counsel, municipal advisor, rating agency, Trustee and Escrow Agent; [Policy premium;] title insurance premium; printing costs; and other costs of executing and delivering the Certificates.

THE CERTIFICATES

This section provides summaries of the Certificates and certain provisions of the Trust Agreement. See "APPENDIX A – Summary of Principal Legal Documents" for a more complete summary of the Trust Agreement. Capitalized terms used but not defined in this section have the meanings given in APPENDIX A.

Authority for Execution and Delivery

The Certificates are being executed and delivered under the Trust Agreement, a resolution of the City Council adopted on June 20, 2023, and a resolution of the Board of Directors of the Authority adopted on June 20, 2023.

General Certificate Terms

Certificate Terms. The Certificates will be dated as of the date of original delivery, will bear interest at the rates per annum and will mature on the dates and in the amounts set forth on the inside front cover of this Official Statement. The Certificates will be executed and delivered in fully registered form without coupons in denominations of $5,000 principal amount or any integral multiple of $5,000, except that no Certificate will represent principal payable in more than one year.

Interest with respect to the Certificates accrues from their date of delivery and is payable semiannually on November 1 and May 1, commencing November 1, 2023 (each, an "**Interest Payment Date**").

Book-Entry Only System. The Certificates, when executed and delivered, will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York ("**DTC**"). So long as DTC, or Cede & Co. as its nominee, is the registered owner of all Certificates, all payments with respect to the Certificates will be made directly to DTC, and disbursement of such payments to the DTC Participants (defined below) will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners (defined below) will be the responsibility of the DTC Participants, as more fully described hereinafter. See "– Book-Entry System" below.

Calculation of Interest. Interest represented by the Certificates will be payable from the Interest Payment Date next preceding the date of execution thereof, unless:

(a) it is executed following a Record Date and on or before the next succeeding Interest Payment Date, in which event interest represented thereby is payable from such Interest Payment Date,

(b) it is executed on or before the first Record Date, in which event interest represented thereby is payable from the Closing Date, or

(c) as of the date of any Certificate, interest represented by such Certificate is in default, in which event interest represented thereby will be payable from the Interest Payment Date to which interest has previously been paid or made available for payment with respect to such Certificate.

Interest represented by the Certificates is payable on each Interest Payment Date to and including the date of maturity or prepayment, whichever is earlier.

Such interest represents the portion of Lease Payments designated as interest and coming due on each of the respective Interest Payment Dates. The share of the portion of Lease Payments designated as interest with respect to any Certificate will be computed by multiplying the portion of Lease Payments designated as principal represented by such Certificate by the rate of interest represented by such Certificate (on the basis of a 360-day year consisting of twelve 30-day months).

Record Date. The Trust Agreement defines the "Record Date" with respect to the Certificates as close of business on the 1st day of the month in which each Interest Payment Date occurs, whether or not such 1st day is a Business Day.

Payments of Interest and Principal. Payment of interest represented by any Certificate on any Interest Payment Date will be made to the person appearing on the Registration Books as the Owner thereof as of the close of business on the Record Date immediately preceding such Interest Payment Date, such interest to be paid by check mailed on the applicable Interest Payment Date to such Owner, by first class mail postage prepaid, at such Owner's address as it appears on the Registration Books.

At the written request of the Owner of Certificates in an aggregate principal amount of at least $1,000,000, which written request is on file with the Trustee prior to the Record Date preceding any Interest Payment Date, the Trustee will pay interest represented by such Certificates coming due and payable on such Interest Payment Date by wire transfer in immediately available funds to such account in the United States as is specified in such written request.

The principal, interest and prepayment premium, if any, represented by any Certificate at maturity or upon prepayment are payable in lawful money of the United States of America upon surrender of such Certificate at the Office of the Trustee.

Notwithstanding the foregoing, while the Certificates are held in the book-entry only system of DTC, all such payments of principal, premium (if any) of, and interest with respect to, the Certificates will be made to Cede & Co. as the registered owner of the Certificates, for subsequent disbursement to Participant and beneficial owners. See "APPENDIX F – BOOK-ENTRY PROVISIONS."

Prepayment of the Certificates*

Optional Prepayment. The Certificates maturing on or before November 1, 20__, are not subject to optional prepayment before their respective stated maturities.

The Certificates maturing on or after November 1, 20__, are subject to prepayment prior to their respective stated maturities, at the option of the City, in whole, or in part among maturities on such basis as designated by the City and by lot within any one maturity, on November 1, 20__, or on any date thereafter, upon 45 days' prior written notice to the Trustee and payment of a prepayment price equal to 100% of the principal amount to be prepaid, together with accrued interest to the date fixed for prepayment, without premium.

* Preliminary; subject to change.

Extraordinary Mandatory Prepayment From Net Proceeds of Insurance or Condemnation. The Certificates are subject to extraordinary mandatory prepayment, in whole, on any Business Day, or in part on any Interest Payment Date among maturities on a pro rata basis and by lot within a maturity, from the Net Proceeds of insurance or eminent domain proceedings credited towards the prepayment of the Lease Payments under the Lease Agreement and under the Trust Agreement, at a prepayment price equal to 100% of the principal amount to be prepaid, together with accrued interest represented thereby to the date fixed for prepayment, without premium.

Mandatory Sinking Fund Prepayment**.** The Certificate maturing on November 1, 20__ (the "**Term Certificate**"), is also subject to mandatory sinking fund prepayment by lot on November 1 in each year as set forth in the following tables, from the principal components of the Lease Payments required to be paid with respect to each of such dates, at a prepayment price equal to 100% of the principal amount to be prepaid, together with accrued interest represented thereby to the prepayment date, without premium, as follows:

Sinking Fund Prepayment Date (November 1)	Principal Amount To Be Prepaid
(Maturity)	

Notwithstanding the provisions of the previous paragraph, if some but not all the Term Certificate is prepaid as described in "– Optional Prepayment" or "– Extraordinary Mandatory Prepayment from Net Proceeds of Insurance or Condemnation," the aggregate principal amount of the Term Certificate to be prepaid in each year thereafter will be reduced by the aggregate principal amount of the Term Certificate so prepaid, to be allocated among sinking fund installments on a pro rata basis in integral multiples of $5,000 such that the resulting amount of principal represented by the Term Certificate subject to prepayment on any date is equal to the aggregate principal components of the Lease Payments coming due and payable on such date.

Selection of Certificates for Prepayment**.** Whenever provision is made in the Trust Agreement for the prepayment of Certificates and less than all Outstanding Certificates of any maturity are called for prepayment, the Trustee will select Certificates of such maturity for prepayment by lot. For the purposes of such selection, Certificates will be deemed to be composed of $5,000 portions, and any such portion may be separately prepaid. The Trustee will promptly notify the City and the Authority in writing of the Certificates or portions thereof so selected for prepayment.

Notice of Prepayment**.** When optional prepayment or extraordinary mandatory prepayment from the Net Proceeds of insurance or condemnation proceedings is authorized or required under the Trust Agreement, the Trustee will give notice of the prepayment of the Certificates on behalf and at the expense of the City. In the case of optional prepayment, the notice may provide that the proposed prepayment is conditional upon the availability of funds and that the City has the right to rescind the notice as provided below.

The Trustee will mail notice of prepayment by first-class mail with postage prepaid, to the Securities Depositories and to the Municipal Securities Rulemaking Board, and to the Owners of

Certificates designated for prepayment at their respective addresses appearing on the Registration Books, at least 20 days but not more than 60 days prior to the prepayment date.

Neither the failure to receive any such notice nor any defect in any notice so mailed will affect the sufficiency of the proceedings for the prepayment of such Certificates or the cessation of accrual of interest represented thereby from and after the date fixed for prepayment.

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

Rescission of Prepayment. The City has the right to rescind any notice of the optional prepayment of Certificates by written notice to the Trustee on or prior to the date fixed for prepayment. Any notice of optional prepayment will be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for prepayment for the payment in full of the Certificates then called for prepayment, and such cancellation will not constitute an Event of Default. The City and the Trustee have no liability to the Owners or any other party related to or arising from such rescission of prepayment.

The Trustee will mail notice of such rescission of prepayment to the respective Owners of the Certificates designated for prepayment at their respective addresses appearing on the Registration Books, and to the Securities Depositories and the Municipal Securities Rulemaking Board.

Effect of Notice of Prepayment. If moneys for the prepayment (including the interest to the applicable date of prepayment) of Certificates have been set aside in the Lease Payment Fund, the Certificates will become due and payable on the date of such prepayment, and, upon presentation and surrender thereof at the Office of the Trustee, those Certificates will be paid at the unpaid principal amount (or applicable portion thereof) represented thereby plus interest accrued and unpaid to the date of prepayment.

If, on the date of prepayment, moneys for the prepayment of all the Certificates to be prepaid, together with interest represented thereby to the date of prepayment, are held by the Trustee so as to be available therefor on such date of prepayment, then, from and after the date of prepayment, interest represented by the Certificates will cease to accrue and become payable. All moneys held by the Trustee for the prepayment of Certificates will be held in trust for the account of the Owners of the Certificates so to be prepaid, and will be held by the Trustee in cash uninvested.

Purchase of Certificates in Lieu of Prepayment. In lieu of prepayment of Certificates as provided in the Trust Agreement, amounts held by the Trustee for such prepayment may, at the written request of the City Representative received by the Trustee at least 75 days prior to the selection of Certificates for prepayment, be applied by the Trustee to the purchase of Certificates at public or private sale as and when and at such prices (including brokerage, accrued interest and other charges) as the City may in its discretion direct, but not to exceed the prepayment price which would be payable if such Certificates were prepaid.

Book-Entry System

DTC will act as securities depository for the Certificates. The Certificates will be executed and delivered as fully-registered Certificates registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Certificate will be executed and delivered for each maturity of the Certificates, each in the aggregate principal amount of such maturity, and will be deposited with DTC. See "APPENDIX F – BOOK-ENTRY PROVISIONS."

The City and the Trustee cannot and do not give any assurances that DTC, DTC Participants or others will distribute payments of principal, interest or premium with respect to the Certificates paid to DTC or its nominee as the registered owner, or will distribute any prepayment notices or other notices, to the Beneficial Owners, or that they will do so on a timely basis or will serve and act in the manner described in this Official Statement. The City and the Trustee are not responsible or liable for the failure of DTC or any DTC Participant to make any payment or give any notice to a Beneficial Owner with respect to the Certificates or an error or delay relating thereto.

Registration, Transfer and Exchange

The provisions of the Trust Agreement regarding the registration, exchange and transfer of the Certificates apply only during any period in which the Certificates are not subject to DTC's book-entry system. While the Certificates are subject to DTC's book-entry system, their registration, exchange and transfer will be effected through DTC and the Participants and will be subject to the procedures, rules and requirements established by DTC. See APPENDIX F.

Registration. The Trustee will keep or cause to be kept sufficient records for the registration and registration of transfer of the Certificates, which will at all reasonable times be open to inspection by the City and the Authority upon prior notice, during regular business hours; and, upon presentation for such purpose, the Trustee will, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on the Registration Books, Certificates as provided in the Trust Agreement.

Transfer of Certificates. The registration of any Certificate may, in accordance with its terms, be transferred upon the Registration Books by the person in whose name it is registered, in person or by duly authorized attorney, upon surrender of such Certificate for cancellation at the Office of the Trustee, accompanied by delivery of a written instrument of transfer in a form acceptable to the Trustee, manually executed. Whenever any Certificate or Certificates is surrendered for registration of transfer, the Trustee will execute and deliver a new Certificate or Certificates representing the same maturity, interest rate and aggregate principal amount, in any authorized denominations. The Trustee will require the Certificate Owner to pay all costs of the Trustee incurred in connection with any such transfer and any tax or other governmental charge required to be paid with respect to such transfer.

Exchange of Certificates. Certificates may be exchanged at the Office of the Trustee, for a like aggregate principal amount of Certificates representing other authorized denominations of the same interest rate and maturity. The City will pay all costs of the Trustee incurred in connection with any such exchange, except that the Trustee will require the payment by the Certificate Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

Limitations on Transfer or Exchange. The Trustee may refuse to transfer or exchange either (i) any Certificate during the period established by the Trustee for the selection of Certificates for prepayment, or (ii) any Certificate which the Trustee has selected for prepayment in whole or in part under the Trust Agreement.

SCHEDULE OF LEASE PAYMENTS

The table below shows the annual Lease Payments, which corresponds to the payments of principal and interest with respect to the Certificates and assumes no optional or extraordinary mandatory prepayments.

Rental Period Ending November 1[(1)]	Principal Component*	Interest Component	Aggregate Lease Payment
Total	$________		

(1) "Rental Period" is defined in the Lease to mean each period during the Term of the Lease commencing on and including October 16 in each year and extending to and including the next succeeding October 15, except that the first Rental Period begins on the Closing Date and ends on October 15, 20__. Lease Payments are due on the second Business Day prior to the corresponding Interest Payment Date.

* Preliminary; subject to change.

THE LEASED PROPERTY

General

Lease Payments will be made by the City under the Lease Agreement for the use and occupancy of the Leased Property, which consists of the City's 21st Century Library and Community Learning Center (the "Library"), located at the corner of C Street and Mission Boulevard, adjacent to the City's main downtown park. The Library is a three-story, 58,000 square feet building that opened in 2019 and cost $65.7 million to construct.

The Library includes classrooms, a digital media lab, flexible gathering spaces, and education spaces for an adult learning center and homework center. The Library has received a LEED platinum certification and is one of the largest zero net energy public libraries in the country.

The insured value of the Library is approximately $_____.

Modification of Leased Property

Under the Lease Agreement, the City has the right, at its own expense, to make additions, modifications and improvements to the Leased Property or any portion thereof. All additions, modifications and improvements to the Leased Property will thereafter comprise part of the Leased Property and become subject to the provisions of the Lease Agreement.

Such additions, modifications and improvements may not in any way damage the Leased Property, or cause the Leased Property to be used for purposes other than those authorized under the provisions of state and federal law; and the Leased Property, upon completion of any additions, modifications and improvements made thereto under the Lease Agreement, must be of a value which is not substantially less than the value thereof immediately prior to the making of such additions, modifications and improvements.

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

Substitution of Property

Under the Lease Agreement, the City has, and is granted, the option at any time and from time to time to substitute other real property (the "**Substitute Property**") for the Leased Property or any portion thereof (the "**Former Property**"), provided that the City must satisfy all of the requirements set forth in the Lease Agreement that are conditions precedent to such substitution, and which include (among others) the following:

(a) The City must file with the Authority and the Trustee, and cause to be recorded in the office of the Alameda County Recorder sufficient memorialization of, an amendment of the Lease Agreement that adds to Appendix A thereto a description of such Substitute Property and deletes therefrom the description of such Former Property, and appropriate amendments to the Site Lease and Assignment Agreement that adds thereto a description of such Substitute Property and deletes therefrom the description of such Former Property.

(b) The City must certify in writing to the Authority and the Trustee that such Substitute Property serves the municipal purposes of the City and constitutes property which the City is permitted to lease under the laws of the State of California, and has been determined to be essential to the proper, efficient and economic operation of the City and to serve an essential governmental function of the City.

(c) The City must file with the Authority and the Trustee a certificate to the effect that the fair market value and the fair rental value of the Substitute Property and any other property that will be subject to the Lease Agreement and the Site Lease are at least equal to the outstanding principal amount of the Certificates, and that the useful life of the Substitute Property at least equals the lesser of (i) the useful life of the Former Property, or (ii) the final Lease Payment Date of the Lease Payments allocable to the Former Property.

(d) The City will provide the Trustee with an opinion of nationally recognized bond counsel to the effect that such substitution will not, in and of itself, cause the interest on the Certificates to be included in gross income for federal income tax purposes.

Upon the satisfaction of all conditions precedent to substitution under the Lease Agreement, the Term of the Lease Agreement will thereupon end as to the Former Property and commence as to the Substitute Property, and all references to the Former Property will apply with full force and effect to the Substitute Property.

The City is not entitled to any reduction, diminution, extension or other modification of the Lease Payments whatsoever as a result of such substitution.

The Authority and the City will execute, deliver and cause to be recorded all documents required to discharge the Lease Agreement, the Site Lease and the Assignment Agreement against the Former Property, and to cause the Substitute Property to become subject to all of the terms and conditions of the Lease Agreement, Site Lease and the Assignment Agreement.

See APPENDIX A for additional conditions to the substitution of property under the Lease Agreement.

Release of Property

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

(a) The City must file with the Authority and the Trustee, and cause to be recorded in the office of the Alameda County Recorder sufficient memorialization of, an amendment of the Lease Agreement that removes the Released Property therefrom, and appropriate amendments to the Site Lease and Assignment Agreement that removes therefrom the description of the Released Property.

(b) The City must certify in writing to the Authority and the Trustee that the fair market value of the property that remains subject to the Lease Agreement and the Site Lease following such removal is at least equal to the outstanding principal amount of the Certificates, and the fair rental value of the property that remains subject to the Lease Agreement and the Site Lease following such removal is at least equal to the Lease Payments thereafter coming due and payable under the Lease Agreement.

(c) The City will provide the Trustee with an opinion of nationally recognized bond counsel to the effect that such release will not, in and of itself, cause the interest on the Certificates to be included in gross income for federal income tax purposes.

Upon the satisfaction of all conditions precedent to release under the Lease Agreement, the Term of the Lease Agreement will thereupon end as to the Released Property.

The City is not entitled to any reduction, diminution, extension or other modification of the Lease Payments whatsoever as a result of such release.

The Authority and the City will execute, deliver and cause to be recorded all documents required to discharge the Lease Agreement, the Site Lease and the Assignment Agreement of record against the Released Property.

See APPENDIX A for additional conditions to the release of property from the Lease Agreement and the Site Lease.

THE CITY AND THE AUTHORITY

The City

General. The City is a charter city that was incorporated in 1876. The City operates under the council-manager form of government, in which authority is concentrated in the elected city council, which appoints a professional manager (the "**City Manager**") to implement its policies. The Mayor is elected by the voters of the City for a four-year term. The City Manager oversees the City's annual operating budget and personnel matters, and serves as the City Council's chief policy advisor.

The City Council consists of seven members elected to serve staggered four-year terms.

For selected financial, economic and demographic information about the City, see "APPENDIX B – City of Hayward General Financial and Demographic Information."

The Authority

The Authority is a non-profit public benefit corporation duly organized and existing under the laws of the State. The Authority was established by the City and the former Redevelopment Agency of the City of Hayward.

SECURITY FOR THE CERTIFICATES

This section provides summaries of the security and sources of payment for the Certificates and certain provisions of the Trust Agreement and Lease Agreement. See APPENDIX A for a more complete summary of the Trust Agreement and Lease Agreement. Capitalized terms used but not defined in this section have the meanings given in APPENDIX A.

General

Lease Payments. Each Certificate evidences and represents a direct, undivided fractional interest of the Owner thereof in the Lease Payments to be made by the City under the Lease Agreement.

Assignment to Trustee. Under the Assignment Agreement, the Authority will transfer, assign and set over to the Trustee, for the benefit of the Owners of all Outstanding Certificates, substantially all of the Authority's rights under the Lease Agreement and the Site Lease, including without limitation:

(a) the right to receive and collect all of the Lease Payments from the City under the Lease Agreement;

(b) the right to receive and collect any proceeds of any insurance maintained under the Lease Agreement with respect to the Leased Property, or any eminent domain award (or proceeds of sale under threat of eminent domain) paid with respect to the Leased Property; and

(c) the right to exercise such rights and remedies conferred on the Authority under the Lease Agreement as may be necessary or convenient (i) to enforce payment of the Lease Payments and any other amounts required to be deposited in the Lease Payment Fund or the Insurance and Condemnation Fund established under the Trust Agreement, or (ii) otherwise to protect the interests of the Owners in the event of a default by the City under the Lease Agreement.

This assignment will be absolute and irrevocable, and will be without recourse to the Authority.

Under the Lease Agreement, the City acknowledges that all Lease Payments have been assigned by the Authority to the Trustee in trust under the Assignment Agreement, for the benefit of the Owners of the Certificates, and the City consents to such assignment. The Authority directs the City, and the City agrees to pay to the Trustee at its Office, all Lease Payments (including prepayments thereof).

Lease Payments

Obligation to Make Lease Payments. Under the Lease Agreement (subject to the provisions of the Lease Agreement regarding abatement and prepayment), the City will pay to the Authority, its successors and assigns, the Lease Payments (denominated into components of principal and interest) in the respective amounts specified in the Lease Agreement, to be due and payable in immediately available funds on the Interest Payment Dates immediately following each of the respective Lease Payment Dates, and to be deposited by the City with the Trustee on each of the Lease Payment Dates.

The Lease Payments payable in any Rental Period are for the use of the Leased Property during such Rental Period.

Credits and Offsets. Any amount held in the Lease Payment Fund on any Lease Payment Date (other than amounts resulting from the prepayment of the Lease Payments in part but not in whole, and other than amounts required for payment of past due principal or interest represented by any Certificates not presented for payment) will be credited towards the Lease Payment then required to be paid.

No Lease Payment need be deposited with the Trustee on any Lease Payment Date if the amounts then held in the Lease Payment Fund are at least equal to the Lease Payment then required to be deposited with the Trustee.

Effect of Prepayment. If the City prepays all Lease Payments in full under the Lease Agreement, and if the City has paid all Additional Payments then due and payable, the City's obligations to make Lease Payments under the Lease Agreement will thereupon cease and terminate.

If the City prepays the Lease Payments in part but not in whole under the Lease Agreement, the principal components of the remaining Lease Payments will be reduced in integral multiples of $5,000 among Lease Payment Dates on a basis that corresponds to the principal maturities of the Certificates that are prepaid; and the interest component of each remaining Lease Payment will be reduced by the aggregate corresponding amount of interest that would otherwise be payable with respect to the Certificates thereby prepaid under the Trust Agreement.

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

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

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

Source of Payments; Budget and Appropriation

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

The City covenants in the Lease Agreement to take such action as may be necessary to include all estimated Lease Payments and all estimated Additional Payments due under the

Lease Agreement in each of its final approved budgets. The City further covenants to make all necessary appropriations (including any supplemental appropriations) from any source of legally available funds of the City for all the actual amount of Lease Payments and Additional Payments that come due and payable during the period covered by each such budget.

These covenants on the part of the City are duties imposed by law and it is the duty of each and every public official of the City to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the City to carry out and perform the covenants and agreements in the Lease Agreement agreed to be carried out and performed by the City.

Limited Obligation

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

Additional Payments

In addition to the Lease Payments, under the Lease Agreement, the City agrees to pay when due, as additional rental for the Leased Property thereunder, all costs and expenses incurred by the City thereunder or under the Trust Agreement, or incurred by the Authority to comply with the provisions of the Trust Agreement, including without limitation (a) all Costs of Issuance (to the extent not paid from amounts on deposit in the Costs of Issuance Fund), (b) annual compensation due to the Trustee and all of its reasonable costs and expenses (including amounts payable to the Trustee by virtue of indemnification) payable as a result of the performance of and compliance with its duties under the Trust Agreement, and (c) all reasonable costs and expenses of attorneys, auditors, engineers and accountants engaged by the Authority or the Trustee in connection with the Leased Property or the performance of their duties under the Lease Agreement or the Trust Agreement.

No Reserve Fund

No reserve fund will be established for the benefit of the City and the Owners of the Certificates. Abatement

Termination or Abatement Due to Eminent Domain. If the Leased Property is taken permanently under the power of eminent domain or sold to a government threatening to exercise the power of eminent domain, the Term of the Lease Agreement will cease with respect thereto as of the day possession is so taken.

If less than all of the Leased Property is taken permanently, or if the Leased Property is taken temporarily, under the power of eminent domain,

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

(b) there will be a partial abatement of Lease Payments allocated thereto, in an amount to be determined by the City such that the resulting Lease Payments represent fair consideration for the use and occupancy of the remaining usable portions of the Leased Property.

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

The amount of such abatement will be determined by the City such that the resulting Lease Payments represent fair consideration for the use and occupancy of the portions of the Leased Property that are available for use and occupancy.

Such abatement will continue for the period commencing with such damage or destruction and ending with the substantial completion of the work of repair or reconstruction. If any such damage or destruction occurs, the Lease Agreement will continue in full force and effect and the City waives any right to terminate the Lease Agreement by virtue of any such damage and destruction.

Notwithstanding the foregoing, there will be no abatement of Lease Payments to the extent that the proceeds of hazard insurance or rental interruption insurance are available to pay Lease Payments that would otherwise be abated, it being declared that such proceeds and amounts constitute a special fund for the payment of the Lease Payments.

Application of Net Proceeds of Insurance and Condemnation

Application of Net Proceeds of Insurance Award. Under the Trust Agreement, any Net Proceeds of insurance collected by the City in the event of accident to or destruction of any component of the Leased Property will be paid to the Trustee under the Lease Agreement and deposited by the Trustee promptly upon receipt thereof in a special fund designated as the "**Insurance and Condemnation Fund**" which the Trustee will thereupon establish.

If the City determines and notifies the Trustee in writing of its determination, within 45 days following the date of such deposit, that the replacement, repair, restoration, modification or improvement of the Leased Property is not economically feasible or in the best interests of the City, then such Net Proceeds will be promptly transferred by the Trustee to the Lease Payment Fund and applied to the prepayment of Lease Payments under the Lease Agreement and the corresponding prepayment of Certificates under the Trust Agreement. This prepayment will be made on the first Interest Payment Date for which notice of prepayment can be timely given.

Notwithstanding the foregoing, the determination of the City to apply Net Proceeds to the prepayment of Certificates is subject to the following:

(a) if the Leased Property is damaged or destroyed in full, such Net Proceeds may be transferred to the Lease Payment Fund to be used to prepay Outstanding Certificates only if such Net Proceeds, together with other available moneys, are sufficient to cause the corresponding prepayment of all Lease Payments allocable to the Leased Property; and

(b) if the Leased Property is damaged or destroyed in part but not in whole, such Net Proceeds may be transferred to the Lease Payment Fund to be used to prepay Outstanding Certificates only if the Lease Payments that result after the corresponding abatement thereof under the Lease Agreement are sufficient to pay the full amount of principal and interest represented by the Certificates that remain Outstanding after such prepayment.

All Net Proceeds deposited in the Insurance and Condemnation Fund and not so transferred to the Lease Payment Fund will be applied to the prompt replacement, repair, restoration, modification or improvement of the damaged or destroyed portions of the Leased Property by the City.

Notwithstanding any other provision of the Lease Agreement, the Trustee will pay to the City all moneys in the Insurance and Condemnation Fund upon the Trustee's receipt of a written notice executed by a City Representative which states that, pursuant to the Lease Agreement, the City has substituted other real property for the Leased Property that was damaged or destroyed and that there will be no abatement of the Lease Payments as a result of such damage or destruction.

Application of Net Proceeds of Eminent Domain Award. Under the Trust Agreement, if all or any part of the Leased Property is taken by eminent domain proceedings (or sold to a government threatening to exercise the power of eminent domain) the Net Proceeds therefrom will be deposited with the Trustee in the Insurance and Condemnation Fund and will be applied and disbursed by the Trustee as follows:

(a) If the City gives written notice to the Trustee of its determination that (i) such eminent domain proceedings have not materially affected the interest of the City in the Leased Property or the ability of the City to meet any of its financial obligations under the Lease Agreement, and (ii) that such proceeds are not needed for repair, replacement or rehabilitation of the Leased Property, the Trustee will transfer such proceeds to the Lease Payment Fund to be credited towards the payment of the Lease Payments as they become due and payable.

(b) If the City gives written notice to the Trustee of its determination that (i) such eminent domain proceedings have not materially affected the interest of the City in the Leased Property or the ability of the City to meet any of its financial obligations under the Lease Agreement, and (ii) such proceeds are needed for repair, replacement or rehabilitation of the Leased Property, the Trustee will pay to the City, or to its order, from said proceeds such amounts as the City may expend for the repair or rehabilitation of the Leased Property.

(c) If (i) less than all of the Leased Property is taken in such eminent domain proceedings or sold to a government threatening the use of eminent domain powers, and if the City gives written notice to the Trustee of its determination that such eminent domain proceedings have materially affected the interest of the City in the Leased Property or the ability of the City to meet any of its financial obligations under the Lease Agreement, or (ii) all of the Leased Property is taken in such eminent domain proceedings, then the Trustee will transfer such proceeds to the Lease Payment Fund to be credited toward the prepayment of the Lease Payments under the Lease Agreement and applied to the corresponding prepayment of Certificates under the Trust Agreement.

This prepayment will be made on the first prepayment date for which notice of prepayment can be timely given.

In making any such determination whether to repair, replace or rehabilitate the Leased Property under the Trust Agreement, the City may obtain, but is not required to obtain, at its expense, the report of an independent engineer or other independent professional consultant, a copy of which must be filed with the Trustee. Additionally, any such determination must be made within 45 days of the date the funds are deposited with the Trustee. Any such determination by the City is final.

Covenants to Maintain Insurance

Public Liability and Property Damage Insurance. Under the Lease Agreement, the City will maintain or cause to be maintained, throughout the Term of the Lease Agreement, comprehensive general insurance in protection of the Authority, the City and their respective members, officers, agents, employees and assigns. Such insurance must provide for indemnification of said parties against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the operation of the Leased Property. Such insurance must provide coverage in such liability limits and be subject to such deductibles as the City deems adequate and prudent.

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

The City will apply the proceeds of such insurance toward extinguishment or satisfaction of the liability with respect to which the net proceeds are paid.

Casualty Insurance. Under the Lease Agreement, the City will procure and maintain, or cause to be procured and maintained, at all times throughout the Term of the Lease Agreement, casualty insurance against loss or damage to the insured buildings, facilities and other improvements constituting any part of the Leased Property, in an amount at least equal to the greater of (a) the replacement value of such buildings, facilities and improvements, or (b) the aggregate principal amount of the Outstanding Certificates.

Such insurance will, as nearly as practicable, cover loss or damage by fire, explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance. The City shall not be obligated to purchase earthquake or flood coverage as part of such insurance. Such insurance may be subject to such deductibles as the City deems prudent.

Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City, and may be maintained in whole or in part in the form of the participation by the City in a joint powers authority or other program providing pooled insurance; provided that such insurance may not be maintained by the City in the form of self-insurance. The City shall apply the Net Proceeds of such insurance as provided in the Lease Agreement.

The City currently does not maintain earthquake insurance on the Leased Property, although the Leased Property was built to seismic standards. See “THE LEASED PROPERTY – General” and “RISK FACTORS – Natural Calamities – Seismic.”

Rental Interruption Insurance. Under the Lease Agreement, the City will procure and maintain, or cause to be procured and maintained, at all times throughout the Term of the Lease Agreement, rental interruption or use and occupancy insurance to cover loss, total or partial, of the use of the buildings, facilities and other improvements constituting any part of the Leased Property, as a result of any of the hazards covered in the casualty insurance required by the Lease Agreement and described above, in an amount at least equal to the maximum Lease Payments coming due and payable during any two consecutive fiscal years during the remaining Term of the Lease Agreement.

Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City, and may be maintained in whole or in part in the form of the participation by the City in a joint powers authority or other program providing pooled insurance; provided that such insurance may not be maintained by the City in the form of self-insurance.

The Net Proceeds of such insurance, if any, will be paid to the Trustee and deposited in the Lease Payment Fund, and will be credited towards the payment of the Lease Payments allocable to the insured improvements as the same become due and payable.

See "APPENDIX A – Summary of Principal Legal Documents" for a summary of certain other insurance requirements under the Lease Agreement.

Additional Rental

The City may amend the Lease Agreement, without the consent of the Trustee or any of the Certificate Owners, to obligate the City to pay additional amounts of rental thereunder for the use and occupancy of the Leased Property or any portion thereof, but only if (A) such additional amounts of rental are pledged or assigned for the payment of any bonds, notes, leases or other obligations the proceeds of which are applied to finance public improvements of the City, and (B) the City has filed with the Trustee written evidence that the amendments made under the Lease Agreement will not of themselves cause a reduction or withdrawal of any rating then assigned to the Certificates. See "RISK FACTORS – Additional Obligations of the City."

See "APPENDIX A – Summary of Principal Legal Documents" for a summary of certain other permitted amendments under the Lease Agreement.

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS

Article XIIIA of the California Constitution

On June 6, 1978, California voters approved Proposition 13 ("**Proposition 13**"), which added Article XIIIA to the State Constitution ("**Article XIIIA**"). Article XIIIA 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 (i) indebtedness approved by the voters prior to July 1, 1978, (ii) (as a result of an amendment to Article XIIIA approved by State voters on June 3, 1986) 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, and (iii) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% of the voters of the district, but only if certain accountability measures are included in the proposition. Article XIIIA defines full cash value to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under full cash value, or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership have occurred after the 1975 assessment." This 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 and in other minor or technical ways.

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

In accordance with Article XIIIA, all taxable property is now shown at "full cash value" on the County's property tax rolls.

Appropriation Limitation - Article XIIIB

On November 6, 1979, the voters of the State approved Proposition 4, known as the Gann Initiative, which added Article XIIIB to the State Constitution. On June 5, 1990, the voters approved Proposition 111, which amended Article XIIIB in certain respects.

Under Article XIIIB, as amended, state and local government entities each have an annual "appropriations limit" which limits the ability to spend certain monies that are called "appropriations subject to limitation" (consisting of most tax revenues and certain state subventions, together called "proceeds of taxes," and certain other funds) in an amount higher than the "appropriations limit." Article XIIIB does not affect the appropriation of monies that are excluded from the definition of "appropriations limit," including debt service on indebtedness existing or authorized as of January 1, 1979, or bonded indebtedness subsequently approved by two-thirds of the voters.

The "appropriations limit" is adjusted annually for changes in the cost of living and in population, for transfers in the financial responsibility for providing services, and in the case of certain declared emergencies.

If an entity receives any proceeds of taxes in excess of its appropriations limit, it may, by resolution of the entity's governing board, increase its appropriations limit to equal that amount (provided that the State has excess appropriations limit of its own in that fiscal year). The City's appropriations limit for fiscal year 2016-17 is $125,810,267, and the City does not anticipate exceeding this limit.

Proposition 218 - Article XIIIC and Article XIIID

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

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

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

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

Reduction or Repeal of Taxes, Fees and Charges. Article XIIIC also removed limitations on the initiative power in matters of reducing or repealing local taxes, assessments, fees or charges. No assurance can be given that the voters of the City will not, in the future, approve an initiative or initiatives that reduce or repeal local taxes, assessments, fees or charges currently comprising a substantial part of the City's General Fund. See "APPENDIX B – City of Hayward General Financial and Demographic Information – General Fund Tax Revenues." If such repeal or reduction occurs, the City's ability to pay debt service with respect to the Certificates could be adversely affected.

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

Impact on City's General Fund. The approval requirements of Articles XIIIC and XIIID reduce the flexibility of the City to raise revenues for the General Fund, and no assurance can be given that the City will be able to impose, extend or increase the taxes, fees or charges in the future that it may need to meet increased expenditure needs. The City believes all of its existing local taxes, fees and assessments are compliant with Proposition 218 and Proposition 26.

***Judicial Interpretation*.** Although some court cases have been decided, further interpretation and application of Articles XIIIC and XIIID will be determined by the courts, and it is not possible at this time to predict with certainty the outcome of such determination.

Unitary Property

AB 454 (Chapter 921, Statutes of 1986) provides that revenues derived from most utility property assessed by the State Board of Equalization ("**Unitary Property**"), commencing with the 1988-89 fiscal year, will be allocated as follows: (1) each jurisdiction will receive up to 102% of its prior year State-assessed revenue; and (2) if county-wide revenues generated from Unitary Property are less than the previous year's revenues or greater than 102% of the previous year's revenues, each jurisdiction will share the burden of the shortfall or excess revenues by a specified formula. This provision applies to all Unitary Property except railroads, whose valuation will continue to be allocated to individual tax rate areas.

The provisions of AB 454 constitute neither an elimination of the assessment of any State-assessed properties nor a revision of the methods of assessing utilities by the State Board of Equalization. Generally, AB 454 allows valuation growth or decline of Unitary Property to be shared by all jurisdictions in a county.

Proposition 62

On November 4, 1986, California voters adopted Proposition 62, which requires that (i) any local tax for general governmental purposes (a "**general tax**") must be approved by a majority vote of the electorate; (ii) any local tax for specific purposes (a "**special tax**") must be approved by a two-thirds vote of the electorate; (iii) any general tax must be proposed for a vote by two-thirds of the legislative body; and (iv) proceeds of any tax imposed in violation of the vote requirements must be deducted from the local agency's property tax allocation.

Most of the provisions of Proposition 62 were affirmed by the 1995 California Supreme Court decision in *Santa Clara County Local Transportation Authority v. Guardino*, which invalidated a special sales tax for transportation purposes because less than two-thirds of the voters voting on the measure had approved the tax.

The City does not believe any of the taxes constituting City revenues are levied in violation of Proposition 62.

Proposition 1A

On November 2, 2004, California voters approved Proposition 1A, which amends the State constitution to significantly reduce the State's authority over major local government revenue sources.

Under Proposition 1A, the State cannot (i) reduce local sales tax rates or alter the method of allocating the revenue generated by such taxes, (ii) shift property taxes from local governments to schools or community colleges, (iii) change how property tax revenues are shared among local governments without two-thirds approval of both houses of the State Legislature or (iv) decrease Vehicle License Fee revenues without providing local governments with equal replacement funding.

Proposition 22

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

Proposition 22 has resulted in more stable revenues for the City, and the City expects this to continue to be the case.

Future Initiatives

Article XIIIA, Article XIIIB, Proposition 218, Proposition 62, Proposition 1A and Proposition 22 were each adopted as measures that qualified for the ballot pursuant to California’s initiative process. From time to time, other initiative measures could be adopted, further affecting the City or its revenues or the ability of the City to expend revenues.

RISK FACTORS

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

No Pledge of Taxes

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

The City is currently liable on other obligations payable from general revenues, which are described under "APPENDIX B – City of Hayward General Financial and Demographic Information – Long-Term General Fund Obligations."

Limitations on Taxes and Fees. Certain taxes, assessments, fees and charges presently imposed by the City could be subject to the voter approval requirements of Article XIIIC and Article XIIID of the State Constitution. Based upon the outcome of an election by the voters, such fees, charges, assessments and taxes might no longer be permitted to be imposed, or may be reduced or eliminated and new taxes, assessments, fees and charges may not be approved.

The City believes that if the initiative power was exercised so that all local taxes, assessments, fees and charges that may be subject to Article XIIIC and Article XIIID of the State Constitution are eliminated or substantially reduced, the financial condition of the City, including its General Fund, could be materially adversely affected.

Although the City does not currently anticipate that the provisions of Article XIIIC and Article XIIID of the State Constitution would adversely affect its ability to pay Lease Payments and its other obligations payable from the General Fund, no assurance can be given regarding the ultimate interpretation or effect of Article XIIIC and Article XIIID of the State Constitution, including any initiative by City voters thereunder to repeal any of the taxes that provide revenue to the City's General Fund, on the City's finances. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS – Proposition 218 – Article XIIIC and Article XIIID."

Additional Obligations of the City

The City has existing obligations payable from its General Fund. See "APPENDIX B – City of Hayward General Financial and Demographic Information – Long-Term General Fund Obligations." The City is permitted to enter into other obligations that constitute additional charges against its revenues without the consent of Owners of the Certificates. To the extent that additional obligations are incurred by the City, the funds available to pay Lease Payments may be decreased.

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

In addition, the City may amend the Lease Agreement, without the consent of the Trustee or any of the Certificate Owners, to obligate the City to pay additional amounts of rental thereunder for the use and occupancy of the Leased Property or any portion thereof, subject to certain conditions precedent described in the Lease Agreement. If the City obligated itself to pay additional rental payments, such amounts would be payable from the funds lawfully available to the City, just like the Lease Payments payable to Certificate Owners.

Default

Whenever any event of default referred to in the Lease Agreement happens and continues, the Trustee, as the Authority's assignee, is authorized under the terms of the Lease Agreement to exercise any and all remedies available under law or granted under the Lease Agreement. See APPENDIX A for a detailed description of available remedies in the case of a default under the Lease Agreement.

In the event of a default, there is no remedy of acceleration of the total Lease Payments due over the term of the Lease Agreement. The Trustee is not empowered to sell the Leased Property and use the proceeds of such sale to prepay the Certificates or pay principal and interest represented by the Certificates. The Lease Agreement permits the Trustee, as the Authority's assignee, to take possession of and re-let the Leased Property in the event of a default by the City under the Lease Agreement; however, due to the fact that the Leased Property serves essential governmental purposes, a court may determine to not permit such remedy to be exercised. Even if such remedy may be exercised, no assurance can be given that the Trustee could readily re-let the Leased Property for rents which are sufficient to enable it to pay debt service on the Certificates in full when due.

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

Abatement

Under certain circumstances related to damage, destruction, or a taking pursuant to eminent domain which, in any such case, causes a substantial interference with the use and possession of the Leased Property, the City's obligation to make Lease Payments will be subject to full or partial abatement and could result in the Trustee having inadequate funds to pay the principal and interest on the Certificates as and when due. See "SECURITY FOR THE

CERTIFICATES – Abatement" and "APPENDIX A – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS."

Although the City is required under the Lease Agreement to maintain property and liability insurance and rental interruption insurance with respect to the Leased Property, the required insurance coverage is subject to certain conditions and restrictions. The Lease Agreement does not require earthquake insurance, and the City currently does not maintain earthquake insurance on the Leased Property (although the Leased Property was built to seismic standards). See "THE LEASED PROPERTY" and "SECURITY FOR THE CERTIFICATES – Covenants to Maintain Insurance." In addition, there is no assurance that the City will receive proceeds of any insurance in time to make Lease Payments when due.

Property Taxes

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

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

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

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

> *Proposition 8 Appeals*. Most of the appeals that might be filed in the City would be based on Section 51 of the Revenue and Taxation Code, which requires that for each lien date the value of real property must be the lesser of its base year value annually adjusted by the inflation factor pursuant to Article XIIIA of the State Constitution or its full cash value, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property or other factors causing a decline in value.
>
> Under California law, property owners may apply for a reduction of their property tax assessment by filing a written application, in form prescribed by the State Board of Equalization, with the appropriate county board of equalization or assessment appeals board. In most cases, the appeal is filed because the applicant believes that present market conditions (such as residential home prices) cause the property to be worth less than its current assessed value. These market-driven appeals are known as Proposition 8 appeals.

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

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

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

Natural Calamities

From time to time, the City is subject to natural calamities that may adversely affect economic activity in the City, which could have a negative impact on the City's finances. Additionally, a natural calamity adversely affecting the Leased Property could have a negative impact on the City's use of such property, which could result in abatement of Lease Payments. See "– Abatement" above.

Seismic. The City is located in a seismically active region. Active earthquake faults underlie both the City and the surrounding Bay Area. Three major earthquake faults that comprise the San Andreas fault system extend through the Bay Area. On August 24, 2014, an earthquake occurred in Napa, California. The tremor's epicenter was located approximately 3.7 miles northwest of American Canyon near the West Napa Fault and registered 6.0 on the Richter scale of earthquake intensity. The Napa earthquake caused fires, damaged buildings and roads, and injured approximately 200 people. The Napa earthquake was the largest earthquake in the Bay Area since the 1989 Loma Prieta earthquake on the San Andreas Fault, which was centered about 60 miles south of San Francisco and registered 6.9 on the Richter scale of earthquake intensity. The Loma Prieta earthquake caused fires and collapses of and structural damage to buildings, highways and bridges in the Bay Area.

In April 2008, the Working Group on California Earthquake Probabilities (a collaborative effort of the U.S. Geological Survey, the California Geological Society, and the Southern California Earthquake Center) reported that there is a 63% chance that one or more earthquakes of magnitude 6.7 or larger will occur in the Bay Area before the year 2038. Such earthquakes may be very destructive. The United States Geological Survey predicts that a magnitude 7 earthquake occurring today on the Hayward Fault would likely cause hundreds of deaths and approximately $100 billion of damage. To date, the United States Geological Survey has not issued an updated report taking into account the Napa earthquake. Property within the City could sustain extensive damage in a major earthquake, and a major earthquake could adversely affect the area's economic activity.

While the City is not currently located in any existing special study zone, defined in the Alquist-Priolo Earthquake Zoning Act, which requires the State Division of Mines and Geology to delineate all known active faults and establish minimum set back distances for the construction of habitable structures near active fault zones, it is possible that new geological faults could be discovered in the area and that an earthquake occurring on such faults could result in damage of varying degrees of seriousness to property and infrastructure in the City, including the Leased Property.

The level of the City's property tax and sales tax revenues, and consequently, the ability of the City to make lease payments, could be substantially reduced as a result of a major earthquake proximate to the City. In addition, substantial damage to the Leased Property due to an earthquake could entitle the City to abate the Lease Payments under the Lease. See "– Abatement" above.

Flood. The National Flood Insurance Reform Act requires, among other things, that the Federal Emergency Management Agency ("**FEMA**") assess its flood hazard map inventory at least once every five years. The current flood insurance rate map (a "**FIRM**") indicates that the City is not within the boundaries of a 100-year floodplain. A 100-year floodplain is an area expected to be inundated during a flood event of the magnitude for which there is a 1% possibility of occurrence in any year.

The City makes no representation that FEMA will not issue revised FIRMs that place the City within the boundaries of a 100-year floodplain.

Drought. As with much of the State, the City experiences recurring drought as a result of its climate conditions. Droughts impact public health and safety related to both water supply and wildfire risk. On October 19, 2021, the Governor declared a Statewide drought state of emergency and requested that all water users voluntarily reduce water use by 15%. On March 24, 2023, the Governor eased the emergency drought restrictions imposed as a result of the Governor's 2021 declaration. There can be no assurance that subsequent declarations will not impose mandatory water use restrictions should dry conditions persist in future years.

Climate Change

The State is susceptible to wildfires and hydrologic variability. As greenhouse gas emissions continue to accumulate in the atmosphere as a result of economic activity, climate change is expected to intensify, increasing the frequency, severity and timing of extreme weather events such as coastal storm surges, drought, wildfires, floods and heat waves, and raising sea levels. The future fiscal impact of climate change on the City is difficult to predict, but it could be significant and it could have a material adverse effect on the General Fund by requiring greater expenditures to counteract the effects of climate change or by changing the operations and activities of City residents and business establishments.

Cybersecurity

The City, like many other public and private entities, relies on computer and other digital networks and systems to conduct its operations. As a recipient and provider of personal, private or other sensitive electronic information, the City is potentially subject to multiple cyber threats, including without limitation hacking, viruses, ransomware, malware and other attacks. On July 9, 2023, the City became aware of a breach and attempts to disrupt and hold hostage parts of its network. The City Manager responded by declaring a local emergency whereby the City Council passed a resolution proclaiming a local emergency on July 13, 2023. A resolution amending/extending the proclamation of local emergency was passed on August 7, 2023. To date, the City has no evidence that a theft occurred of private personal financial information related to any current or former City employee, community member, of member of the public. No assurance can be given that the City's efforts to manage cyber threats and attacks will be successful in all cases, or that any such attack will not materially impact the operations or finances of the City.

Public Health Emergencies

In recent years, public health authorities have warned of threats posed by outbreaks of disease and other public health threats. On February 11, 2020, the World Health Organization ("**WHO**") announced the official name for the outbreak of the disease known as COVID-19 ("**COVID-19**"), an upper respiratory tract illness, which has since spread across the globe.

As of the date of this Official Statement, the City does not anticipate that COVID-19, which appears to be approaching endemic status, will materially adversely affect its ability to make Base Rental payments under the Property Lease in the foreseeable future. However, because the COVID-19 pandemic is ongoing, there can be no assurance that absences of employees or City leadership due to COVID-19 will not adversely impact City operations. Furthermore, the ultimate impact of COVID-19 on the City's operations and finances and the economy, real estate market and development within the City is not fully known, and it may be some time before the full adverse impact of the COVID-19 outbreak is known.

There could be future COVID-19 outbreaks or other public health emergencies that could have material adverse effects on the City's operations and finances.

Certain Risks Associated with Sales Tax and Other Local Tax Revenues

For fiscal year 2022-23, the City estimates that sales tax revenues were the [second largest] source of revenue to the City. Sales tax revenues are based upon the gross receipts of retail sales of tangible goods and products by retailers with taxable transactions in the City, which could be impacted by a variety of factors.

For example, before final maturity of the Certificates, the City may enter into an economic recession. In times of economic recession, the gross receipts of retailers often decline, and such a decline would cause the sales tax revenues received by the City to also decline.

In addition, changes or amendments in the laws applicable to the City's receipt of sales tax revenues or other local taxes, whether implemented by State legislative action or voter initiative, including any initiative by City voters under Article XIIIC of the California Constitution to repeal Measure R, which is a temporary one-cent sales tax measure providing revenue to the City's General Fund, could have an adverse effect on sales tax revenues received by the City. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS – Proposition 218 – Article XIIIC and Article XIIID."

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

Limitations on Remedies Available to Certificate Owners

The ability of the City to comply with its covenants under the Lease Agreement may be adversely affected by actions and events outside of the control of the City and may be adversely affected by actions taken (or not taken) by voters, property owners, taxpayers or payers of assessments, fees and charges. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS."

Furthermore, any remedies available to the owners of the Certificates upon the occurrence of an event of default under the Lease Agreement or the Trust Agreement are in many respects dependent upon judicial actions, which are often subject to discretion and delay and could prove both expensive and time consuming to obtain. For a discussion of such remedies, see "– Default" and "APPENDIX A – Summary of Principal Legal Documents."

In addition to the limitations on remedies contained in the Lease Agreement and the Trust Agreement, the rights and obligations under the Certificates, the Lease Agreement and the Trust Agreement, may be subject to the following: the United States Bankruptcy Code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equity principles which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the Federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State of California and its governmental bodies in the interest of serving a significant and legitimate public purpose.

Bankruptcy proceedings, or the exercise of powers by the federal or state government, if initiated, could subject the Owners of the Certificates to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation or modification of their rights.

Bankruptcy

In addition to the limitations on remedies contained in the Trust Agreement and the Lease Agreement, the rights and remedies in the Lease Agreement may be limited and are subject to the provisions of federal bankruptcy laws, as now or hereafter enacted, and to other laws or equitable principles that may affect the enforcement of creditors' rights.

Under Chapter 9 of the Bankruptcy Code (Title 11, United States Code) (the "**Bankruptcy Code**"), which governs bankruptcy proceedings of public entities such as the City, no involuntary bankruptcy petition may be filed against a public entity; however, upon satisfaction of certain prerequisite conditions, a voluntary bankruptcy petition may be filed by the City. The filing of a bankruptcy petition results in a stay against enforcement of certain remedies under agreements to which the bankrupt entity is a party. A bankruptcy filing by the City could thus limit remedies under the Lease Agreement. A bankruptcy debtor may choose to assume or reject executory contracts and leases, such as the Lease Agreement; however, a debtor may not assume or reject executory contracts to loan money or to make a financial accommodation, such as the Trust Agreement. In the event of rejection of a lease by a debtor lessee, the leased property is returned to the lessor and the lessor has a claim for a limited amount of the resulting damages.

Under the Trust Agreement, the Trustee holds a security interest in the revenues in the funds pledged thereunder, including Lease Payments, for the benefit of the Owners of the Certificates, but such security interest arises only when the Lease Payments are actually received by the Trustee following payment by the City. The Leased Property itself is not subject to a security interest, mortgage or any other lien in favor of the Trustee for the benefit of Owners. In the event of a bankruptcy filed by the City and the subsequent rejection of the Lease Agreement by the City, the Trustee would recover possession of the Leased Property and have a claim for damages against the City. The Trustee's claim would constitute a secured claim only to the extent of revenues in the possession of the Trustee; the balance of such claim would be unsecured.

In a bankruptcy of the City, if a material unpaid liability is owed to California Public Employees' Retirement System or any other pension system (collectively, the "**Pension Systems**") on the filing date, or accrues thereafter, such circumstances could create additional uncertainty as to the City's ability to make Lease Payments. Given that municipal pension systems in California are usually administered pursuant to state constitutional provisions and, as applicable, other state and/or city or county law, the Pension Systems may take the position, among other possible arguments, that their claims enjoy a higher priority than all other claims, that Pension Systems have the right to enforce payment by injunction or other proceedings outside of a City bankruptcy case, and that Pension System claims cannot be the subject of adjustment or other impairment under the Bankruptcy Code because that would purportedly constitute a violation of state statutory, constitutional and/or municipal law. It is uncertain how a bankruptcy judge in a City bankruptcy would rule on these matters. In addition, this area of law is presently very unsettled because issues of pension underfunding claim priority, pension contribution enforcement, and related bankruptcy plan treatment of such claims (among other pension-related matters) are presently (or were recently) the subject of litigation in the Chapter 9 cases of several California municipalities, including the cities of Stockton and San Bernardino.

In particular, if the City were to become a debtor under the Bankruptcy Code, the City would be entitled to all of the protective provisions of the Bankruptcy Code as applicable in a Chapter 9 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 City or the commencement of any judicial or other action for the purpose of recovering or collecting a claim against the City, and which 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 that is superior to that of Owners of the Certificates; and (iv) the possibility of the adoption of a plan (an "**Adjustment Plan**") for the adjustment of the City's various obligations over the objections of the Trustee or all of the Owners of the Certificates 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 Plans approved by the Bankruptcy Courts in connection with the bankruptcies of the cities of Vallejo, San Bernardino and Stockton resulted in significant reductions in the amounts payable by the cities under lease revenue obligations that were substantially identical or similar to the Certificates. The City 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.

Hazardous Substances

Discovery of hazardous substances on the land that comprises the Leased Property or on other parcels within the City could impact the City's ability to pay debt service with respect to the Certificates. In general, the owners and operators of a 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 condition of property whether or not the owner or operator has anything to do with creating or handling the hazardous substance.

The effect, therefore, should any substantial amount of property within the City be affected by a hazardous substance, would be to reduce the marketability and value of the property by the costs of, and any liability incurred by, remedying the condition, since the purchaser, upon becoming an owner, will become obligated to remedy the condition just as is the seller. Reduction in the value of property in the City as a whole could reduce property tax revenues received by the City and deposited in the general fund, which could significantly and adversely affect the ability of the City to make payments on the Certificates. Additionally, if any of the Leased Property is affected by a hazardous substance, the City would be limited in the beneficial use it could make of such property upon discovery and during remediation thereof.

Litigation

The City may be or become a party to litigation that has an impact on the City's general fund. Although the City maintains certain insurance policies that provide coverage under certain circumstances and with respect to certain types of incidents (see Note 16 of the City's Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2022, which is attached as APPENDIX C, for further information), the City cannot predict what types of liabilities may arise in the future. See also "LITIGATION."

State Law Limitations on Appropriations

Article XIIIB of the California Constitution limits the amount that local governments can appropriate annually. The ability of the City to make debt service payments on the Certificates may be affected if the City should exceed its appropriations limit. The State may increase the appropriation limit of cities in the State by decreasing the State's own appropriation limit. The City does not anticipate exceeding its appropriations limit. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS – Appropriation Limitation – Article XIIIB."

Impact of State Budget on City Revenues

At various times, including recently, the State has experienced significant financial and budgetary stress. State budgets are affected by national and local economic conditions and other factors over which the City has no control. The State's financial condition and budget policies affect communities and local public agencies throughout the State. To the extent that the State budget process results in reduced revenues to the City, the City will be required to make adjustments to its budget.

For example, declining revenues and fiscal difficulties that arose in the State commencing in fiscal year 2008-09 led the State to undertake a number of budgeting strategies, which had subsequent impacts on local agencies within the State. These techniques included the issuance of IOUs in lieu of warrants (checks), the enactment of statutes deferring amounts owed to public schools, until a later date in the fiscal year, or even into the following fiscal year (known as statutory deferrals), trigger reductions, which were budget cutting measures that were implemented or could have been implemented if certain State budgeting goals were not met, among others, and the dissolution of local redevelopment agencies in part to make available additional funding for schools.

Although starting with Fiscal Year 2013-14, recent State budgets have been balanced and balanced budgets are projected for the foreseeable future, largely attributable to improvements in the economy, the additional revenues generated due to the passage of Proposition 30 at the November 6, 2012, statewide election ("**Proposition 30**"), as well as other spending cuts, there can be no certainty that budget-cutting strategies such as those used in prior years will not be used in the future should the State budget again be stressed and if projections included in such budget do not materialize.

The temporary personal income tax increases of Proposition 30 were scheduled to expire at the end of 2018; however, voters approved Proposition 55 in the November 2016 statewide election, which extended the increases through 2030.

Loss of Tax-Exemption

As discussed under the caption "TAX MATTERS," interest represented by the Certificates could become includable in gross income for purposes of federal income taxation, retroactive to the date the Certificates were executed and delivered, as a result of future acts or omissions of the City in violation of its covenants in the Lease Agreement and the Trust Agreement. Should such an event of taxability occur, the Certificates are not subject to prepayment and will remain outstanding until maturity or until prepaid under other provisions set forth in the Trust Agreement.

Federal Income Tax Changes

During recent years, legislative proposals have been introduced in the United States Congress, and in some cases enacted, that altered certain federal tax consequences resulting from the ownership of obligations that are similar to the Certificates. In some cases, these proposals have contained provisions that altered these consequences on a retroactive basis. Such alteration of federal tax consequences may have affected the market value of obligations similar to the Certificates. From time to time, legislative proposals are pending which could have an effect on both the federal tax consequences resulting from ownership of the Certificates and their market value.

No assurance can be given that legislative proposals will not be enacted that would apply to, or have an adverse effect upon, the Certificates. For example, in connection with federal deficit reduction, job creation and tax law reform efforts, proposals have been and others are likely to be made that could significantly reduce the benefit of, or otherwise affect, the exclusion from gross income of the portion of lease payments designated as and comprising interest and received by the owners of obligations that are similar to the Certificates. There can be no assurance that any such legislation or proposal will be enacted, and if enacted, what form it may take. The introduction or enactment of any such legislative proposals may affect, perhaps significantly, the market price for, or marketability of, the Certificates.

Secondary Market for Certificates

There can be no guarantee that there will be a secondary market for the Certificates or, if a secondary market exists, that any Certificates can be sold for any particular price. Prices of issues for which a market is being made will depend upon then-prevailing circumstances. Such prices could be substantially different from the original purchase price.

No assurance can be given that the market price for the Certificates will not be affected by the introduction or enactment of any future legislation (including without limitation amendments to the Internal Revenue Code), or changes in interpretation of the Internal Revenue Code, or any action of the Internal Revenue Service, including but not limited to the publication of proposed or final regulations, the issuance of rulings, the selection of the Certificates for audit examination, or the course or result of any Internal Revenue Service audit or examination of the Certificates or obligations that present similar tax issues as the Certificates.

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

TAX MATTERS

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Special Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the Certificates is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax.

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

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

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

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

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

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

CERTAIN LEGAL MATTERS

The legal opinion of Special Counsel, approving the validity of the Certificates and addressing certain tax matters, in substantially the form attached hereto as APPENDIX D, will be made available to purchasers at the time of original delivery of the Certificates. Special Counsel will, as Disclosure Counsel, also deliver a disclosure letter to the City and the Underwriter regarding the contents of this Official Statement. Certain matters will be passed upon for the City by the City Attorney.

CONTINUING DISCLOSURE

The City has covenanted for the benefit of owners of the Certificates to provide certain financial information and operating data relating to the City and its general fund by not later than nine months after the end of the City's fiscal year, or March 31 each year based on the City's current fiscal year-end of June 30, commencing March 31, 2024, with the report for fiscal year 2022-23 (the "**Annual Report**") and to provide notices of the occurrence of certain listed events ("**Event Notices**"). All Annual Reports and Event Notices are required to be filed electronically with the Municipal Securities Rulemaking Board (the "**MSRB**").

These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) promulgated under the Securities Exchange Act of 1934, as amended (the "**Rule**"). The specific nature of the information to be contained in the Annual Report and the Event Notices is set forth in APPENDIX E.

Based upon a review of the City's filing obligations during the past five years, there have been no instances in the previous five years in which the City failed to comply, in all material respects, with any undertaking previously entered into by it pursuant to the Rule.

UNDERWRITING

BofA Securities, Inc. (the "**Underwriter**"), has entered into a Certificate Purchase Contract with the City under which the Underwriter has agreed to purchase the Certificates at a price of $____________________ (equal to the par amount of the Certificates ($____________________), plus/less an original issue premium/discount of $____________________, and less an Underwriter's discount of $____________________.

The Underwriter will be obligated to take and pay for all the Certificates if any are taken. The Underwriter intends to offer the Certificates to the public at the offering prices shown on the inside cover page of this Official Statement. After the initial public offering, the Underwriter may vary the public offering prices from time to time.

LITIGATION

The City is not aware of any pending or threatened litigation concerning the validity of the Certificates or challenging any action taken by the City with respect to the Certificates. Furthermore, the City is not aware of any pending or threatened litigation to restrain, enjoin, question or otherwise affect the Trust Agreement or in any way contesting or affecting the validity or enforceability of any of the foregoing or any proceedings of the City taken with respect to any of the foregoing.

There are a number of lawsuits and claims pending and threatened against the City unrelated to the Certificates or actions taken with respect to the Certificates. It is the opinion of the City as of this date that such litigation, claims and threatened litigation will not materially affect the City's finances or impair its ability to make debt service payments on the Certificates.

PROFESSIONAL FEES

In connection with the execution and delivery of the Certificates, fees payable to the following professionals involved in the offering are contingent upon the issuance and delivery of the Certificates:

- NHA Advisors, LLC, as Municipal Advisor;
- Jones Hall, A Professional Law Corporation, as Special Counsel and Disclosure Counsel;
- Hawkins Delafield & Wood LLP, as counsel to the Underwriter; and
- The Bank of New York Mellon Trust Company, N.A., as Trustee and Escrow Agent.

RATING

S&P has assigned a rating of "__" to the Certificates.

This rating reflects only the views of S&P, and an explanation of the significance of this rating, and any outlook assigned to or associated with this rating, should be obtained from S&P.

Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. The City has provided certain additional information and materials to the rating agency (some of which does not appear in this Official Statement).

There is no assurance that this rating will continue for any given period of time or that this rating will not be revised downward or withdrawn entirely by the rating agency, if in the judgment of the rating agency, circumstances so warrant. Any such downward revision or withdrawal of any rating on the Certificates may have an adverse effect on the market price or marketability of the Certificates.

EXECUTION

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

CITY OF HAYWARD

By: ________________________________
City Manager

APPENDIX A

SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

APPENDIX B

CITY OF HAYWARD GENERAL FINANCIAL AND DEMOGRAPHIC INFORMATION

General

The City. The City was given the official name of "Haywood," due to a clerical error the same year the post office was established, 1860. In 1876, "Haywood" was incorporated as the "Town of Haywards," with a population of 1,100. In 1894, the "s" in "Haywards" was dropped and on September 18, 1928, the status of the community was changed to the "City of Hayward." In the early decades of the 20th Century, the Hayward Area became known as the "Heart of the Garden of Eden" because of its temperate climate and fertile soil. Everything – produce, chickens, cattle, flowers – grew in abundance. By 1950, the City grew to a population of 14,000, had become the "Apricot City" and home to Hunt's Cannery.

On March 7, 1956, the City adopted the City of Hayward Charter. By 1960, the population had swelled to 72,700. By the mid-1960's, the City's landscape changed from apricot trees and canneries to subdivisions and shopping centers. The City's growth continued through the 1970's and 1980's. On March 11, 1876, the City was chartered into the State and officially recognized as a City. By 1990, with a population of 121,000, the City became one of the top 15 most ethnically-diverse communities in the nation. Here, people from many cultures live and work together to build a community reflective of its residents.

The County. The County is located on the east side of the San Francisco Bay, extending to the City of Albany on the north, the City of Fremont on the south, and to the City of Livermore on the east, and is approximately ten miles west of San Francisco. Automobile access to San Francisco is provided by the San Francisco-Oakland Bay Bridge.

The northern part of the County has direct access to San Francisco Bay and the City of San Francisco. It is highly diversified with residential areas, active commercial areas, traditional heavy industry, the University of California at Berkeley, the Port of Oakland, and sophisticated manufacturing, computer services and biotechnology firms. The middle of the County is also highly developed including older established residential and industrial areas. The southeastern corner of the County, including the cities of Pleasanton and Livermore, has seen strong growth in residential development and manufacturing. Many high-tech firms have moved from neighboring Silicon Valley in Santa Clara County to the County.

City Services and Government

The City is a charter city that was incorporated in 1876. The City operates under the council-manager form of government, in which authority is concentrated in the elected city council, which appoints a professional manager (the "**City Manager**") to implement its policies. The Mayor is elected by the voters of the City for a four-year term. The City Manager oversees the City's annual operating budget and personnel matters, and serves as the City Council's chief policy advisor.

The City Council consists of seven members elected to serve staggered four-year terms.

Budget Process

The City's budget is prepared in conformance with the professional standards of the Government Finance Officers Association, the California Society of Municipal Finance Officers, and the National Advisory Council on State and Local Budgeting principles. The budget process assigns resources to the goals, objectives and community priorities set by the City Council. New programs are added based on Council program priorities. Pursuant to the City Charter, the City Manager prepares and recommends to the City Council an operating budget and a capital improvement program budget for consideration and adoption.

December - The budgetary process begins in December, when finance department staff begins work with the City Manager's office to review City Council priorities. The City's Finance Department completes a comprehensive review of the City's General Fund Ten-Year Plan, as well as a review of other key revenue fund projections. The Finance Department develops budget instructions and guidelines in preparation for distribution to department staff.

January/February - Budget instructions are distributed and each City department begins work on their departmental budget for the next fiscal period. The Finance Department, in coordination with the City Manager's Office, reviews, prepares, and presents a mid-year financial update to the City Council on the current fiscal year that compares actual revenues and expenditures to the budget. This report and any subsequent Council actions inform the development of the next fiscal period budget. Multi-year forecasts for the General Fund and key revenue funds are included as part of this process to assist with decision-making, allowing the City Council to consider resources beyond the budget year as part of long-term policy initiatives.

March - Departments submit their respective budget proposals to the City Manager's office and for Finance Department review. Finance staff reviews departments' submissions, obtains additional information, refines revenue and expenditures projections.

April - The Finance Department creates a draft budget document and works with the City Manager to review and edit final decisions regarding budget proposals as reflected in the document. The Finance Department presents an updated City Master Fee Schedule to the City Council for adoption.

May/June - The City Manager's Proposed Budget is presented to City Council. A series of City Council work sessions and public hearings are held to review the proposed budget. These work sessions are open to the public and is the public's opportunity to address the City Council regarding the budget. During this time, departments provide additional information, as requested.

June - By the last City Council meeting in June, the City Council adopts resolutions implementing the operating and capital budgets, Successor Agency to the Redevelopment Agency budget and the Gann Appropriation Limit. These resolutions reflect changes to the proposed budget as directed by the City Council based on its budget deliberations.

July - The newly adopted budget is effective as of July 1st. Finance Department staff incorporates the City Council's final budget decisions into the budget document. The financial, personnel, and narrative sections are updated as necessary to reflect changes made during the City Council work sessions and public hearings.

General Fund Budgets

General. The City's budgeted General Fund revenues and expenditures for fiscal years 2021-22, 2022-23, and 2023-24, and actual General Fund revenues and expenditures for fiscal years 2021-22 and 2022-23, are set forth in the following table. The City's annual comprehensive financial report for the fiscal year ended June 30, 2022, is included as APPENDIX C to this Official Statement.

CITY OF HAYWARD
General Fund Adopted Budgets
For Fiscal Years 2021-22 (Audited), 2022-23 (Unaudited) and 2023-24 (Adopted Budget)

	Adopted Budget 2021-22[1]	Audited 2021-22[1]	Adopted Budget 2022-23	Unaudited 2022-23	Adopted Budget 2023-24
Revenues:					
Property taxes	$58,809,200	$63,524,226			
Sales taxes	60,283,000	64,666,358			
Utility users tax	17,542,000	17,308,117			
Other taxes	34,301,000	40,989,057			
Licenses and permits	7,581,360	7,040,991			
Fines and forfeitures	2,309,609	2,687,659			
Investment Income	299,880	(1,071,533)			
Rental Income	350,000	476			
Intergovernmental	7,733,203	6,303,496			
Fees and charges for services	2,229,100	4,271,451			
Other revenues	2,109,513	160,055			
Total revenues	193,547,865	205,880,353			
Expenditures:					
Current:					
General government	14,636,460	14,916,462			
Public safety	129,178,231	134,446,672			
Public works and transportation	3,833,299	4,117,683			
Library and community services	8,858,781	8,460,055			
Planning and building	8,902,160	9,576,414			
Maintenance services	9,607,096	10,364,501			
Total expenditures	175,016,027	181,881,787			
Excess of revenues over (under) expenditures	18,531,838	23,998,566			
Other financing sources (uses):					
Transfers in	4,319,046	10,297,546			
Transfers out	(42,608,699)	(42,596,087)			
Total other financing sources (uses)	(38,289,653)	(32,298,541)			
Net change in fund balance	($19,757,815)	(8,299,975)			
Fund balance - July 1		66,191,407			
Fund balance - June 30		$57,891,432			

(1) Includes revenue and expenditures related to the City's Measure C District Sales Tax.
Source: City of Hayward.

Adopted Budget for Fiscal Year 2023-24

General. Under the City's adopted General Fund budget for fiscal year 2023-24 (the "**Adopted Budget**"), the City has budgeted $___ million in revenues, and $___ million in expenditures, for fiscal year 2023-24. This is an increase of approximately $___ million in budgeted revenues and $___ million in budgeted revenues from the prior fiscal year.

The Adopted Budget reflects ___________.

Budgeted Revenues. [To come]

Budgeted Expenditures. [To come]

City General Fund Reserve Policy

It is the City's policy to establish and maintain adequate financial reserves in order to avoid the negative effects of economic cycles or natural disasters upon essential services to the public and to assure that annual fluctuations in revenue receipts do not impede the City's ability to meet its expenditure obligations. When revenues fail to meet the normal operating requirements of essential public services, or expenditures temporarily exceed revenues, upon the recommendation of the City Manager and the authorization of the City Council, reserves may be used in accordance with the City's financial policies.

- General Fund - The adopted reserve level for the General Fund is a goal of at least 25% of budgeted General Fund operating expenditures, including transfers out. The General Fund Reserve will allow the City to continue providing acceptable service levels during emergencies and economic downturns while maintaining adequate liquidity to make all payments without short term borrowing. For fiscal year 2022-23, the City had $___ in financial reserves, [meeting its goal of maintaining at least 25% of budgeted General Fund operating expenditures.] For fiscal year 2023-24, the City expects to have $_____ in financial reserves.

State Budget and Its Impact on the City

General. Information about the fiscal year 2023-24 proposed State budget and other State budgets is regularly available at various State-maintained websites. An impartial analysis of the budget is posted by the Legislative Analyst 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 on the website of the State Treasurer, www.treasurer.ca.gov. *The information referred to in this paragraph is prepared by the respective State agency maintaining each website and not by the City or Underwriter, and the City and Underwriter take 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 in this Official Statement by these references.*

See "RISK FACTORS – Impact of State Budget on City Revenues."

Proposition 30. The fiscal year 2012-13 State budget relied upon the Schools and Local Public Safety Protection Act, a $6.9 billion tax increase approved by California voters at a regular election in November 2012 ("**Proposition 30**"). Proposition 30 enacted temporary increases on high-income earners, raising income taxes by up to three percent on the wealthiest Californians for seven years and increase the state sales tax by $0.0025 for four years, and averted $5.9 billion of planned Trigger Cuts that would have affected public education funding in the State. The 2012-13 State budget also contained reductions in expenditures from prior year's spending totaling $8.1 billion.

The temporary personal income tax increases under Proposition 30 were scheduled to expire at the end of 2018; however, the voters approved Proposition 55 in the November 2016 statewide election, which extended these increases through 2030.

Future State Budgets. The City cannot predict what actions will be taken in future years by the State Legislature and the Governor to address the State's current or future budget deficits. Future State budgets will be affected by national and state economic conditions and other factors over which the City has no control. To the extent that the State budget process results in reduced revenues to the City, the City will be required to make adjustments to its budget. A decrease in such revenues may have an adverse impact on the City's ability to pay the Certificates.

Financial Statements

The accounting policies of the City conform to generally accepted accounting principles. The Governmental Accounting Standards Board ("**GASB**") published its Statement No. 34 "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments" on June 30, 1999. Statement No. 34 provides guidelines to auditors, state and local governments and special purpose governments such as school districts and public utilities, on requirements for financial reporting for all governmental agencies in the United States. Generally, the basic financial statements and required supplementary information should include (i) Management's Discussion and Analysis; (ii) financial statements prepared using the economic measurement focus and the accrual basis of accounting; (iii) fund financial statements prepared using the current financial resources measurement focus and the modified accrual method of accounting; and (iv) required supplementary information.

Accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. There are three groups of funds: governmental funds (which include the General Fund), proprietary funds (which include enterprise funds and internal service funds) and fiduciary funds (which are used to account for resources held for the benefit of parties outside the City). The City maintains 36 individual governmental funds. Information is presented separately in the governmental statement of revenues, expenditures, and changes in fund balances for the General Fund and the Street Maintenance and Construction Fund, both of which are considered to be major funds. Data for the 35 other funds are combined into a single aggregated presentation.

All governmental funds and fiduciary funds use the modified accrual basis of accounting. The proprietary funds use the accrual basis of accounting. The General Fund is the general operating fund of the City and is used to account for all financial resources except those required to be accounted for in a separate fund.

In fiscal year 2014-15, the City implemented GASB Statements No. 68 and 71. These statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources and pension plan expenses. GASB Statements No. 68 and No. 71 do not change the pension funding obligations of the City and have had no effect on the General Fund. See also "– Employee Retirement System."

The City's most recent annual comprehensive financial report is included in the Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2022, which is attached as APPENDIX C to this Official Statement. The financial statements were prepared by the City and audited by Maze & Associates (the "**Auditor**").

The financial statements should be read in their entirety. *The City has neither requested nor obtained permission from the Auditor to include the annual comprehensive financial report as an appendix to this Official Statement. Accordingly, the Auditor has not performed any post-audit review of the financial condition or operations of the City or General Fund. In addition, the Auditor has not reviewed this Official Statement.*

Set forth on the following pages are (i) a general fund balance sheet for fiscal years 2018-19 through 2022-23 and (ii) a statement of revenues, expenditures and changes in fund balance for the City's General Fund for the same period, as well as adopted budget figures for fiscal year 2023-24.

CITY OF HAYWARD
General Fund Balance Sheet (1)

	Audited 2018-19	Audited 2019-20	Audited 2020-21	Audited 2021-22	Unaudited 2022-23
ASSETS:					
Cash, cash equivalents and investments	$39,475,945	$35,631,028	$82,193,745(2)	$55,768,818	
Cash, cash equivalents, and investments with fiscal agents	--	--	--	--	
Accounts receivable, net	2,994,396	2,168,196	2,273,665	898,983	
Due from other governments	10,210,595	8,961,284	13,184,060	13,692,963	
Interest receivable	12,502	--	--	--	
Due from other funds	7,381,767	16,469,998	1,790,879	1,091,840	
Loans receivable	--	--	--	50,000	
Long-term loans to the Private Purpose Trust Fund	6,036,442	5,236,442	4,436,442	3,636,442	
Land held for resale	--	--	--	--	
Deposits, parts, supplies and others	31,376	6,460	5,981	4,714	
Total assets	66,143,023	68,473,408	103,884,772	75,143,760	
LIABILITIES:					
Accounts payable	1,387,921	2,972,446	2,987,403	2,445,905	
Accrued liabilities	6,066,612	5,385,779	7,540,612	7,391,774	
Due to other funds	--	--	--	--	
Long-term interfund payables	3,166,508	3,091,745	3,015,479	2,937,681	
Unearned revenue	--	--	19,232,997	--	
Refundable deposits	4,939,866	4,340,263	4,916,874	4,476,968	
Total liabilities	15,560,907	15,790,233	37,693,365	17,252,328	
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	--	--	--	--	
Total deferred inflows of resources	--	--	--	--	
Fund Balances:					
Nonspendable	6,067,818	5,242,902	4,442,423	3,641,156	
Restricted					
Public safety	--	--	--	--	
Public works and transportation	--	--	--	--	
Planning and building	--	--	--	--	
Economic development	--	--	--	--	
Debt service	--	--	--	--	
Assigned	13,959,459	22,092,043	30,317,921	20,025,339	
Unassigned	30,554,839	25,348,230	31,431,063	34,224,937	
Total fund balances	50,582,116	52,683,175	66,191,407	57,891,432	
Total liabilities and fund balances	$66,143,023	$68,473,408	$103,884,772	$75,143,760	

(1) Includes balances related to the City's Measure C District Sales Tax.
(2) Increase attributable to _______.
Source: City of Hayward Comprehensive Annual Financial Reports.

CITY OF HAYWARD
Statement of General Fund Revenues, Expenditures and Changes in Fund Balance [1]

	Audited 2018-19	Audited 2019-20	Audited 2020-21	Audited 2021-22	Unaudited 2022-23	Adopted Budget 2023-24
Revenues:						
Property taxes	$54,467,978	$58,431,804	$61,196,409	$63,524,226		
Sales taxes	52,917,415	56,566,457	58,652,032	64,666,358		
Utility users tax	16,935,327	16,065,943	17,267,592	17,308,117		
Other taxes	31,331,182	30,214,409	35,277,539	40,989,057		
Licenses and permits	7,323,833	6,435,587	5,439,030	7,040,991		
Fines and forfeitures	2,537,536	2,210,385	2,194,569	2,687,659		
Special assessments	--	--	--	--		
Investment income	859,599	492,731	151,835	(1,071,533)		
Rental income	36,709	5,332	1,723	476		
Intergovernmental	7,075,378	6,699,242	10,881,724	6,303,496		
Fees and charges for services	7,311,282	5,537,249	7,420,237	4,271,451		
Other revenue	1,473,289	875,894	1,402,183	160,055		
Total revenues	182,269,528	183,535,033	199,884,873	205,880,353		
Expenditures:						
Current:						
General government	15,335,579	14,607,161	13,971,584	14,916,462		
Public works	117,471,899	122,091,549	128,375,921	134,446,672		
Public works and transportation	3,596,709	5,144,882	4,085,154	4,117,683		
Library and community services	6,522,261	7,186,368	7,587,444	8,460,055		
Economic development	--	--	--	--		
Planning and building	9,229,204	8,618,787	8,712,707	9,576,414		
Maintenance services	8,678,451	8,858,729	9,656,198	10,364,501		
Capital outlay	5,269,515	--	--	--		
Debt service: principal	--	--	--	--		
Debt service: interest	--	--	--	--		
Total expenditures	166,103,618	166,507,476	172,389,008	181,881,787		
Excess of revenues over (under) expenditures	16,165,910	17,027,557	27,495,865	23,998,566		
Other financing sources (uses):						
Issuance of capital lease	--	--	--	--		
Transfers in	16,038,835	2,691,046	2,694,046	10,297,546		
Transfers out	(31,589,921)[2]	(17,617,544)	(16,681,679)	(42,596,087)[2]		
Total other financing sources (uses)	(15,506,086)	(14,926,498)	(13,987,633)	(32,298,541)		
Net change in fund balance	659,824	2,101,059	13,508,232	(8,299,975)		
Fund balance - July 1	49,922,292	50,582,116	52,683,175	66,191,407		
Fund balance - June 30	$50,582,116	$52,683,175	$66,191,407	$57,891,432		

(1) Includes revenue and expenditures related to the City's Measure C District Sales Tax.
(2) Increases in fiscal years 2018-19 and 2021-22 attributable to _______, respectively.
Source: City of Hayward Comprehensive Annual Financial Reports.

General Fund Tax Revenues

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

The following table presents historical tax revenues for fiscal years 2018-19 through 2022-23, and the budgeted tax revenues for fiscal year 2023-24, for the City's General Fund.

CITY OF HAYWARD
Major Tax Revenues by Source – General Fund

	Audited 2018-19	Audited 2019-20	Audited 2020-21	Audited 2021-22	Unaudited 2022-23	Adopted Budget 2023-24	% of 2023-24 Budgeted Total
Property Tax	$54,467,978	$58,431,804	$61,196,409	$63,524,226			
Sales Tax	52,917,415	56,566,457	58,652,032	64,666,358			
Utility Users Tax	16,935,327	16,065,943	17,267,592	17,308,117			
Other Taxes	31,331,182	30,214,409	35,277,539	40,989,057			
Total Taxes	$155,651,902	$161,278,613	$172,393,572	$186,487,758			

Source: City of Hayward Continuing Disclosure Reports; fiscal year 2023-24 estimates per fiscal year 2023-24 Budget.

Property Taxes

General. This section describes property tax levy and collection procedures and certain information regarding historical assessed values and major property taxpayers in the City.

Property taxes represent the [largest] source of tax revenue to the City (budgeted for approximately ____% of governmental fund tax revenues in fiscal year 2023-24). The City received $_______ of property tax revenues in fiscal year 2022-23 and has budgeted to receive $______ in property tax revenue for fiscal year 2023-24. See " – Assessed Valuation" below.

Property taxes have historically been the primary revenue source affected by voter initiatives and legislative actions. With approval of Proposition 13, property tax revenues were curtailed when they were reduced by two-thirds and thereafter limited to 2% annual increases or the CPI, whichever was less. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS."

ERAF Shift Legislation. Certain property taxes have been shifted from local government agencies to schools by the State Legislature for deposit in the Education Revenue Augmentation Fund ("**ERAF**"), a shift that has resulted in diversion of City property taxes since fiscal year 1992-93. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS – Proposition 1A." There can be no assurance that the State will not undertake future ERAF shifts.

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

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

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

Beginning in 1978-79, Proposition 13 and its implementing legislation shifted the function of property tax allocation to the counties, except for levies to support prior voted debt, and prescribed how levies on countywide property values are to be shared with local taxing entities within each county.

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

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

Assessed Valuation History. The following table shows a ten-year history of the City's assessed valuation.

CITY OF HAYWARD
Assessed Value of Taxable Property
Fiscal Years 2014-14 to 2023-24

Fiscal Year	Local Secured	Unsecured	Total	% Change
2014-15	$16,639,488,990	$1,340,155,668	$17,979,644,658	--
2015-16	17,432,403,170	1,452,793,040	18,885,196,210	5.0
2016-17	18,505,587,803	1,439,106,697	19,944,694,500	5.6
2017-18	19,779,304,369	1,454,651,151	21,233,955,520	6.5
2018-19	21,249,763,958	1,469,205,980	22,718,969,938	7.0
2019-20	22,702,279,301	1,570,761,064	24,273,040,365	6.8
2020-21	24,086,121,795	1,669,659,173	25,755,780,968	6.1
2021-22	25,074,926,004	1,580,752,210	26,655,678,214	3.5
2022-23	26,781,262,134	1,681,286,944	28,462,549,078	6.8
2023-24	28,531,755,687	1,906,804,619	30,438,560,306	6.9

Source: Alameda County Auditor Controller Office Certificate of Assessed Valuations.

Proposition 13 and Proposition 8 Property Value Adjustments. Proposition 13, passed in 1978, established the base year value concept for property tax assessments. Under Proposition 13, the 1975-76 fiscal year serves as the original base year used in determining the assessment for real property. Thereafter, annual increases to the base year value are limited to the inflation rate, as measured by the California Consumer Price Index, or 2%, whichever is less. A new base year value, however, is established whenever a property, or portion thereof, has had a change in ownership or has been newly constructed.

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

Major Property Taxpayers. The following table shows the principal property taxpayers in the City as determined by their secured assessed valuations in fiscal year 2021-22.

CITY OF HAYWARD
Principal Property Taxpayers

		Fiscal Year 2021-22	
Rank	Taxpayer	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value(1)
1	Russell City Energy Company, LLC	$364,400,000	1.40%
2	Southland Mall LP	251,091,465	0.90
3	PSB Northern Calif Industrial Portfolio LLC	224,097,072	0.80
4	Hayward 544 LLC	173,510,380	0.70
5	ROC II CA Creekwood LLC	104,733,910	0.40
6	Hayward Point Eden I LP	112,558,109	0.40
7	Hayward Industrial Park Associates	104,901,016	0.40
8	IPT Hayward Logistics Center LLC	100,236,482	0.40
9	Rar2 Hayward 92 LLC	98,284,389	0.40
10	Lincoln Landing Property Owner LLC	71,586,920	0.30
	Total	$1,605,339,743	6.10%

(1) Fiscal Year 2021-22 Local Secured Assessed Valuation: $26,655,678,214.
Source: City of Hayward Comprehensive Annual Financial Report.

Teeter Plan. The Board of Supervisors of the County has approved the implementation of the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "**Teeter Plan**"), as provided for in Section 4701 et seq. of the California Revenue and Taxation Code. Under the Teeter Plan, the County apportions secured property taxes on an accrual basis when due (irrespective of actual collections) to local political subdivisions, including the City, for which the County acts as the tax-levying or tax-collecting agency. The Teeter Plan was effective beginning the fiscal year commencing July 1, 1993.

The Teeter Plan is applicable to all tax levies on secured property for which the County acts as the tax-levying or tax-collecting agency, or for which the County treasury is the legal depository of the tax collections.

The Teeter Plan is to remain in effect unless the Board of Supervisors of the County orders its discontinuance or unless, prior to the commencement of any fiscal year of the County (which commences on July 1), the Board of Supervisors receives a petition for its discontinuance joined in by resolutions adopted by at least two-thirds of the participating revenue districts in the County, in which event the Board of Supervisors is to order discontinuance of the Teeter Plan effective at the commencement of the subsequent fiscal year. If the Teeter Plan is discontinued subsequent to its implementation, only those secured property taxes actually collected would be allocated to political subdivisions (including the City) for which the County acts as the tax-levying or tax-collecting agency.

Sales and Use Taxes

Sales and use taxes represent the _____ largest source of tax revenue to the City (budgeted to be approximately ___% of the governmental funds tax revenues in fiscal year 2023-24). This section describes the current system for levying, collecting and distributing sales and use tax revenues in the State of California. The City received $_______in sales tax revenue for fiscal year 2022-23 and has budgeted to receive $_______ in sales tax revenue for fiscal year 2023-24.

Sales Tax Rates. The City collects a percentage of taxable sales in the City (minus certain administrative costs imposed by the State Board of Equalization) pursuant to the Bradley-Burns Uniform Local Sales and Use Tax (the "**Sales Tax Law**"), as shown below.

Currently, taxable transactions in the City are subject to the following sales and use tax, of which the City's share is only a portion. The State collects and administers the tax, and makes distributions on taxes collected within the City, as follows:

CITY OF HAYWARD
Sales Tax Rates
Fiscal Year 22022-23

Component	Rate
State of California	6.00%
County of Alameda	0.25
City of Hayward	0.50
Alameda County Local Tax	1.00
Alameda County District Tax	3.00
Total Tax Rate	10.75%

Source: California State Board of Equalization.

Sales and use taxes are complementary taxes; when one applies, the other does not. In general, the statewide sales tax applies to gross receipts of retailers from the sale of tangible personal property in the State of California. The use tax is imposed on the purchase, for storage, use or other consumption in the State of tangible personal property from any retailer. The use tax generally applies to purchases of personal property from a retailer outside the State of California where the use will occur within the State of California. The sales tax is imposed upon the same transactions and items as the statewide sales tax and the statewide use tax.

Certain transactions are exempt from the State sales tax, including sales of the following products:

- food products for home consumption;
- prescription medicine;
- newspapers and periodicals;
- edible livestock and their feed;
- seed and fertilizer used in raising food for human consumption; and
- gas, electricity and water when delivered to consumers through mains, lines and pipes.

This is not an exhaustive list of exempt transactions. A comprehensive list can be found in the State Board of Equalization's Publication No. 61 entitled "Sales and Use Taxes: Exemptions and Exclusions," which can be found on the State Board of Equalization's website at http://www.boe.ca.gov/. *The reference to this Internet website is provided for reference and convenience only. The information contained within the website may not be current, has not been reviewed by the City and is not incorporated in this Official Statement by reference.*

Sales Tax Collection Procedures. Collection of the sales and use tax is administered by the California State Board of Equalization. According to the State Board of Equalization, it distributes quarterly tax revenues to cities, counties and special districts using the following method:

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

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

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

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

History of Taxable Transactions. A summary of historic taxable sales within the City for which data is available is shown in the following table.

CITY OF HAYWARD
Taxable Sales by Category[(1)]
(Dollars in thousands)

	2018	2019	2020	2021	2022
Retail and Food Services:					
Motor Vehicles and Parts Dealers	$339,492	$367,554	$337,443	$400,347	$426,367
Home Furnishings and Appliance Stores	59,905	58,855	51,305	47,135	40,872
Bldg. Material and Garden Equipment	261,002	292,657	303,434	327,289	319,684
Food and Beverage Stores	87,770	95,450	102,235	96,275	99,182
Gasoline Stations	202,441	204,319	150,521	202,018	229,332
Clothing and Clothing Accessories Stores	115,353	119,306	69,144	106,384	102,997
General Merchandise Stores	346,945	349,151	300,911	335,979	391,399
Food Services and Drinking Places	233,177	249,911	195,638	239,753	266,351
Other Retail Group	145,700	145,639	127,905	147,859	151,801
Total Retail and Food Services	1,791,785	1,882,843	1,635,537	1,903,038	2,027,986
All Other Outlets	1,219,973	1,464,588	1,307,131	1,468,221	1,635,625
TOTAL ALL OUTLETS	$3,011,758	$3,347,430	$2,942,668	$3,371,260	$3,633,611

(1) Totals may not sum due to rounding.
Source: State Department of Tax and Fee Administration.

Utility Users Tax

Utility users tax revenues are the _____ source of general fund revenue for the City, accounting for approximately ___% of general fund revenues. The utility users tax is imposed at a rate of 5.5% on the dollar amount of utility bills on electric, gas, cable services and telecommunications services, and has been collected since March 2009. The tax is collected by the various utility service providers and paid to the City monthly. Revenue growth is dictated by a combination of population growth, usage and utility rates.

The voters of the City approved the ordinance implementing the utility users tax ("**Measure A**") in 2009. The tax was extended to fiscal year 2038-39 after the voters approved Measure D in 2016.

Other Taxes

Real Property Transfer Tax. In the November 2018 election, the voters of the City approved a tax increase on the transfer of real property within the City from $4.50 to $8.50 per $1,000 valuation of the value of consideration paid for the documented sale of real property or any transfer of interest in real property ("**Measure T**"). The City estimates that Measure T has positively impacted the General Fund between $5.5 and $7.0 million annually.

Business License Tax. Business License Taxes are imposed on certain types of businesses in the City and reflect about $______ of General Fund revenue annually. The tax is based on factors such as a business's number of employees or vehicles, its annual gross receipts, or a property owner's number of residential rental units.

Franchise Taxes. Franchise taxes are paid by utilities based on various methodologies and represent $_____ in General Fund revenue. They are projected to increase over the new few years.

Additional Taxes. Additional taxes include the Transient Occupancy Tax, a 14.5% tax on room rates for hotels and motels, and other minor taxes. Additional taxes are a minor General Fund revenue source, projected to increase over the new few years.

Long-Term Debt Obligations

Set forth below is a summary of long-term obligations payable from the City's general fund (other than the 2014 Lease Payments, 2015 Lease Payments, and 2015 Certificates being prepaid, as described under the heading "PLAN OF FINANCING").

2016 Refunding Certificates of Participation. On June 1, 2016, the Authority issued 2016 Refunding Certificates of Participation in the amount of $19,813,775. The proceeds of the lease obligation were used to refund previously issued 2007 Certificates of Participation. The lease obligation is payable each November 1, from 2016 to 2026, in amounts ranging from $850,000 to $2,021,009 and bear interest at rates ranging from 2.6% to 2.7%. Interest is payable semiannually on May 1 and November 1.

Energy Efficiency Loans. In fiscal year 2013-14, the City issued a $3,448,880 loan for the Energy Conservation Assistance Program ("**ECAP**"), funded by the California Infrastructure and Economic Development Bank ("**CIEDP**"). The loan will finance an Energy Savings Project that consists of streetlight retrofitting. The loan bears interest at 1% and payments are to be bi-annually on June 22 and December 22 of each year.

In fiscal year 2010-11, the City was issued a $2,450,000 loan from ECAP, issued by CIEDP. The loan will finance an Energy Savings Project that consists of 1 MW Tracking Photovoltaic System on the City's Water Pollution Control Facility. The loan bears interest at 3% and payments are to be made biannually on June 22 and December 22 of each year until 2025.

In fiscal year 2019-20, the City was issued a $21,150,955 loan from ECAP, issued by CIEDP. The loan will finance an Energy Savings Project that consists of the Ground Mounted Photovoltaic System installed on City owned property. The loan bears interest at 1% and payments are to be made biannually on June 22 and December 22 of each year until 2038.

Capital Lease Obligations. The City has entered into various capital lease agreement to acquire property, miscellaneous computer mainframe equipment, and various City vehicles. All the lease agreements require annual payments.

2013 Water Revenue Refunding Private Placement Loan. The City issued Water Revenue Refunding Bonds of $7,245,000 on August 13, 2013, to defease the City's outstanding Public Finance Authority 1996 Revenue Bonds, and to refund 2001 Water System Improvement Project Certificates of Participation and 2004 Water System Improvement Project Certificates of Participation. The 2013 Water Revenue Refunding Bonds bear interest at a rate per annum of 2.76%. Principal payments are payable May 1. Interest payments are payable semiannually on May 1 and November 1, commencing May 1, 2014, through maturity on May 1, 2025.

State Water Resources Control Board Loans. In June 2006, the City entered into a loan agreement with the State's Water Resources Control Board for the purposes of financing the Wastewater Improvement Project. As of June 30, 2022, the City's gross payment obligation totaled $19,094,613. The repayments of the loan are due annually on September 30 of each year commencing 2009 until 2029.

In October 2018, the City entered into another loan agreement with the State's Water Resources Control Board for the purpose of financing the Recycled Water Project. As of June 30, 2022, the City's estimated gross repayment obligation totaled $14,872,117. The loan bears interest at 1% and payments are due annually on January 31 of each year commencing in 2021 until 2050.

Employee Relations

The City's staff includes a combination of full-time, part-time, temporary employees and contract staff. All positions are approved by the City Council. The City occasionally hires contract staff on an as-needed basis to fill in for vacant positions that are in the recruitment process or to perform specialized services. The City maintains full-service police and fire departments. Pursuant to the fiscal year 2023-24 Adopted Budget, the City is authorized to employ ____ regular employees.

The table below summarizes the City's employee associations, the number of employees and the respective contract expiration dates. The City Manager has a separate contract that expires _____, 20__.

Employee Associations

Bargaining Unit	Union Representing Unit	Number of Represented Employees	Contract Expiration Date
Unrepresented	None		
Hayward Association of Management Employees	None		
Police Officers	Hayward Police Officers Association		
Police Management	None		
Firefighters and Officers	Local 1909		
Fire Management	None		
Professional & Technical	Local 21		
Maintenance	SEIU 1021		
Clerical	SEIU 1021		

Source: City of Hayward.

Risk Management

Insurance Coverage. The City has chosen to establish risk financing internal service funds where assets are set aside for claim settlements associated with the below risks of loss up to certain limits. The following table summarizes insurance coverage as of June 30, 2022:

Insurance Coverage
As of June 30, 2022

	Self Insurance(1)	Coverage and Limits
General Liability	\$0 - 1,000,000	\$0 - 25,000,000
Workers' compensation	\$0 - statutory limits	\$500,000 – 50,000,000
Property	\$0 - 500,000	\$250,000 - 1,000,000
Cyber	\$0 - 250,000	\$500,000 - 40,000,000
Boiler and machinery	\$0 - 350,000	\$2,000,000 - 100,000,000
Airport	None	\$25,000 - 50,000,000
Pollution	\$0 – 250,000	\$10,000,000 - 50,000,000

(1) Amounts per occurrence.
Source: City of Hayward, Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2022.

Amounts in excess of the insured limits are self-insured.

The City is a member of the Exclusive Risk Management Authority of California Joint Powers Association for general municipal liability insurance coverage.

The City records estimated liabilities for workers' compensation claims filed or expected to be filed in the Worker's Compensation Insurance Fund (internal service fund). Charges to the General Fund and other funds are determined from an analysis of self-insured claim costs and recorded as transfers from such funds to the General Liability Fund.

Property damage risks are covered on an occurrence basis up to the deductibles listed above by commercial insurance, Driver Alliant Insurance Services, Inc., purchased from independent third parties. All properties are insured at full replacement values. During the past three years there have been no significant reductions in any of the City's insurance coverage and no settlement amounts have exceeded insurance coverage.

The unpaid workers' compensation claims liabilities included in the Worker's Compensation Insurance Internal Service Fund are based on the results of an actuarial study and include amounts for claims incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts and other economic and social factors. In addition, the liability is discounted using an annual interest rate of 2%.

Employee Retirement System

PERS Plan Description. All qualified permanent and probationary employees are eligible to participate in the City's separate Safety (police and fire) and Miscellaneous (all other) Plans, agent multiple-employer defined benefit pension plans administered by the California Public Employees' Retirement System ("**PERS**"), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and City resolution. PERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the PERS website.

PERS Plan Eligibility. For a more detailed discussion of the eligibility requirements for the City's PERS retirement plans, see Appendix B, Note 13.

PERS Plan Contributions. The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the PERS Board of Administration (the "**Board of Administration**"). For the measurement period ended June 30, 2022 (the measurement date), the average active employee contribution rate on or after January 1, 2013 is 6.75% of annual pay for the Miscellaneous Plan, 10.50% of annual pay for the Safety (Fire) Plan, and 13.00% of annual pay for the Safety (Police) Plan. The employer contribution rate on or after January 1, 2013 is 10.260% of annual payroll for the Miscellaneous Plan, 18.670% of annual payroll for the Safety (Fire) Plan, and 22.090% of annual payroll for the Safety (Police) Plan. The contribution requirements of the plan members are established by State statute, and the employer contribution rates are established and may be amended by PERS.

Implementation of GASB Nos. 68. Commencing with fiscal year ended June 30, 2015, the City implemented the provisions of GASB Statement Nos. 68, which require certain new pension disclosures in the notes to its audited financial statements commencing with the audit for fiscal year 2014-15. Statement No. 68 generally requires the City to recognize its proportionate share of the unfunded pension obligation by recognizing a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. As a result of the implementation of GASB Statement Nos. 68, the City reflected a restatement of its beginning net position as of July 1, 2014.

For a more detailed discussion of the eligibility requirements for the City's retirement plans, see Appendix B, Note 13 for detailed information about the actuarial assumptions underlying the contributions. The City's fiscal year 2020-21 contributions to the pension plans and the funded status of the pension plans are set forth below.

Fiscal Year Ended	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	Covered Employee Payroll	Plan Net Pension Liability as a Percentage of Covered Employee Payroll	Contributions Employer
PERS – Miscellaneous Plan							
6/30/2021	$510,910,249	$390,653,694	$120,256,555	76.46%	$50,091,731	240.07%	$14,566,265
PERS – Safety Fire Plan							
6/30/2021	$330,739,983	$237,300,992	$93,438,991	71.75%	$18,899,737	494.39%	$10,135,787
PERS –Safety Police Plan							
6/30/2021	$449,527,982	$316,106,718	$133,421,264	70.32%	$24,906,152	535.70%	$14,979,477

Recent Actions by PERS. At its April 17, 2013, meeting, the Board of Administration approved a recommendation to change the PERS amortization and smoothing policies. Prior to this change, PERS employed an amortization and smoothing policy that spread investment returns over a 15-year period with experience gains and losses paid for over a rolling 30-year period. After this change, PERS will employ an amortization and smoothing policy that will pay for all gains and losses over a fixed 30-year period with increases or decreases in the rate spread directly over a 5-year period. The new amortization and smoothing policy were used for the first time in the June 30, 2013, actuarial valuations in setting employer contribution rates for fiscal year 2015-16.

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

On November 18, 2015, the Board of Administration adopted a funding risk mitigation policy intended to incrementally lower its discount rate - its assumed rate of investment return - in years of good investment returns, help pay down the pension fund's unfunded liability, and provide greater predictability and less volatility in contribution rates for employers. The policy establishes a mechanism to reduce the discount rate by a minimum of 0.05 percentage points to a maximum of 0.25 percentage points in years when investment returns outperform the existing discount rate, currently 7.5%, by at least four percentage points. PERS staff modeling anticipates the policy will result in a lowering of the discount rate to 6.5% in about 21 years, improve funding levels gradually over time and cut risk in the pension system by lowering the volatility of investment returns. More information about the funding risk mitigation policy can be accessed through PERS' web site at the following website address: https://www.calpers.ca.gov/page/newsroom/calpers-news/2015/adopts-funding-risk-mitigation-policy. *The reference to this Internet website is provided for reference and convenience only. The information contained within the website may not be current, has not been reviewed by the City and is not incorporated in this Official Statement by reference.*

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

Fiscal Year	Discount Rate
2018-19	7.375%
2019-20	7.250
2020-21	7.000

For public agencies like the City, the new discount rate would take effect July 1, 2018. Lowering the discount rate means employers that contract with PERS to administer their pension plans will see increases in their normal costs and unfunded actuarial liabilities. Active members hired after January 1, 2013, under the Public Employees' Pension Reform Act will also see their contribution rates rise. The three-year reduction of the discount rate will result in average employer rate increases of about 1 percent to 3 percent of normal cost as a percent of payroll for most miscellaneous retirement plans, and a 2 percent to 5 percent increase for most safety plans. Additionally, many PERS employers will see a 30 to 40 percent increase in their current unfunded accrued liability payments. These payments are made to amortize unfunded liabilities over 20 years to bring the pension fund to a fully funded status over the long-term.

On November 15, 2021, the CalPERS Board selected a new asset allocation mix that will guide the fund's investment portfolio for the next four years, while at the same time retaining the reduction of discount rate from 7.0% to 6.8%. Notable changes for employers include a decrease in median total employer contribution rates, from less than 1% in miscellaneous plans to a decrease of more than 2% in some safety plans. Contribution changes will take effect in fiscal year 2023-24 for public agencies.

Dollar Contribution Based on Projected PERS Rate Increases. The City's projected annual financial contributions as a result of the PERS rate changes for the next four years are shown in the table below, with dollar amounts shown in millions:

	2020-21	**2021-2022**	**2022-2023 Projected**	**2023-2024 Projected**
Miscellaneous	$16.81	$18.27	$19.43	$20.25
Police	16,83	18,32	19.61	20.02
Fire	11.79	13.26	13.73	13.49
Total	$28.60	$31.53	$52.77	$53.76

Other Post Employment Benefits ("OPEB")

Description of Postretirement Healthcare Benefits (OPEB). The City participates in the California Employers'' Retiree Benefit Trust ("**CERBT**"), an agent multiple-employer plan administered by PERS, consisting of an aggregation of single-employer plans.

By City Council resolution, the City provides certain health care benefits for employees who retire directly from the City with at least five years of service with the City and who are vested in PERS. The City participates in the PERS health care plan which is governed under the California Public Employees Health and Medical Care Act ("**PEMCHA**"). Required retiree medical plan contributions are also governed by PEMCHA for member agencies.

The City contributes up to a fixed dollar amount of retiree medical benefits, which varies by employee bargaining group and coverage level as governed by PEMCHA. Benefits continue for surviving spouses in amounts as required by PEMCHA. Should an eligible retiree opt out of the PERS medical plan, they will receive $143 to $149 per month in lieu of contributions to the PERS plan.

As of the June 30, 2021, measurement date, the following current and former employees of the City were covered by the benefit terms of the OPEB Plan:

Inactive employees or beneficiaries currently receiving benefits	712
Inactive employees entitled to but not yet receiving benefits	179
Active employees	806
Total	1,697

Source: City of Hayward Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2022.

Funding Policy and Actuarial Assumptions. The annual required contribution ("**ARC**") was determined as part of a June 30, 2021 actuarial valuation using the projected unit credit cost method. This is a cost method that takes into account the benefits that are expected to be paid for current actives and retirees. The actuarial assumptions included (a) 6.10% investment rate of return, 3.00% projected annual salary increase and a 2.50% health care cost inflation. The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Total OPEB Liability. The City's OPEB liability of $87,016,620 was measured as of June 30, 2021, and was determined by an actuarial valuation as of June 30, 2020, rolled forward to June 30, 2021, using standard update procedures.

The City's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2022, and in particular Note 15 thereto, includes information about the City's postemployment healthcare liabilities and funding.

Investment Policies and Procedures

The City's investment process and investment related activities are formalized in the Annual Statement of Investment Policy. The primary objectives of the policy, in order, are safety, liquidity, and yield. City policy requires diversification of the investment portfolio, in order to reduce the risk of loss resulting from over concentration of assets in a specific maturity, issuer, or class of securities. An investment advisory committee is appointed by the City Manager to oversee the City's investment program and assure it is consistent with the investment policy as approved by the Council. The committee meets quarterly to monitor portfolio performance and consider changes in strategy and investment policy. The policy is approved annually by the City Council at a public meeting. The Director of Finance provides periodic reporting to the Committee and to the City Council on the status of the City's cash and investments.

The City Council receives monthly investment reports. According to the report for the month ended October 31, 2022, the City has invested funds as set forth in the table below.

CITY OF HAYWARD
Investment Portfolio as of October 31, 2022

	Par Value	Market Value	Percent
U.S Treasury Bond/Note	$120,195,000.00	$109,724,652.11	63.12%
Supra-National Agency Bond/Note	2,645,000.00	2,488,084.14	1.43
Municipal Bond/Note	7,815,000.00	7,448,625.75	4.29
Federal Agency Commercial	2,070,109.89	1,970,150.44	1.13
Mortgage-Backed Security	--	--	--
Federal Agency Bond/Note	10,605,000.00	10,210,295.78	5.87
Corporate Note	38,284,000.00	35,211,269.66	20.26
Certificate of Deposit	975,000.00	959,082.15	0.55
Asset-Backed Security	6,069,359.67	5,817,005.05	3.35
Total	**$188,658,469.56**	**$173,829,165.53**	**100.00%**

Source: City of Hayward Quarterly Investment Report for Period Ending October 31, 2022.

Population

As of January 1, 2023, the population of the City was estimated to be 159,800. The following table presents population data for the last five years for the City, County and State.

COUNTY OF ALAMEDA
Population

Year	City of Hayward	County of Alameda	State of California
2019	159,272	1,659,608	39,605,361
2020	159,266	1,663,114	39,648,938
2021	161,808	1,663,371	39,286,510
2022	160,081	1,644,248	39,078,674
2023	159,800	1,636,194	38,940,231

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

Principal Employers

The following table shows the principal employers in the City, listed alphabetically, as shown in the City's Comprehensive Annual Financial Report for fiscal year ending June 30, 2022.

CITY OF HAYWARD
Principal Employers(1)

Employer
Alameda County Sheriff's Department
Baxter Bio Pharma
California State University East Bay
Chabot Community College
Fremont Bank Operations Center
Hayward Unified School District
Illumina
Impax Laboratories, Inc.
Pentagon Technologies
Plastikon Industries, Inc.
Siemens Building Tech
St. Rose Hospital

(1) Presented in alphabetical order based on economic development's assessment.
Source: City Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2022.

Employment and Industry

The unemployment rate in the Oakland-Hayward-Berkeley MD was 3.7% in May 2023, up from a revised 3.5% in April 2023, and above the year-ago estimate of 2.8%. This compares with an unadjusted unemployment rate of 4.5% for California and 3.4% for the nation during the same period. The unemployment rate was 3.7% in the County and 3.7% in Contra Costa County.

The table below list employment by industry group for Alameda and Contra Costa Counties for the years 2018 to 2022.

OAKLAND- HAYWARD-BERKELEY MD
(Alameda and Contra Costa Counties)
Annual Averages Civilian Labor Force, Employment and Unemployment,
Employment by Industry
(March 2022 Benchmark)

	2018	2019	2020	2021	2022
Civilian Labor Force [1]	1,401,700	1,403,400	1,362,300	1,352,300	1,382,300
Employment	1,357,700	1,360,500	1,239,100	1,268,700	1,333,200
Unemployment	44,000	42,900	123,200	83,600	49,100
Unemployment Rate	3.1%	3.1%	9.0%	6.2%	3.6%
Wage and Salary Employment: [2]					
Agriculture	1,300	1,400	1,500	1,600	1,900
Mining and Logging	200	200	200	200	300
Construction	74,900	75,500	70,700	73,000	74,300
Manufacturing	100,600	101,000	98,700	105,200	111,000
Wholesale Trade	47,500	45,400	42,100	41,300	41,200
Retail Trade	114,500	111,800	101,100	105,300	105,200
Transportation, Warehousing, Utilities	42,300	43,700	45,200	48,600	54,100
Information	27,600	27,600	25,800	25,000	24,900
Finance and Insurance	37,500	37,200	35,900	34,700	34,200
Real Estate and Rental and Leasing	17,800	18,100	16,700	16,800	18,200
Professional and Business Services	189,500	193,200	184,800	189,900	195,800
Educational and Health Services	194,300	198,400	191,300	198,200	207,400
Leisure and Hospitality	117,700	121,000	84,700	91,700	103,900
Other Services	41,000	41,200	33,100	35,000	38,500
Federal Government	13,400	13,400	14,200	13,500	13,100
State Government	39,400	39,600	38,200	37,900	33,700
Local Government	121,800	121,800	113,500	111,900	116,200
Total, All Industries [3]	1,181,300	1,190,300	1,097,700	1,129,700	1,176,300

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(3) Totals may not add due to rounding.
Source: State of California Employment Development Department.

Effective Buying Income

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

The following table summarizes the total effective buying income for the City, the County, the State and the United States for the period 2019 through 2023.

CITY OF HAYWARD
Effective Buying Income
2019 through 2023

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2019	Hayward	$4,685,183	$69,528
	Alameda County	67,609,653	79,446
	California	1,183,264,399	62,637
	United States	9,017,967,563	52,841
2020	Hayward	$4,955,097	$74,474
	Alameda County	72,243,436	84,435
	California	1,243,564,816	65,870
	United States	9,487,165,436	55,303
2021	Hayward	$5,228,881	$77,359
	Alameda County	77,794,202	88,389
	California	1,290,894,604	67,956
	United States	9,809,944,764	56,790
2022	Hayward	$5,859,087	$88,091
	Alameda County	85,225,529	99,940
	California	1,452,426,153	77,058
	United States	11,208,582,541	64,448
2023	Hayward	$5,653,768	$86,987
	Alameda County	80,766,211	98,721
	California	1,461,799,662	77,175

Source: Claritas, LLC.

Commercial Activity

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

Total taxable sales during calendar year 2022 in the City were reported to be $3,633,611,000, a 7.8% increase from the total taxable sales of $3,371,260,000 reported during calendar year 2022.

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

	Retail Stores		Total All Outlets	
	Number of Permits	**Taxable Transactions**	**Number of Permits**	**Taxable Transactions**
2018	2,165	$1,791,785	4,182	$3,011,758
2019	2,241	1,882,843	4,378	3,347,430
2020	2,351	1,635,537	4,628	2,942,668
2021	2,169	1,903,039	4,407	3,371,260
2022	2,229	2,027,986	4,494	3,633,611

Source: State Department of Tax and Fee Administration.

Total taxable sales during calendar year 2022 in the County were reported to be $144,051,761,000, a 16.1% increase over the total taxable sales of $37,935,594,000 reported during calendar year 2021.

ALAMEDA COUNTY
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
(Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	**Taxable Transactions**	**Number of Permits**	**Taxable Transactions**
2018	27,816	$22,857,439	47,402	$35,073,302
2019	28,375	21,921,743	49,197	35,116,164
2020	28,831	19,931,259	50,461	32,176,002
2021	26,964	22,602,772	47,565	37,935,594
2022	27,010	23,795,632	48,059	44,051,761

Source: State Department of Tax and Fee Administration.

Construction Activity

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

CITY OF HAYWARD
Building Permit Valuation
(Valuation in Thousands of Dollars)

	2018	2019	2020	2021	2022
Permit Valuation					
New Single-family	$139,861.8	$209,636.7	$55,409.9	$63,505.1	$51,406.8
New Multi-family	950.2	61,901.8	76,703.6	41,238.4	73,973.6
Res. Alterations/Additions	15,245.8	27,798.2	8,628.6	9,667.1	17,639.0
Total Residential	$156,057.8	$299,336.7	$140,742.1	$114,410.6	$143,019.4
New Commercial	$52,357.2	$38,931.4	$76,422.5	$33,378.0	$59,909.2
New Industrial	14,466.8	0.0	0.0	0.0	4,800.0
New Other	21,355.6	5,731.6	8,08.2	3,582.0	25,373.1
Com. Alterations/Additions	44,967.0	36,908.3	3,433.2	50,245.9	84,008.9
Total Nonresidential	$133,146.6	$81,571.3	$79,855.7	$87,205.9	$174,091.2
New Dwelling Units					
Single Family	430	562	184	238	204
Multiple Family	3	440	335	1,279	335
TOTAL	433	1,002	519	1,517	539

Source: Construction Industry Research Board, Building Permit Summary.

ALAMEDA COUNTY
Building Permit Valuation
(Valuation in Thousands of Dollars)

	2018	2019	2020	2021	2022
Permit Valuation					
New Single-family	$689,530.0	$675,129.8	$394,500.3	$407,585.0	$339,046.4
New Multi-family	1,431,985.0	782,536.4	772,038.0	829,822.2	795,917.3
Res. Alterations/Additions	469,158.5	512,409.9	293,866.8	222,971.3	323,712.1
Total Residential	$2,590,673.5	$1,970,076.1	$1,460,405.1	$1,460,378.5	$1,458,675.8
New Commercial	$551,547.4	$718,569.0	$238,516.5	$312,914.6	$268,498.4
New Industrial	302,121.2	5,638.5	0.0	600.0	33,740.8
New Other	89,686.1	78,049.9	131,447.0	110,817.0	120,294.6
Com. Alterations/Additions	819,040.7	922,668.1	628,230.5	892,656.8	993,782.1
Total Nonresidential	$1,762,395.4	$1,724,925.5	$998,194.0	$1,316,988.4	$1,416,315.9
New Dwelling Units					
Single Family	1,867	1,871	1,152	1,589	1,176
Multiple Family	6,540	4,145	2,610	4,494	3,366
TOTAL	8,407	6,016	3,762	6,083	4,542

Source: Construction Industry Research Board, Building Permit Summary.

Transportation

The City has become the crossroad of the Bay Area. Interstate Highway 580 (east-west), Interstate Highway 680 (north-south) and Highway 61 provides access to commuters and residents to travel to the nearby cities of Oakland, San Francisco, Sacramento, San Jose, and the Central Valley with ease.

Bay Area Rapid Transit (BART), the regional rapid transit system, has two stations in the City: the Hayward station, in downtown; and the South Hayward station, near the Hayward-Union City border. The AC Transit bus system, which provides bus service for Alameda County and Contra Costa County, operates in the City, and has a repair/training center located there. Amtrak, the national rail passenger system, provides daily service at its Hayward station for the Capitol Corridor train, which runs between San Jose in the South Bay, and Auburn in the Greater Sacramento area.

The City has a general aviation airport, the Hayward Executive Airport. The Hayward Air National Guard station was located at the airport in 1942, until being reassigned to Moffett Field in 1980.

APPENDIX C

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2022

APPENDIX D

PROPOSED FORM OF FINAL OPINION

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

$__________________
City of Hayward
2023 Refunding Certificates of Participation
(2014 and 2015 Leases)

This Continuing Disclosure Certificate (this "Disclosure Certificate") is executed and delivered by the City of Hayward (the "City") in connection with the execution and delivery of the certificates of participation captioned above (the "Certificates"). The Certificates evidence the direct, undivided fractional interests of the owners thereof in lease payments to be made by the City under a Lease Agreement dated as of _____ 1, 2023 (the "Lease Agreement") between the Hayward Public Financing Authority (the "Authority"), as lessor, and the City as lessee. The Certificates will be delivered under a Trust Agreement dated as of _____ 1, 2023 (the "Trust Agreement") among the City, the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"). The City covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the holders and beneficial owners of the Certificates and in order to assist the Participating Underwriters in complying with Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

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

"*Annual Report*" means any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4.

"*Annual Report Date*" means the date that is nine months after the end of the City's fiscal year (currently March 31 based on the City's fiscal year end of June 30).

"*Dissemination Agent*" means, initially, Willdan Financial Services, or any successor Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation.

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

"*Listed Events*" means any of the events listed in Section 5(a).

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

"*Official Statement*" means the final official statement executed by the City in connection with the issuance of the Certificates.

"*Participating Underwriter*" means BofA Securities, Inc., as the original underwriter of the Certificates required to comply with the Rule in connection with offering of the Certificates.

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

Section 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 31, 2024, with the report for the 2022-23 fiscal year, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4. Not later than 15 Business Days prior to the Annual Report Date, the City shall provide the Annual Report to the Dissemination Agent (if other than the City). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the City) has not received a copy of the Annual Report, the Dissemination Agent shall contact the City to determine if the City is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the City's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c). The City shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the City hereunder.

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

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

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

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

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

(a) Audited financial statements of the City prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the City's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the

Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) To the extent not contained in the audited financial statements filed under the preceding clause (a), the Annual Report shall contain information showing the following information for the most recently completed fiscal year:

(i) An update to the table in the Official Statement entitled "Assessed Valuation History."

(ii) An update to the table in the Official Statement entitled "Major Local Secures Taxpayers."

(iii) An update to the table in the Official Statement entitled "General Fund Balance Sheet."

(iv) An update to the table in the Official Statement entitled "Statement of General Fund Revenues, Expenditures and Changes in Fund Balance."

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

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

Section 5. Reporting of Significant Events.

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

(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 security, or other material events affecting the tax status of the security.

(7) Modifications to rights of security holders, if material.

(8) Bond calls, if material, and tender offers.

(9) Defeasances.

(10) Release, substitution, or sale of property securing repayment of the securities, if material.

(11) Rating changes.

(12) Bankruptcy, insolvency, receivership or similar event of the obligated person. This event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person 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) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

(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.

(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 City obtains knowledge of the occurrence of a Listed Event, the City shall, or shall cause the Dissemination Agent (if not the City) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Certificates under the Trust Agreement.

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

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

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

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

Section 8. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. Any Dissemination Agent may resign by providing 30 days' written notice to the City. The initial Dissemination Agent is Willdan Financial Services.

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

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

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

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

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

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

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

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

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

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter and the holders and beneficial owners from time to time of the Certificates, and shall create no rights in any other person or entity.

Section 13. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be regarded as an original, and all of which shall constitute one and the same instrument.

Date: _____________, 2023

CITY OF HAYWARD

By___________________________________
City Manager

ACCEPTANCE OF DUTIES
AS DISSEMINATION AGENT

WILLDAN FINANCIAL SERVICES

By _________________________________
Authorized Officer

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: City of Hayward

Name of Issue: $______________ City of Hayward 2023 Refunding Certificates of Participation (2014 and 2015 Leases)

Date of Issuance: ________________, 2023

NOTICE IS HEREBY GIVEN that the City of Hayward has not provided an Annual Report with respect to the above-named Certificates as required by the Continuing Disclosure Certificate dated as of _________________, 2023, executed by the City of Hayward. The City anticipates that the Annual Report will be filed by _____________.

Dated:___________________

DISSEMINATION AGENT:

____

By: ___________________________
Its: ___________________________

APPENDIX F

BOOK-ENTRY PROVISIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

APPENDIX G

CITY OF HAYWARD
STATEMENT OF INVESTMENT POLICY