CITY OF GOLETA

Agenda Item A.1
DISCUSSION/ACTION ITEM
Meeting Date: February 4, 2025

TO: Chair and Board of Directors of Goleta Facilities Financing Authority

SUBMITTED BY: Jaime A. Valdez, Assistant City Manager

PREPARED BY: Luke Rioux, Treasurer

SUBJECT: Adopting Resolutions Approving Preliminary Official Statements in Connection with the Issuance and Sale by the Goleta Facilities Financing Authority of its Local Measure A Transportation Sales Tax Revenue Bonds and Lease Revenue Bonds

RECOMMENDATION:

A. Board of Directors adopt Resolution No. 25-__, entitled, "A Resolution of the Board of Directors of the Goleta Facilities Financing Authority Approving a Preliminary Official Statement in Connection with its Local Measure A Transportation Sales Tax Revenue Bonds, Series 2025, and the Preparation of an Official Statement, and Authorizing the Execution of Final and Necessary Documents and Certificates and Related Actions."

B. Board of Directors adopt Resolution No. 25-__, entitled, "A Resolution of the Board of Directors of the Goleta Facilities Financing Authority Approving a Preliminary Official Statement in Connection with its Lease Revenue Bonds, Series 2025A and the Preparation of an Official Statement, and Authorizing the Execution of Final and Necessary Documents and Certificates and Related Actions".

BACKGROUND:

On December 3, 2024, the Board of Directors authorized the issuance by the Goleta Facilities Financing Authority of its Local Measure A Transportation Sales Tax Revenue Bonds, Series 2025 ("2025 Bonds"), in a not to exceed amount of $20 million; and authorized the issuance by the Goleta Facilities Financing Authority of its Lease Revenue Bonds, Series 2025A ("2025A LRBs"), in a not to exceed amount of $23 million. On December 3, 2024, the Board of Directors also received Debt Issuance Disclosure Training from Stradling Yocca Carlson & Rauth and Orrick, Herrington & Sutcliffe LLP (Disclosure Counsels).

DISCUSSION:

The last and final Board approval needed for the issuance of the 2025 Bonds and the 2025A LRBs relates to the Preliminary Official Statements.

1. Preliminary Official Statements ("POS's") will be distributed to prospective purchasers of the 2025 Bonds and the 2025A LRBs. The POS's must contain all facts material to potential purchasers of the 2025 Bonds and the 2025A LRBs, including information regarding the security for the bonds and the Authority (with certain permitted exceptions to be completed in the final Official Statement) and must not omit any material facts. The POS's are required to satisfy the Authority's obligation under federal securities laws to provide material information to potential purchasers of the 2025 Bonds and the 2025A LRBs and must be accurate and complete in all material respects.

Staff and the financing team are presenting the forms of the Preliminary Official Statements to the Board for consideration and approval prior to selling and delivering the 2025 Bonds and the 2025A LRBs. The Preliminary Official Statements were prepared by the Disclosure Counsels based on information concerning the Authority and Measure A provided by and in coordination with City staff, Urban Futures, Inc. (Municipal Advisor), and Stifel, Nicolaus & Company, Incorporated (Underwriter).

The Board of Directors, as the governing body of the Authority, has an obligation to ensure that the Preliminary Official Statements include all information that would be material to a prospective investor's decision whether to purchase the 2025 Bonds or the 2025A LRBs. While the Authority's Disclosure Counsels, Municipal Advisor, and Underwriter have participated in preparing the documents, the ultimate responsibility for ensuring that the Preliminary Official Statements are accurate, free of misleading information, and inclusive of all necessary material facts lies with the Authority.

Next Steps

On January 28, 2025, City staff and the financing team met with S&P Global Ratings to discuss both bond issuances, and we expect to receive ratings by February 10th. If the Authority adopts the Resolutions approving the Preliminary Official Statements, the financing team will proceed with seeking bond insurance/surety policies and will distribute the Preliminary Official Statements to potential purchasers of the bonds on or about February 14th. The 2025 Bonds and the 2025A LRBs are expected to be sold the week of February 24th and delivered the week of March 10th, at which time the City would receive the bond proceeds. City staff will report back to the City Council and updates after closing.

FISCAL IMPACTS:

The recommended actions to approve the Preliminary Official Statements do not create additional fiscal impacts beyond those considered by the Board of Directors at its December 3, 2024, meeting.

Funding Strategy Recap

As a recap, the City is implementing a comprehensive funding strategy to raise up to $37 million to complete critical infrastructure projects, primarily to fund the gap needed to ensure the completion of the Cathedral Oaks Crib Wall Repair Project (Project No. 9031) and San Jose Creek Multipurpose Path—Northern and Southern Segments (Project No. 9006). Given the size of the funding gap, the strategy includes utilizing two types of bond issuance approach, leveraging the City's allocated Measure A sales tax revenues and the other supported by the General Fund. The goal is to maximize the use of our Measure A funds and then utilize the General Fund.

Additionally, to maintain maximum flexibility the City adopted a reimbursement resolution on July 16, 2024, allowing the City to reimburse the General Fund for eligible expenditures incurred on fully funded projects. Thereby freeing up funds that can be reallocated to other priority projects or emerging needs. The additional projects listed in the reimbursement resolution include:

- Project Connect
    - Ekwill Street and Fowler Road Extensions (Project No. 9002)
    - Hollister Avenue Bridge Replacement (Project No. 9033)
    - Hollister Avenue Old Town Interim Striping (Project No. 9114)
- Goleta Train Depot and South La Patera Improvements (Project No. 9079).

In practice, this means that the City can reimburse itself for portions of the General Fund and other eligible local funds and replace them with debt proceeds. This strategy returns funds to the General Fund, which can then be used to address other priority needs. This approach is advantageous to the City, particularly if there are any delays in project awards, spending down proceeds, or unforeseen spending needs.

Estimated Debt Service Payments (from Good Faith Estimates provided at the December 3, 2024, Meeting)

Total estimated annual debt service payments (amounts subject to change based on market conditions) are estimated at $2.6 million, with $1.1 million from the General Fund through 2055 and $1.6 million from Measure A through 2040. Should the City Council move forward, annual debt service payments will be prioritized and appropriated in future budgets. The following table recaps the good faith estimates and borrowing costs that were presented at the December 3, 2024, meeting, based on November 14, 2024, market conditions:

Table 1 - Good Faith Estimates Summary from December 3, 2024 Meeting

	2025 Bonds	*2025A LRBs*
Principal Amount:	$16,900,000	$17,410,000
Final Maturity:	May 1, 2040	May 1, 2055
True interest cost:	3.57%	4.27%
Finance charge:	$500,057	$436,734
Amount of Project proceeds received:	$18,278,290	$18,723,974
Average annual debt service:	$1,579,445	$1,130,882
Total debt service payment amount:	$23,972,472	$34,127,506

* These are good faith estimates only and are based on market rates as of November 14, 2024. Final results will likely differ based on market conditions as of the actual sale date and other factors. However, for the financing to proceed, the not-to-exceed parameters described in the previous section must be met.

Project Funding Estimates

The following table summarizes the estimated costs of the projects and sources of funding, including the use of the estimated bond proceeds on the two primary projects:

Table 2 - Estimated Sources of Funding for the Primary Projects

	Cathedral Oaks Crib Wall Repair	***San Jose Creek Multipurpose Path***
Estimated Project Costs:	$17,770,164	$48,760,962
Estimated Funding Sources:		
2025 Bond Proceeds[(1)]	-	$17,900,000
Series 2025A Lease Revenue Bond Proceeds[(2)]	$15,511,670	2,381,344
Grants[(3)]	87,846	19,235,443
Development Impact Fees[(4)]	-	5,001,869
Other Local Funds[(5)]	-	286,891
General Fund	1,307,016	-
Measure A Revenues[(6)]	863,632	3,955,414
Total	**$17,770,164**	**$48,760,962**

(1) Net proceeds of the 2025 Bonds.
(2) Net proceeds of the Series 2025A Lease Revenue Bonds.
(3) Grants reflect state and federal funding specific to each project. The City anticipates a $11.6 million award from the Reconnection Communities Pilot Grant Program (U.S. Department of Transportation) for the San Jose Creek Multipurpose Path. These proceeds are not included in the current funding estimate. Upon finalization of the additional Reconnection Communities Pilot Grant Program funding, any excess Bond proceeds will be reallocated

to Goleta Project Connect as a reimbursement of the City's General Fund contribution to that project. The amount is estimated at approximately $11.4 million.

(4) Development Impact Fees are restricted local funds received by the City from developers for major development activity that is allocated to specific types of capital projects.

(5) Other Local Funds include special revenue funds the City receives for transportation or capital improvements.

(6) Measure A Revenues other than the LSTI, which are allocated to the City specifically for Goleta Project Connect. This also includes previously programmed Measure A Revenues from prior years.

Key Factors Impacting Financing and Projects

As stated in footnote[3] above, the City anticipates a $11.16 million federal grant award from the Reconnecting Communities Pilot (RCP) Grant Program sponsored by the U.S. Department of Transportation that was established by the Infrastructure Investment and Jobs Act for the San Jose Creek Multipurpose Path Project. The City learn about this award in early January 2025. If finalized, this grant would potentially reduce the financing need for the project to approximately $9.1 million, assuming all costs and funding sources are held equal. However, there are still cost uncertainties, and after further review with the City Manager's Office, Finance, and Public Works, staff is still recommending the full borrowing amount of approximately $37 million and staying the course. The following sections below discuss the reasoning for still pursuing the full $37 million.

Risk Management Considerations

Given the uncertainty and elevated risks associated with the new federal grant award, as well as the cash flow and timing considerations of other major capital projects, staff recommends proceeding with the full borrowing amount of $37 million to ensure sufficient funding for project completion. Several key risk factors were considered in this approach:

1. Federal Grant Uncertainty
   - The RCP grant is subject to federal administration processes, and there is a risk of delays or modifications in the disbursement of funds.
   - Awarded grants may differ from the actual funding received, requiring potential adjustments in the City's financing plan.

2. Construction Cost Volatility & Market Conditions
   - The City has not yet gone out to bid for the San Jose Creek Multipurpose Path and Cathedral Oaks Crib Wall projects.
   - Final bid results and construction contract awards will provide a clearer picture of actual project costs.
   - Until bids are received, financing adjustments, including potential reallocation of excess bond proceeds, cannot be determined.

3. Broader Economic and Supply Chain Risks
   - General increases in construction costs continue to be a concern, driven by inflation and supply chain constraints.
   - Regional impacts on material and labor markets, including:
     - Massive fire events in Los Angeles, which could shift labor and material availability.

  - The upcoming 2028 Olympic Games, expected to drive significant demand for construction labor and materials, thereby increasing costs.

These risk factors introduce layers of uncertainty that could impact project timelines and budgets. By securing the full $37 million bond issuance, the City can safeguard against these uncertainties and maintain the ability to reallocate excess proceeds if savings are realized after project bidding and grant fund disbursement processes are finalized.

Potential Use of Excess Bond Proceeds, after General Fund Reimbursement

Should excess proceeds be available, the City will use the reimbursement resolution to replenish the General Fund. These funds can then address other priorities and will be further discussed with the City Council. As a reminder, from a previous CIP Budget Workshop held on April 2, 2024, and budget adoption on June 20, 2024, there were other one-time must-do projects on the list and other major projects that received grant awards, that have estimated unfunded amounts based on recent updates. The following table is not a complete list but a high-level summary as something to think about as we go through the upcoming budget process:

Project Name (Not a complete list. Staff will have further discussion at future workshops as part of the upcoming budget process)	**Est. Unfunded Amounts** (Amounts subject to change)
San Jose Creek Fish Passage Modification Project	~$3 million
Goleta Valley Library ADA, Safety and Building Improvement Project	~$2 million
Ellwood Beach Drive Drainage Repair	~$1 million - $2 million
Facilities Capital Renewal Reserve	~$3 million, next 5 years
Pavement Maintenance	TBD
Concrete Maintenance	TBD
South La Patera Roadway Improvements	~$2.5 million
Lake Los Carneros Footbridge	~$1 - $2 million
Pedestrian/Bikeway US 101 Overcrossing	TBD

Upcoming Fiscal Year 2025/26 and 2026/27 Budget Impact Analysis

During the next few months, staff and City Council will be having a series of public workshops for the upcoming two-year budget cycle, for Fiscal Year 2025/26 and 2026/27. The workshops will include updating the two-year Strategic Plan, discussion of future funding priorities and the Capital Improvement Program (CIP) Prioritization Process for prioritizing future projects. There will be continued discussions on funding strategies and funding plans as we make progress in addressing deferred maintenance and underfunded capital projects.

General Fund (Fund 101) Budget

- The General Fund will need to be obligated to provide approximately $1.1 million to $1.5 million in annual lease payments starting in FY 24/25 for a period of 30 years. The final amount will be determined after we close in March and will be shared with the City Council.
- Prioritizing debt service payments will impact on the City's ability to fund other new initiatives or increase allocations to programs outside of statutory or contractual obligations. This debt issuance aligns with the City's strategic goal of achieving intergenerational equity by matching long-term assets with long-term financing.
- The City can afford these payments due to the 1% transaction and use tax that went into effect on January 1, 2024, and the former RDA annual settlement payment of $776,000 coming to an end on June 30, 2025.
- The General Fund budget will need to prioritize annual debt service payments, which will impact the ability to increase funding for other needs without decreasing spending on other areas. Should one-time savings become available or additional revenues be realized at the end of the year, staff will continue to prioritize setting aside one-time funding for continued pavement and concrete maintenance, building and facility maintenance, CIP, and other unfunded priorities.
- The upcoming two-year budget for FY 2025/26 and FY 2026/27 will need to remain status quo, with statutory increases evaluated on a case-by-case basis. Any program enhancement, increased funding, or personnel increases will need to have an offsetting expenditure and most likely permanent decreases elsewhere in the budget unless a new ongoing revenue source is made available.

Measure A (Fund 205)

- The current and future Measure A Program of Projects ("POP") will need to be adjusted accordingly, as Measure A will need to obligate approximately $1.3-$1.5 million annually dedicated to annual lease payments on the debt service for a period of 15 years. The final amount will be determined after we close in March and will be shared with the City Council. Based on current estimates, this will leave an estimated residual balance of approximately $700,000, that will continue to support pavement maintenance and alternative transportation projects through 2040. As a reminder, Measure A revenues are sensitive to Countywide sales tax performance and population changes.
- The future impacts will be on the "pay-go" funding that generally get programmed to other future projects, as 2025 Bonds obligates $1.3 to $1.5 million annually through Measure A's sunset date of 2040, to help ensure project completion of the San Jose Creek Multipurpose Path Project, and or other eligible projects.
- Based on current programming, approximately $1 million annually has been programmed towards ongoing operating expenditures, such as pavement maintenance, striping and signage, street tree maintenance, traffic signal maintenance, and median parkway maintenance. Adjustments will most likely need to be made.

- With the financing, the City will continue to meet its financial and compliance provisions with Measure A, such as the maintenance of effort requirements, including meeting the alternative transportation minimum percentage requirement of ten percent, as these projects are qualified and existing Measure A projects that have been on the POP, and need accelerated funding to be completed.
- In the event there is excess Measure A revenue, it will get programmed accordingly and most likely will be recommended for ongoing street-related expenditures such as pavement maintenance.
- An updated discussion on Measure A and the POP will happen at a future City Council meeting in March or April 2025, along with the upcoming budget process.

ALTERNATIVES:

The Board of Directors may elect not to adopt the Resolutions approving the Preliminary Official Statements, in which case the financing team would not proceed with the financings, and funding of the projects would be delayed.

LEGAL REVIEW BY: Isaac Rosen, Acting City Attorney

APPROVED BY: Robert Nisbet, City Manager

ATTACHMENTS:

1. Authority Resolution No.25-__, entitled, "A Resolution of the Board of Directors of the Goleta Facilities Financing Authority Approving a Preliminary Official Statement in Connection with its Local Measure A Transportation Sales Tax Revenue Bonds, Series 2025, and the Preparation of an Official Statement, and Authorizing the Execution of Final and Necessary Documents and Certificates and Related Actions."
2. Preliminary Official Statement for Local Measure A Transportation Sales Tax Revenue Bonds, Series 2025
3. Authority Resolution No. 25-__, entitled, "A Resolution of the Board of Directors of the Goleta Facilities Financing Authority Approving a Preliminary Official Statement in Connection with its Lease Revenue Bonds, Series 2025A and the Preparation of an Official Statement, and Authorizing the Execution of Final and Necessary Documents and Certificates and Related Actions".
4. Preliminary Official Statement for Lease Revenue Bonds, Series 2025A

Attachment 1

Resolution No. 24-__, entitled, "A Resolution of the Board of Directors of the Goleta Facilities Financing Authority Approving a Preliminary Official Statement in Connection with its Local Measure A Transportation Sales Tax Revenue Bonds, Series 2025, and the Preparation of an Official Statement, and Authorizing the Execution of Final and Necessary Documents and Certificates and Related Actions."

RESOLUTION NO. 25-__

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE GOLETA FACILITIES FINANCING AUTHORITY APPROVING A PRELIMINARY OFFICIAL STATEMENT IN CONNECTION WITH ITS LOCAL MEASURE A TRANSPORTATION SALES TAX REVENUE BONDS, SERIES 2025 AND THE PREPARATION OF AN OFFICIAL STATEMENT AND AUTHORIZING THE EXECUTION OF FINAL AND NECESSARY DOCUMENTS AND CERTIFICATES AND RELATED ACTIONS

WHEREAS, the City of Goleta, California (the "City") is a municipal corporation and general law city duly organized and existing under and pursuant to the Constitution and laws of the State of California;

WHEREAS, the Goleta Facilities Financing Authority (the "Authority") is a joint exercise of powers entity duly organized and existing pursuant to the laws of the State of California and that certain Joint Exercise of Powers Agreement between the City and the California Statewide Communities Development Authority (the "Joint Powers Agreement");

WHEREAS, pursuant to the Joint Powers Agreement and Section 6588(h) of the Marks-Roos Local Bond Pooling Act of 1985, commencing with Section 6584 of the California Government Code, the Authority has the legal authority to issue revenue bonds to assist the City in financing projects and programs consisting of certain public improvements or working capital or liability and other insurance needs whenever the City determines that there are significant public benefits from so doing;

WHEREAS, the City and the Authority desire to finance all or a portion of the costs of the design, acquisition, installation, and construction of certain public capital improvements located in various sites in the City, including the Ekwill Street and Fowler Road extension (including the Hollister Avenue Old Town interim striping project), Cathedral Oaks crib wall repair, San Jose Creek bike path, Hollister Avenue Bridge replacement, and Goleta Train Depot and South La Patera Lane improvements, and related street resurfacing and public walkway improvements (collectively, the "Project"), as more particularly described in Exhibit B to the Installment Sale Agreement previously approved by this Board of Directors of the Authority (the "Board");

WHEREAS, at the request of the City, the Authority desires to issue and sell its Local Measure A Transportation Sales Tax Revenue Bonds, Series 2025 (the "Bonds");

WHEREAS, Stifel, Nicolaus & Company, Incorporated (the "Underwriter"), previously presented the Authority and the City with a proposal to purchase the Bonds in the form of a Bond Purchase Agreement to be executed by and among the Authority, the City and the Underwriter;

WHEREAS, Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 ("Rule 15c2-12") requires that, in order to be able to purchase or sell the Bonds, the Underwriter must have reasonably determined that an obligated person has undertaken in a written agreement or contract for the benefit of the holders of the Bonds to provide disclosure of certain financial information and certain material events on an ongoing basis;

WHEREAS, in order to cause such requirement to be satisfied, the Authority has been advised that the City will enter into a Continuing Disclosure Certificate;

WHEREAS, a Preliminary Official Statement to be used in connection with the offering and sale of the Bonds has been prepared (such Preliminary Official Statement in the form presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as the "Preliminary Official Statement"); and

WHEREAS, the Board has been presented with the form of the Preliminary Official Statement and the Board has examined such document and desires to approve, authorize and direct the execution of such document and authorize the sale of the Bonds;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL AS GOVERNING BOARD OF THE GOLETA FACILITIES FINANCING AUTHORITY (the "Board"), as follows:

SECTION 1.

All of the recitals herein contained are true and correct and the Authority so finds.

SECTION 2.

The issuance and sale of the Bonds, on the terms and conditions set forth in, and subject to the limitations specified in, the Trust Agreement, was previously approved by this Board by its resolution dated December 3, 2024. The Bonds shall be dated, shall bear interest at the rates, shall mature on the dates, shall be issued in the form and shall be as otherwise provided in the Trust Agreement, as the same shall be completed as approved by an Authorized Officer as defined below.

SECTION 3.

The Preliminary Official Statement, on file with the Secretary of the Board, with such changes, insertions and omissions therein as may be approved by the Authorized Officer, is hereby approved, and the use of the Preliminary Official Statement in connection with the offering and sale of the Bonds is hereby authorized and approved. Any one of the Chair, Vice Chair, Executive Director, and Treasurer of the Authority, and each of their authorized designees (the "Authorized Officers") are each hereby authorized and directed, for and on behalf of the Authority, to certify to the Underwriter that the Preliminary Official Statement has been "deemed final" for purposes of Rule 15c2-12.

SECTION 4.

The preparation and delivery of a final Official Statement and any update or supplement thereto (the "Official Statement"), and its use in connection with the offering and sale of the Bonds, is hereby authorized and approved. The Official Statement shall be in substantially the form of the Preliminary Official Statement with such changes, insertions and omissions as may be approved by the Authorized Officer, such approval to be conclusively evidenced by the execution and delivery of the Official Statement by such Authorized Officer. Any one of the Authorized Officers is hereby authorized and directed to execute and deliver the final Official Statement, and any amendment or supplement thereto, for and in the name and on behalf of the Authority.

SECTION 5.

The Authorized Officers are, and each of them hereby is, authorized and directed to execute necessary documents and certificates and do any and all things which they may deem necessary or advisable in order to consummate the transactions herein authorized and otherwise to carry out, give effect to and comply with the terms and intent of this Resolution. Each Authorized Officer and the Secretary of the Board, acting alone, is hereby authorized and directed to attest the signature of an Authorized Officer as may be required in connection with the execution and delivery of the documents referenced in and otherwise authorized by this Resolution.

SECTION 6.

All actions heretofore taken by the officers, employees and agents of the City with respect to the transactions set forth above are hereby approved, confirmed and ratified.

SECTION 7.

The Board hereby approves the execution and delivery of all agreements, documents, certificates and instruments referred to herein with electronic signatures as may be permitted under the California Uniform Electronic Transactions Act and digital signatures as may be permitted under Section 16.5 of the California Government Code using DocuSign.

SECTION 8.

The Secretary of the Board shall certify to the adoption of this Resolution, and it shall become effective immediately upon adoption.

PASSED, APPROVED AND ADOPTED this 4th day of February, 2025.

____
PAULA PEROTTE, CHAIR

ATTEST:

____
DEBORAH S. LOPEZ
SECRETARY OF THE BOARD

APPROVED AS TO FORM:

____
ISAAC ROSEN
ACTING CITY ATTORNEY AS GENERAL COUNSEL OF THE AUTHORITY

STATE OF CALIFORNIA)
COUNTY OF SANTA BARBARA) ss.
CITY OF GOLETA)

I, DEBORAH S. LOPEZ, Secretary of the Board of Directors of the Goleta Facilities Financing Authority, DO HEREBY CERTIFY that the foregoing Resolution No. 25-__ was duly adopted by the Board at a regular meeting held on the 4th day of February, 2025 by the following vote of the Board:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

(SEAL)

DEBORAH S. LOPEZ
SECRETARY OF THE BOARD

Attachment 2

Preliminary Official Statement for Local Measure A Transportation Sales Tax Revenue Bonds, Series 2025 (with Continuing Disclosure Certificate included as Appendix D)

PRELIMINARY OFFICIAL STATEMENT DATED ______ __, 2025

NEW ISSUE—BOOK-ENTRY ONLY

INSURED BONDS RATING: S&P: "___"
UNDERLYING/UNINSURED BONDS RATING: S&P: "___"
See the caption "RATINGS."

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

$___________*

GOLETA FACILITIES FINANCING AUTHORITY
LOCAL MEASURE A TRANSPORTATION SALES TAX REVENUE BONDS, SERIES 2025

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

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THE BONDS. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

The Goleta Facilities Financing Authority Local Measure A Transportation Sales Tax Revenue Bonds, Series 2025 (the "**Bonds**"), are being issued in the aggregate principal amount of $_______* pursuant to the provisions of a Trust Agreement, dated as of [March] 1, 2025 (the "**Trust Agreement**"), by and among the Goleta Facilities Financing Authority (the "**Authority**"), the City of Goleta (the "**City**") and The Bank of New York Mellon Trust Company, N.A., as trustee (the "**Trustee**").

The proceeds from the sale of the Bonds will be used: (i) to finance the acquisition, installation and construction of certain transportation improvements located in the City, primarily including the Cathedral Oaks crib wall repair and San Jose Creek multipurpose path projects (collectively, the "**Projects**"); (ii) to purchase a municipal bond insurance policy with respect to the Insured Bonds (as defined herein); (iii) to purchase a debt service reserve policy to satisfy the reserve requirement for the Bonds; and (iv) to pay the incidental costs and expenses incurred in connection with issuance of the Bonds. The Authority will sell the Projects to the City pursuant to an Installment Sale Agreement, dated as of [March] 1, 2025 (the "**2025 Installment Sale Agreement**"), by and between the Authority and the City.

The City is required under the 2025 Installment Sale Agreement to make installment sale payments (the "**Installment Sale Payments**") to the Authority, which Installment Sale Payments are payable from a first lien on all Measure A Receipts, which generally consist of certain amounts received by the City from a 0.5% retail transactions and use tax that is collected in the County of Santa Barbara, California (the "**County**"), for the period beginning with the delivery of the Bonds and ending on March 31, 2040, for deposit in the Pledged Tax Fund in accordance with the 2025 Installment Sale Agreement. Installment Sale Payments are payable in an amount that is sufficient to pay, when due, the annual principal and interest on the Bonds. The Measure A Receipts are the only sources of payment of the Installment Sale Payments. Neither the general fund of the City nor any other moneys of the City are available to pay or secure the Installment Sale Payments or the Bonds. The obligation of the City to pay the Installment Sale Payments is not subject to abatement.

Concurrently with the delivery of the Bonds, the Authority expects to issue its Lease Revenue Bonds, Series 2025A (the "**Series 2025A Lease Revenue Bonds**"), in an aggregate initial principal amount of $_______*. A portion of the proceeds of the Series 2025A Lease Revenue Bonds are expected to finance a portion of the cost of the Projects and/or the Additional Projects (defined herein). The Series 2025A Lease Revenue Bonds are not secured by a pledge of or lien on the Measure A Receipts; however, the City may, at its option, pay the lease payments securing the Series 2025A Lease Revenue Bonds from Measure A Receipts remaining after prior payment of scheduled Installment Sale Payments and any other Contracts (as defined herein) executed and delivered in the future, to the extent the proceeds of the Series 2025A Lease Revenue Bonds are used to pay the costs of eligible Measure A Projects (as described herein).

The Bonds will be issued in fully registered form without coupons and, when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("**DTC**"). DTC will act as securities depository for the Bonds. Individual purchases of Bonds may be made in book-entry form only, in the principal amount of $5,000 or integral multiples thereof for each maturity. Purchasers will not receive certificates representing their interest in the Bonds purchased. See the caption "THE BONDS—Book-Entry Only System."

Payments of principal and interest on the Bonds will be made by the Trustee to DTC, which will in turn remit such principal and interest to its participants for subsequent dispersal to Beneficial Owners of the Bonds as described herein. Interest on the Bonds is payable on each May 1 and November 1, commencing ________ 1, 2025, until the maturity or the earlier redemption thereof. Principal on the Bonds will be paid on each May 1, commencing [May 1, 2025], upon surrender of such Bond at the principal corporate office of the Trustee upon maturity or the earlier prepayment thereof.

The scheduled payment of principal of and interest on the Bonds maturing on May 1 of the years 20__ through 20__, inclusive (collectively, the "**Insured Bonds**"), when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Insured Bonds by ___________.

[Insurer Logo]

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* *Preliminary, subject to change*

The Bonds are subject to optional, mandatory and mandatory sinking fund prepayment prior to their stated principal payment dates as described herein.

ALL OBLIGATIONS OF THE AUTHORITY UNDER THE TRUST AGREEMENT AND THE BONDS ARE SPECIAL OBLIGATIONS OF THE AUTHORITY, PAYABLE SOLELY FROM INSTALLMENT SALE PAYMENTS AND THE OTHER ASSETS PLEDGED UNDER THE TRUST AGREEMENT. THE OBLIGATION OF THE CITY TO MAKE INSTALLMENT SALE PAYMENTS UNDER THE 2025 INSTALLMENT SALE AGREEMENT IS A SPECIAL OBLIGATION OF THE CITY PAYABLE SOLELY FROM MEASURE A RECEIPTS, DOES NOT CONSTITUTE A DEBT OF THE CITY, THE AUTHORITY, THE STATE OF CALIFORNIA (THE "**STATE**") OR ANY POLITICAL SUBDIVISION OF THE STATE WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION AND DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE CITY, THE STATE OR ANY POLITICAL SUBDIVISION OF THE STATE IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY, THE STATE OR ANY POLITICAL SUBDIVISION OF THE STATE HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. THE AUTHORITY HAS NO TAXING POWER.

MATURITY SCHEDULE – See Inside Front Cover Page

The Bonds are offered when, as and if issued and accepted by the Underwriter, subject to the approval of legality by Orrick, Herrington & Sutcliffe LLP, Los Angeles, California, Bond Counsel to the City. Certain legal matters will be passed upon for the Authority by Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, as Disclosure Counsel, for the City by Isaac Rosen, as Acting City Attorney, for the Underwriter by Anzel Galvan LLP, San Francisco, California, as Underwriter's Counsel, and for the Trustee by its counsel. It is anticipated that the Bonds in book-entry form will be available for delivery through the facilities of DTC, on or about [March] __, 2025.

[STIFEL LOGO]

Dated: ________ __, 2025

$________[*]

GOLETA FACILITIES FINANCING AUTHORITY
LOCAL MEASURE A TRANSPORTATION SALES TAX REVENUE BONDS, SERIES 2025
MATURITY SCHEDULE

(Base CUSIP[†] __________)

Maturity Date (May 1)	***Principal Amount***	***Interest Rate***	***Yield***	***Price***	***CUSIP[†]***
2025					
2026					
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					
2035					
2036					
2037					
2038					
2039					
2040					

(I) Insured Bonds.
c Priced to optional redemption date of May 1, 20__, at par.

[*] *Preliminary, subject to change*

[†] *CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright© 2025 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the Authority, the City, the Underwriter or their agents or counsel assume any responsibility for the accuracy of such numbers.*

CITY OF GOLETA

City Council

Paula Perotte, *Mayor*
Stuart Kasdin, *Mayor Pro Tempore*
Luz Reyes-Martín, *Council Member*
James Kyriaco, *Council Member*
Jennifer Smith, *Council Member*

GOLETA FACILITIES FINANCING AUTHORITY

Paula Perotte, *Chair*
Stuart Kasdin, *Vice Chair*
Luz Reyes-Martín, *Director*
James Kyriaco, *Director*
Jennifer Smith, *Director*

CITY/AUTHORITY STAFF

Robert Nisbet, *City Manager/Executive Director*
Jaime Valdez, *Assistant City Manager*
Luke Rioux, *Finance Director/Treasurer*
Deborah Lopez, *City Clerk/Secretary of the Board*

PROFESSIONAL SERVICES

Acting City Attorney
Isaac Rosen
Best Best & Krieger LLP

Bond Counsel
Orrick, Herrington & Sutcliffe LLP
Los Angeles, California

Disclosure Counsel
Stradling Yocca Carlson & Rauth LLP
Newport Beach, California

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

Municipal Advisor
Urban Futures, Inc.
Walnut Creek, California

No dealer, broker, salesperson, or other person has been authorized by the City, the Authority, or Stifel, Nicolaus & Company, Incorporated (the "**Underwriter**"), to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy the Bonds, nor shall there be any sale of the Bonds, by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale.

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

The information set forth in this Official Statement has been obtained from the City, the Authority, and other sources that are believed to be reliable, but it is not guaranteed as to accuracy or completeness and it is not to be construed as a representation by the City or the Authority. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder will, under any circumstances, create any implication that there has been no change in the affairs of the City or the Authority since the date of this Official Statement. The City maintains an Internet website. However, the information contained on or within such website is not incorporated in this Official Statement by such reference.

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

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

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT. THE BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

THE UNDERWRITER MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENT AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

______________ (the "**Insurer**" or "**___**") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, the Insurer has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding the Insurer, supplied by the Insurer and presented under the heading "BOND INSURANCE" and APPENDIX I — "FORM OF MUNICIPAL BOND INSURANCE POLICY

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OFFICIAL STATEMENT

$_______*
GOLETA FACILITIES FINANCING AUTHORITY
LOCAL MEASURE A TRANSPORTATION SALES TAX REVENUE BONDS, SERIES 2025

INTRODUCTION

This Official Statement, which includes the front cover page, the inside front cover page, the table of contents and the appendices (the "**Official Statement**"), provides certain information concerning the issuance of the Goleta Facilities Financing Authority Local Measure A Transportation Sales Tax Revenue Bonds, Series 2025 (the "**Bonds**"), in an aggregate principal amount of $_______*. Descriptions and summaries of various documents set forth in this Official Statement do not purport to be comprehensive or definitive, and reference is made to each such document for complete details of all of the terms and conditions therein. All statements in this Official Statement are qualified in their entirety by reference to the applicable documents.

This Introduction is subject in all respects to the more complete information contained elsewhere in this Official Statement, and the offering of the Bonds to potential investors is made only by means of the entire Official Statement. Capitalized terms used and not otherwise defined herein have the meanings ascribed to them in Appendix A.

Authorization

The Bonds are being issued by the Goleta Facilities Financing Authority ("Authority") pursuant to: (i) a Trust Agreement, dated as of [March] 1, 2025 (the "**Trust Agreement**"), by and among the Authority, The Bank of New York Mellon Trust Company, N.A., as trustee, (the "**Trustee**") and the City of Goleta (the "City"); and (ii) resolutions adopted by the governing board of the Authority and the City Council of the City on December 3, 2024 (collectively, the "**Resolutions**"). See the captions "THE BONDS—Authorization and Registration of Bonds" and Appendix A.

Description of the Bonds

The Bonds will be dated the date of their initial delivery and will mature on the dates and in the principal amounts set forth on the inside front cover page of this Official Statement. The Bonds will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("**DTC**"), which will act as securities depository for the Bonds. See the captions "THE BONDS," "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" and "THE CITY AND THE PROJECTS."

Use of Bond Proceeds

The proceeds of the Bonds will be used: (i) to finance the acquisition, installation and construction of certain transportation improvements located in various sites in the City, primarily including the Cathedral Oaks crib wall repair and San Jose Creek multipurpose path projects (collectively, the "**Projects**"); (ii) to purchase a municipal bond insurance policy with respect to the Insured Bonds (as defined herein); (iii) to purchase a debt service reserve policy to satisfy the reserve requirement for the Bonds; and (iv) to pay the incidental costs and expenses incurred in connection with the issuance of the Bonds. See the captions "ESTIMATED SOURCES AND USES OF BOND PROCEEDS," "THE CITY AND THE PROJECTS," and "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS."

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* *Preliminary, subject to change*

Payment of Principal and Interest

Interest on the Bonds is payable each May 1 and November 1, commencing ______ 1, 2025 (each, an "**Interest Payment Date**"), and is payable by check mailed on the date that such interest is due to the Owner at such Owner's address as it appears on the registration books maintained by the Trustee. Principal on the Bonds is payable on May 1 of each year, commencing [May 1, 2025] (each, a "**Bond Payment Date**"), through the facilities of DTC upon the maturity or earlier redemption thereof. See the caption "THE BONDS."

Redemption of Bonds

The Bonds are subject to optional, mandatory and mandatory sinking fund redemption under certain circumstances. See the caption "THE BONDS—Redemption of Bonds."

Security and Sources of Payment for the Bonds

The Bonds are being issued under the Trust Agreement and are payable from Revenues pledged thereunder. The Revenues consist primarily of (i) Installment Sale Payments (the "**Installment Sale Payments**") to be made by the City to the Authority pursuant to an Installment Sale Agreement, dated as of [March] 1, 2025 (the "**2025 Installment Sale Agreement**"), by and between the Authority and the City, and (ii) other payments paid by the City and received by the Authority pursuant to the 2025 Installment Sale Agreement and all interest or other income from any investment of any money in any fund or account (other than the Rebate Fund) pursuant to the Trust Agreement (collectively, the "**Revenues**"). The Installment Sale Payments to be made by the City to the Authority constitute the purchase price for the Projects (defined under the caption "THE CITY AND THE PROJECTS—The Projects"). The Authority will sell the Projects to the City pursuant to the 2025 Installment Sale Agreement.

Under the 2025 Installment Sale Agreement, the Installment Sale Payments are payable from and secured by a first lien on all Measure A Receipts (as such term is defined herein), which consist of certain amounts received by the City from a 0.5% retail transactions and use tax that is currently collected in the County of Santa Barbara (the "**County**") pursuant to voter approval of Measure A in 2008, through the expiration of the Measure A Sales Tax (defined below) on March 31, 2040. See the caption "MEASURE A REVENUES."

The Measure A Receipts will only be available to pay Installment Sale Payments to the extent such Installment Sale Payments are attributable to a Measure A project ("**Measure A Project**"), which are projects to be funded by Measure A pursuant the Measure A Ordinance, including the Transportation Investment Plan (the "**Investment Plan**") attached thereto. The Investment Plan was originally approved by the voters as part of the Measure A Ordinance and is amended from time to time by the Santa Barbara County Local Transportation Authority ("**SBCLTA**"). The City believes that the Projects constitute eligible Measure A Projects. See the captions "THE CITY AND THE PROJECTS—The Projects" and "—Additional Projects Eligible for Measure A Receipts." While the City currently expects to spend proceeds of the Bonds on the Projects, the City could choose to spend proceeds of the Bonds on any eligible Measure A Project, potentially including the Additional Projects described below.

The Santa Barbara County Association of Governments ("**SBCAG**") is a public agency established in 1966 as Metropolitan Planning Organization ("**MPO**"), for the Santa Barbara County region, and serves as administrator of the Measure A Ordinance and the Investment Plan on behalf of SBCLTA. Only the portion of the Measure A Revenues (defined below) that are allocated by SBCAG to the City may be applied to pay the Installment Sale Payments. Further, allocation of Measure A Revenues to the City is subordinate to the pledge of and lien on such revenues made by SBCAG to finance transportation projects in the County other than the Projects, including the SBCLTA TIFIA Loan, defined below. See the caption "MEASURE A REVENUES—Measure A Revenues—SBCLTA Measure A Bonds; Senior Lien on Measure A Revenues" and "RISK FACTORS—Limitations on Use of Measure A Revenues."

Installment Sale Payments are payable in an amount that is sufficient to pay, when due, the annual principal of and interest on the Bonds. See the captions "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" and "RISK FACTORS." The Measure A Receipts are the only source of payment of the Installment Sale Payments. Neither the general fund of the City nor any other moneys of the City or the Authority are available to pay or secure the Installment Sale Payments.

Bond Insurance

Concurrently with the issuance of the Bonds, **_________** (the "**Insurer**" or "**____**") will issue its Municipal Bond Insurance Policy (the "**Policy**") for the Bonds maturing on May 1 of the years 20__ through 20__, inclusive (collectively, the "**Insured Bonds**"). The Policy guarantees the scheduled payment of principal of and interest on the Insured Bonds when due as set forth in the form of the Policy included as APPENDIX I to this Official Statement. See "BOND INSURANCE" and APPENDIX I — "FORM OF MUNICIPAL BOND INSURANCE POLICY."

Reserve Account

A Reserve Account for the Bonds is established pursuant to the Trust Agreement in an amount equal to the initial Reserve Account Requirement of $_________, [which will be satisfied by the delivery of the Reserve Policy by the Insurer concurrently with the delivery of the Bonds]. See the caption "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Revenue Fund—*Reserve Account*." The City is not required to fund a reserve in connection with the incurrence of additional Contracts in the future. See the caption "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Additional Contracts."

Special, Limited Obligation of the City

ALL OBLIGATIONS OF THE AUTHORITY UNDER THE TRUST AGREEMENT AND THE BONDS ARE SPECIAL OBLIGATIONS OF THE AUTHORITY, PAYABLE SOLELY FROM INSTALLMENT SALE PAYMENTS AND THE OTHER ASSETS PLEDGED UNDER THE TRUST AGREEMENT.

THE OBLIGATION OF THE CITY TO MAKE INSTALLMENT SALE PAYMENTS UNDER THE 2025 INSTALLMENT SALE AGREEMENT IS A SPECIAL OBLIGATION OF THE CITY PAYABLE SOLELY FROM MEASURE A RECEIPTS, DOES NOT CONSTITUTE A DEBT OF THE CITY, THE COUNTY, THE AUTHORITY, THE STATE OF CALIFORNIA (THE "**STATE**") OR ANY POLITICAL SUBDIVISION OF THE STATE WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION AND DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE CITY, THE COUNTY, THE STATE OR ANY POLITICAL SUBDIVISION OF THE STATE IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY, THE COUNTY, THE STATE OR ANY POLITICAL SUBDIVISION OF THE STATE HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. THE AUTHORITY HAS NO TAXING POWER.

Continuing Disclosure

In connection with the issuance of the Bonds, the City will covenant in a continuing disclosure certificate (the "**Continuing Disclosure Certificate**") executed for the benefit of Owners to provide certain financial information and operating data and notices of certain events. See the caption "CONTINUING DISCLOSURE" and Appendix D.

Forward-Looking Statements

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "intend," "expect," "propose," "estimate," "project," "budget," "anticipate" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involves known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements that are described in this Official Statement to be materially different from any future results, performance or achievements that are expressed or implied by such forward-looking statements. No updates or revisions to these forward-looking statements will be issued if or when the expectations, events, conditions, or circumstances on which such statements are based change. The forward-looking statements in this Official Statement are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in or implied by such forward-looking statements. **READERS ARE CAUTIONED NOT TO PLACE UNDUE RELIANCE ON SUCH FORWARD-LOOKING STATEMENTS, WHICH SPEAK ONLY AS OF THE DATE HEREOF.**

ESTIMATED SOURCES AND USES OF BOND PROCEEDS

The following table details the estimated sources and uses of Bond proceeds.

Estimated Sources(1):	
Principal Amount of Bonds	$
Plus: Net Original Issue Premium	
Less: Underwriter's Discount	
Total Sources	$
Estimated Uses(1):	
Costs of Issuance(2)	$
Deposit to the Acquisition Fund(3)	
Total Uses	$

---

(1) Rounded to nearest dollar. Totals may not add due to rounding.

(2) Includes fees and expenses of Bond Counsel, Disclosure Counsel, the Trustee, the Municipal Advisor and the rating agency, [premiums for the Policy and Reserve Policy,] costs of printing and other miscellaneous costs.

(3) Amounts in the Acquisition Fund is anticipated to be applied to the acquisition and construction of the Projects. See the caption "THE CITY AND THE PROJECTS."

THE BONDS

Authorization and Registration of Bonds

The Bonds are being issued by the Authority pursuant to the Trust Agreement and the Resolutions. The Bonds will be dated the date of their initial delivery and will mature on the dates and in the principal amounts set forth on the inside front cover page of this Official Statement. The Bonds will be initially registered in the name of Cede & Co., as nominee for DTC, which will act as securities depository for the Bonds. See the captions "THE BONDS—Book-Entry Only System" and Appendix A.

Payment of Bonds

The Bonds will be issued in fully registered form without coupons and, when delivered, will be registered in the name of Cede & Co., as nominee of DTC. DTC will act as securities depository for the Bonds. Individual purchases of Bonds may be made in book-entry form only, in the principal amount of

$5,000 or integral multiples thereof for each maturity. Purchasers will not receive bonds representing their interest in the Bonds purchased. Payments of principal and interest on the Bonds will be made by the Trustee to DTC, which will in turn remit such principal and interest to its participants for subsequent dispersal to Beneficial Owners of the Bonds as described in this Official Statement. Interest on the Bonds will be payable from the Interest Payment Date next preceding the date of authentication thereof unless (i) a Bond is authenticated on or before an Interest Payment Date and after the close of business on the preceding Record Date, in which event interest thereon shall be payable from such Interest Payment Date, (ii) a Bond is authenticated on or before the first Record Date, in which event interest thereon will be payable from the Closing Date, or (iii) interest on any Bond is in default as of the date of authentication thereof, in which event interest thereon will be payable from the date to which interest has previously been paid or duly provided for. Interest will be paid in lawful money of the United States on each Interest Payment Date. Interest will be paid by check of the Trustee mailed by first-class mail, postage prepaid, on each Interest Payment Date to the Owners of the Bonds at their respective addresses shown on the Registration Books as of the close of business on the preceding Record Date. Notwithstanding the foregoing, interest on any Bond which is not punctually paid or duly provided for on any Interest Payment Date will, if and to the extent that amounts subsequently become available therefor, be paid on a payment date established by the Trustee to the Person in whose name the ownership of such Bond is registered on the Registration Books at the close of business on a special record date to be established by the Trustee for the payment of such defaulted interest, notice of which will be given to such Owner not less than ten days prior to such special record date. As used herein, "Record Date" means the 15th day of the month next preceding each Interest Payment Date, whether or not such day is a Business Day.

Redemption of Bonds*

Optional Redemption. The Bonds maturing on or after May 1, 20__ will be subject to optional redemption prior to maturity, at the option of the Authority upon direction of the City, on or after May 1, 20__, in whole or in part (by lot within any maturity), on any date, at a Redemption Price equal to the principal amount to be redeemed, plus accrued interest to the date fixed for redemption, without premium. The City will provide notice to the Authority and the Trustee at least forty-five (45) days prior to the redemption date (or such lesser period of time acceptable to the Trustee in its sole discretion) specifying the principal amount and amounts within a maturity to be redeemed.

Mandatory Redemption. The Bonds will be subject to mandatory redemption prior to maturity, in whole or in part (by lot among Bonds with the same maturity in any manner which the Trustee in its sole discretion will deem appropriate), on any date, from amounts received upon the acceleration of the Installment Sale Payments, at a Redemption Price equal to the principal amount to be redeemed, plus accrued interest to the date fixed for redemption, without premium.

Mandatory Sinking Fund Redemption. The Bonds maturing on May 1, 20__, are subject to mandatory redemption on May 1 of each year commencing May 1, 20__, in part, from mandatory sinking fund payments, on each May 1 specified below, at a Redemption Price equal to the principal amount of the Bonds to be redeemed, without premium, plus accrued interest thereon to the date of redemption, in the aggregate respective principal amounts in the respective years as follows:

* *Preliminary, subject to change.*

Redemption Date (May 1)	***Principal Amount***

*Maturity

If some but not all of the Bonds maturing on May 1, 20__ are redeemed pursuant to the Trust Agreement upon an optional or mandatory redemption described under the subcaptions "— Optional Redemption" and "— Mandatory Redemption" above, the principal amount of Bonds maturing on May 1, 20__ to be redeemed pursuant to mandatory sinking fund redemption on any subsequent May 1 shall be reduced, by $5,000 or an integral multiple thereof, as designated by the City in a Certificate of the City filed with the Trustee; provided, however, that the aggregate amount of such reductions will not exceed the aggregate amount of Bonds maturing on May 1, 20__ redeemed pursuant to optional or mandatory redemption described under the subcaptions "— Optional Redemption" and "— Mandatory Redemption" above under the Trust Agreement.

Selection of Bonds

Whenever provision is made in the Trust Agreement for the redemption or purchase of less than all of the Bonds or any given portion thereof, the Trustee will, subject to the following sentence, select the Bonds to be redeemed or purchased, from all Bonds and Bonds within a maturity subject to redemption or purchase or such given portion thereof equal to a multiple of $5,000 or any integral multiple thereof not previously called for redemption or purchase. Upon notice of any redemption pursuant to the Trust Agreement or receipt of moneys resulting in a redemption pursuant to the Trust Agreement, the Trustee will request the Cash Flow Consultant to prepare a Cash Flow Report identifying the principal amount and maturities of the Bonds to be redeemed. The Trustee will promptly notify the Authority in writing of any redemption or purchase of Bonds and of the Bonds or portions thereof so selected for redemption or purchase.

Purchase in Lieu of Redemption

In lieu of redemption of any Bonds, amounts on deposit in the Revenue Fund or in any sinking account therein may also be used and withdrawn by the Trustee at any time, upon the Request of the Authority, upon direction of the City, for the purchase of such Bonds at public or private sale as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account) as the Authority, upon direction of the City, may in its discretion determine, but not in excess of the principal amount thereof plus accrued interest to the purchase date. The principal amount of any Bonds so purchased by the Trustee in any twelve-month period ending 60 days prior to any principal payment date in any year will be credited towards and will reduce the principal amount of such Term Bonds, if any, required to be redeemed on such principal payment date in such year.

Notice of Redemption or Purchase

Notice of redemption or purchase will be mailed by first-class mail by the Trustee, upon direction of the City, not less than 20 nor more than 60 days prior to the redemption or purchase date, to (i) the respective Owners of any Bonds designated for redemption or purchase at their addresses appearing on the registration books of the Trustee, and (ii) if the Bonds are no longer held by the Depository, to the Securities Depositories and the Municipal Securities Rulemaking Board through its Electronic Municipal Marketplace Access (EMMA) System. Notice of redemption or purchase will be given by Electronic Means, certified, registered, or overnight mail to the Securities Depositories and the Municipal Securities Rulemaking Board through its Electronic Municipal Marketplace Access ("EMMA") System. Each notice of redemption or purchase will state the date of such notice, the date of initial delivery of the Bonds, the redemption or purchase date, the Redemption Price or Purchase Price, the place or places of redemption or purchase (including the name and appropriate address or addresses of the Trustee), the CUSIP number (if any) of the Bonds of each maturity date or dates, and, if less than all of the Bonds of any such maturity date, the distinctive certificate numbers of the Bonds with such maturity date, to be redeemed or purchased and, in the case of Bonds to be redeemed or purchased in part only, the respective portions of the principal amount thereof to be redeemed or purchased. Each such notice will also state that on said date there will become due and payable on each of said Bonds the Redemption Price or Purchase Price represented thereby or of said specified portion of the principal amount thereof in the case of a Bond to be redeemed or purchased in part only, together with interest accrued with respect thereto to the redemption or purchase date, and that from and after such redemption or purchase date, interest thereon will cease to accrue, and will require that such Bonds be then surrendered at the address or addresses of the Trustee specified in the redemption or purchase notice.

If any of the Bonds are redeemed pursuant to an advance refunding, notice of such advance refunding and redemption or purchase shall be given in the same manner as above provided, and also within the same time period with respect to the actual redemption or purchase date.

Notice of redemption or purchase of Bonds will be given by the Trustee, upon direction of the City, at the expense of the Authority. Conditional notice of optional redemption may be given at the direction of the Authority and shall be given if funds sufficient to redeem the Bonds are not then on deposit with the Trustee. If at the time of mailing of notice, funds are not then on deposit with the Trustee, such notice will state that it is conditional upon the deposit of the funds not later than the opening of business on the date of redemption or purchase of the Bonds, and such notice will be of no effect unless such moneys are so deposited.

Failure by the Trustee to give notice pursuant to the Trust Agreement to the Municipal Securities Rulemaking Board through its EMMA System or Securities Depositories will not affect the sufficiency of the proceedings for redemption or purchase. Failure by the Trustee to mail notice of redemption or purchase pursuant to the Trust Agreement to any one or more of the respective Owners of any Bonds designated for redemption or purchase will not affect the sufficiency of the proceedings for redemption or purchase with respect to the Owner or Owners to whom such notice was mailed.

Partial Redemption or Purchase of the Bonds

Upon surrender of any Bond to be redeemed or purchased in part only, the Authority will execute and the Trustee will authenticate and deliver to Owner thereof, at the expense of the Authority, a new Bond or Bonds with the same maturity in Authorized Denominations in an aggregate principal amount equal to the unredeemed portion of the Bonds surrendered.

Effect of Redemption

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

All Bonds redeemed pursuant to the provisions of the Trust Agreement will be cancelled upon surrender thereof by the Trustee. All Bonds purchased pursuant to the Trust Agreement will be registered in the name of the Authority and delivered to, or as directed in writing by, the Authority.

Book-Entry Only System

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Bond will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. See APPENDIX H—"BOOK ENTRY PROVISIONS."

The Authority, the City and the Trustee cannot and do not give any assurances that DTC, DTC Participants or others will distribute payments of principal of or interest on the Bonds paid to DTC or its nominee as the registered owner, or will distribute any redemption notices or other notices, to the Beneficial Owners, or that they will do so on a timely basis or will serve and act in the manner described in this Official Statement or the Trust Agreement. The Authority, 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 Bonds or an error or delay relating thereto.

Debt Service

The table below presents the annual debt service with respect to the Bonds, assuming that there are no optional redemptions or mandatory redemption upon acceleration of the 2025 Installment Sale Agreement, for the year ending on May 1 in the years shown below:

Debt Service Schedule

Date (May 1)	***Principal***	***Interest***	***Total***
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			

Source: Underwriter.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

General

The Bonds are payable from and secured by a pledge of and lien on the Revenues and a security interest in all right, title and interest of any other amounts held by the Trustee in any fund or account established in the Trust Agreement (other than amounts on deposit in the Acquisition Fund and the Rebate Fund). Revenues, as defined in the Trust Agreement, means all Installment Sale Payments and other payments paid by the City and received by the Authority pursuant to the Agreement and all interest or other income from any investment of any money in any fund or account (other than the Rebate Fund) pursuant to the Trust Agreement. See APPENDIX A—"SUMMARY OF PRINCIPAL LEGAL DOCUMENTS" herein. The Authority will assign to the Trustee, for the benefit of the Owners, all of the Authority's right, title and interest in and to the 2025 Installment Sale Agreement (excepting its right to indemnification thereunder), including the right to receive Installment Sale Payments from the City.

The Bonds are limited obligations of the Authority payable solely from and secured by a pledge of Revenues and certain funds and accounts held under the Trust Agreement. The Authority has no taxing power.

Installment Sale Payments

Pursuant to the 2025 Installment Sale Agreement, the City is required to pay the Authority or the Trustee, as appropriate, the Purchase Price (defined in the 2025 Installment Sale Agreement) for the Projects, without offset or deduction of any kind, by paying (i) the principal installments of the 2025 Installment Sale Payments, which principal installments shall be due annually each on its payment date, (ii) the interest installments of the 2025 Installment Sale Payments, which interest installments shall be due semiannually on each 2025 Installment Sale Payment Date and (iii) the Administration Fee which shall be due semiannually on each 2025 Installment Sale Payment Date. Each 2025 Installment Sale Payment and the Administration Fee shall be payable on and shall be required to be deposited with the Trustee on or before the fifteenth day of the calendar month immediately preceding May 1 and November 1 of each year, commencing May 1, 2025.

The obligation of the City to pay the Purchase Price by paying the 2025 Installment Sale Payments and the Administration Fee is, subject to the 2025 Installment Sale Agreement, absolute and unconditional, and until such time as the 2025 Installment Sale Payments shall have been paid in full (or provision for the payment thereof shall have been made pursuant to the 2025 Installment Sale Agreement), the City will not discontinue or suspend any 2025 Installment Sale Payments or Administration Fee required to be paid by it when due, whether or not the Project or any part thereof is complete, or its use is suspended, interfered with, reduced, curtailed or terminated in whole or in part, and such payments shall not be subject to reduction whether by offset or otherwise and shall not be conditional upon the performance or nonperformance by any party to any agreement for any cause whatsoever. See the captions "—Measure A Receipts" and "—Measure A Receipts Fund." The Trust Agreement provides that the Installment Sale Payments received by the Trustee will be deposited in the Revenue Fund maintained by the Trustee under the Trust Agreement and applied to pay the principal and interest on the Bonds. See "— Revenue Fund" below.

The obligation of the City to make Installment Sale Payments under the 2025 Installment Sale Agreement is a special obligation of the City payable solely from Measure A Receipts, does not constitute a debt of the City, the Authority, the State or any political subdivision of the State within the meaning of any constitutional or statutory debt limitation or restriction and does not constitute an obligation for which the City, the State or any political subdivision of the State is obligated to levy or pledge any form of taxation or for which the City, the State or any political subdivision of the State has levied or pledged any form of taxation. The Authority has no taxing power.

The City covenants and agrees in the 2025 Installment Sale Agreement to apply Measure A Revenues as received on [an annual] basis to the payment of Installment Sale Payments prior to any other expenditure of such funds, subject to the release for expenditure as provided in the 2025 Installment Sale Agreement and only in an amount not exceeding the Measure A Receipts.

Measure A Receipts

The term "Measure A Ordinance" is defined in the 2025 Installment Sale Agreement to mean Ordinance No. 5, the "Road Repair, Traffic Relief and Transportation Safety Measure for Santa Barbara County," approved by SBCLTA on June 19, 2008 and approved by at least two-thirds of electors voting on such proposition in the November 4, 2008 election. The Measure A Ordinance includes the Investment Plan and Appendix A (describing anticipated matching funds), Appendix B1 (describing eligible Measure A Projects), and Appendix B2 (describing eligible Alternative Mode Projects) to the Investment Plan, adopted by SBCLTA, as supplemented and amended. The Investment Plan describes the Measure A Projects eligible for funding using Measure A Revenues and may be amended from time to time by approval of two-thirds of the SBCLTA board of directors, following a noticed public hearing. Certain provisions of the Measure A Ordinance (specifically including the eligible projects described in the Investment Plan) have been so amended seven times, as recently as April 2024. Amendments to the North County Subregion Program or the South Coast Subregion Program set forth in the Investment Plan must first be recommended by a majority vote of a subcommittee formed by the local jurisdictions in the applicable Subregion, or if not recommended by the applicable subcommittee, the SBCLTA must wait 60 days before considering the amendment. In addition, amendments to the Investment Plan may be appealed (and caused to be rescinded) by a majority of the cities representing a majority of the population residing within the incorporated areas in the County and the Board of Supervisors. See the caption "THE CITY AND THE PROJECTS–The City" for the estimated population of the City and the County.

The term "Measure A Revenues" is defined in the 2025 Installment Sale Agreement to mean revenues of SBCLTA pursuant to the Measure A Ordinance derived from a retail transactions and use tax imposed in the County of Santa Barbara pursuant to Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code of the State of California and Section 180050, et seq., of the Public Utilities Code of the State of California, as now in effect and as it may from time to time hereafter be amended or supplemented. See the caption "MEASURE A REVENUES" for more information regarding the Measure A Revenues.

The term "Measure A Receipts" is defined in the 2025 Installment Sale Agreement to mean Measure A Revenues allocated by SBCLTA to the City as the City's share of local program funding pursuant to Section 18 of the Measure A Ordinance, to the extent the Projects constitute Measure A Projects, in an amount not greater than the Installment Sale Payments related to such Measure A Project. See the caption "MEASURE A REVENUES—Measure A Revenues—*Collection and Allocation of Measure A Revenues*" for a discussion of the process under which Measure A Revenues are distributed by the California Department of Tax and Fee Administration ("**CDTFA**") to the SBCLTA Measure A Trustee (defined below), then by the SBCLTA Measure A Trustee to the County Auditor-Controller on behalf of SBCLTA, and then by the County Auditor-Controller on behalf of SBCLTA to the City and other local jurisdictions.

The Measure A Receipts will only be available to pay Installment Sale Payments to the extent such Installment Sale Payments are attributable to a Measure A Project. The term "Measure A Project" is defined in the 2025 Installment Sale Agreement as a capital project for which Measure A Receipts may be expended, including the related Administration Fee. The City believes that all of the Projects constitute Measure A Projects. See the captions "THE CITY AND THE PROJECTS—The Projects" and "—Additional Projects Eligible for Measure A Receipts."

Measure A Receipts Fund

The City has established in accordance with the Measure A Ordinance, the "Measure A Special Revenue Fund" (referred to as the "**Measure A Receipts Fund**" herein), as its separate Transportation Improvement Account as required by Section 30 of the Measure A Ordinance, which fund the City agrees and covenants in the 2025 Installment Sale Agreement to maintain in accordance with the Measure A Ordinance and the 2025 Installment Sale Agreement so long as any Installment Sale Payments remain unpaid, and all money on deposit therein shall be applied and used only as provided in the 2025 Installment Sale Agreement including, without limitation, to pay the Purchase Price by paying the Installment Sale Payments and the Administration Fee. The City agrees and covenants in the 2025 Installment Sale Agreement that all Measure A Revenues received by it shall be deposited when and as received in the Measure A Receipts Fund and held therein in trust and applied in accordance with this Agreement for the benefit of the Trustee (as assignee of the rights of the Authority under the 2025 Installment Sale Agreement) and the Bond Owners, and for the benefit of the owners of any Contracts.

All Measure A Receipts on deposit in the Measure A Receipts Fund will be transferred by the City to the Trustee and otherwise applied at the following times in the following order of priority, and all moneys in each of such funds shall be held in trust and shall be applied, used and withdrawn only for the purposes authorized in the 2025 Installment Sale Agreement:

(a) Interest and Principal Account Deposits. On or before the 15th day preceding each Interest Payment Date, the City will, from the Measure A Revenues in the Measure A Receipts Fund, transfer to the Trustee for deposit in the Interest Account within the Revenue Fund established under the Trust Agreement, a sum equal to the interest becoming due and payable under the 2025 Installment Sale Agreement on the next succeeding Interest Payment Date, except that no such deposit need be made if the Trustee then holds money in the Interest Account equal to the amount of interest becoming due and payable thereunder on the next succeeding Interest Payment Date; and on or before the 15th day preceding each Interest Payment Date, the City will, from the Measure A Revenues in the Measure A Receipts Fund, transfer to the Trustee for deposit in the Principal Account within the Revenue Fund established under the Trust Agreement, a sum equal to the principal becoming due and payable under the 2025 Installment Sale Agreement on the next succeeding Interest Payment Date, except that no such deposit need be made if the Trustee then holds money in the Principal Account equal to the amount of Principal becoming due and payable under the 2025 Installment Sale Agreement on the next succeeding Interest Payment Date; and all money on deposit in the Interest Account and the Principal Account will be used to make and satisfy the Installment Sale Payments due on each date and such payments will be deposited by the Trustee to the Interest Account or the Principal Account, as the case may be, as defined in, created under and in accordance with the terms of, the Trust Agreement. The City covenants in the 2025 Installment Sale Agreement not to request SBCLTA to issue obligations on its behalf payable from Measure A Revenues as provided in the Measure A Ordinance. The City will also, from the moneys in the Measure A Receipts Fund, transfer to the applicable trustee for deposit in the applicable payment fund, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, any other Debt Service in accordance with the provisions of the Contract, bond, resolution or indenture relating thereto.

(b) Reserve Account Deposit. On or before the 15th day of each month, the City will, from remaining moneys in the Measure A Receipts Fund, thereafter, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, transfer to (a) the Trustee for deposit in the Reserve Account that sum, if any, necessary to restore the Reserve Account to an amount equal to the Reserve Account Requirement, all in accordance with and subject to the terms and conditions of the Trust Agreement, and (b) the applicable trustee for deposit to reserve funds or accounts established in connection with Contracts an amount that is equal to the amount required to be deposited therein.

(c) Administration Account Deposit. On or before the 15th day preceding each Interest Payment Date, the City will, from the remaining Measure A Receipts on deposit in the Measure A Receipts Fund, transfer to the Trustee for deposit in the Administration Account a sum equal to the Administration Fee, as determined in a Request of the City to be provided to the Trustee, becoming due and payable under the 2025 Installment Sale Agreement on the next Interest Payment Date, and all money on deposit in the Administration

Account will be used to pay the Administration Fee due on such Interest Payment Date, in accordance with the terms of the Trust Agreement.

Provided that the City is not in default under the 2025 Installment Sale Agreement or under any Contract, Measure A Receipts received by the City with respect to a Bond Year in excess of the amount required for all deposits required by subsections (a), (b), and (c) above, interest due and payable hereunder on the next succeeding Interest Payment Date (less amounts then held by the Trustee in the Interest Account), the Pro Rata Share of Principal (less amounts then held by the Trustee in the Principal Account), and debt service on any Contracts, and except as may be provided to the contrary in any Contracts, shall be released from the pledge and lien under the 2025 Installment Sale Agreement and shall be applied in accordance with the Measure A Ordinance. "Pro Rata Share of Principal" is defined in the 2025 Installment Sale Agreement to mean, during any month, an amount of principal becoming due and payable under the 2025 Installment Sale Agreement on the next succeeding Interest Payment Date that would have accrued if such principal were deemed to accrue monthly in equal amounts from the preceding Interest Payment Date.

Revenue Fund

Revenue Fund. Subject only to the provisions of the Trust Agreement permitting the application thereof for the purposes and on the terms and conditions set forth therein, the Authority in the Trust Agreement pledges and grants a lien on the Revenues and a security interest in all right, title and interest of any other amounts held by the Trustee in any fund or account established under the Trust Agreement (other than amounts on deposit in the Acquisition Fund and the Rebate Fund) whether then or thereafter arising as security for the payment of the principal of, premium, if any, and interest on the Bonds in accordance with their terms, the provisions of the Trust Agreement and the Act. Such pledge and grant constitutes a first lien on such assets and is valid and binding from the date of the Trust Agreement for the benefit of the Owners of the Bonds and successors thereto. Under the Trust Agreement, the Authority transfers, conveys and assigns to the Trustee, for the benefit of the Owners, all of the Authority's right, title and interest in and to the 2025 Installment Sale Agreement (excepting its right to indemnification thereunder), including the right to receive Installment Sale Payments from the City. The Trustee is entitled to and will receive all of the Revenues, and any Revenues collected or received by the Authority will be deemed to be held, and to have been collected or received, by the Authority as agent of the Trustee and will forthwith be paid by the Authority to the Trustee.

In order to carry out and effectuate the pledge, lien, and security interest described in the Trust Agreement, Authority agrees and covenants in the Trust Agreement that all Revenues, when and as received, will be received by the Authority in trust under the Trust Agreement for the benefit of the Owners and will be deposited when and as received by the Authority in the "Revenue Fund" which fund the Trustee will establish and maintain in trust in the name of the Trustee as a separate fund so long as any Bonds are Outstanding under the Trust Agreement. All Revenues will be held in trust in the Revenue Fund. All Revenues, whether received by the Authority in trust or deposited with the Trustee as provided in the Trust Agreement, will nevertheless be allocated, applied, and disbursed solely for the purposes and uses set forth in the Trust Agreement, and will be accounted for separately and apart from all other accounts, funds, money or other resources of the Authority, and the Authority will have no beneficial right or interest in any of the Revenues except only as provided in the Trust Agreement. See the caption "INTRODUCTION—Security and Sources of Payment for the Bonds."

The following funds and accounts will be established within the Revenue Fund: (i) the Interest Account; (ii) the Principal Account; (iii) the Reserve Account; (iv) the Administration Account; and (v) the Surplus Account. All money in each of such funds and accounts will be held in trust by the Trustee and will be applied, used and withdrawn only for the purposes authorized in the Trust Agreement.

Pursuant to the Trust Agreement, all money in the Revenue Fund will be set aside by the Trustee in the following respective special accounts within the Revenue Fund in the following order of priority:

Interest Account. On or before the Business Day immediately preceding each Interest Payment Date, the Trustee will transfer from amounts on deposit in the Revenue Fund to the Interest Account that amount of money which is equal to the amount of interest becoming due and payable with respect to the Bonds on the next succeeding Interest Payment Date. No such deposit need be made if the amount contained in the Interest Account is at least equal to the aggregate amount of interest becoming due and payable on the Bonds on such Interest Payment Date. All money in the Interest Account will be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as it will become due and payable (including accrued interest on any Bonds purchased or redeemed prior to the payment dates thereof).

Principal Account. On or before the Business Day immediately preceding each May 1 on which principal of the Bonds is due and payable, the Trustee will transfer from amounts on deposit in the Revenue Fund to the Principal Account an amount of money equal to the amount of principal becoming due and payable on the on the Bonds on the next succeeding principal payment date. No such deposit need be made if the amount contained in the Principal Account is at least equal to the aggregate amount of principal becoming due and payable on the Bonds on such principal payment date. All money in the Principal Account will be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Bonds as it will become due and payable, whether on their respective principal payment or redemption dates, except that any money in any sinking fund account will be used and withdrawn by the Trustee only to purchase or to redeem or to pay Term Bonds for which such sinking fund account was created.

Reserve Account. The Trustee will transfer from amounts deposited in the Revenue Fund to the Reserve Account that amount of money (or other authorized deposit of security) which will be required to maintain the Reserve Account in the full amount of the Reserve Account Requirement. The Trust Agreement defines "Reserve Account Requirement" to mean, as of any date of calculation, an amount equal to the least of (i) 10% of the initial stated principal amount (within the meaning of Section 148 of the Code) of the Bonds; (ii) 125% of the average annual Debt Service, as defined in the 2025 Installment Sale Agreement, or (iii) the Maximum Annual Debt Service, as defined in the 2025 Installment Sale Agreement. See Appendix A. No deposit need be made in the Reserve Account so long as there will be on deposit therein a sum equal to the Reserve Account Requirement. All money in the Reserve Account (including all amounts which may be obtained from any insurance policy on deposit in the Reserve Account) will be used and withdrawn by the Trustee solely for the purpose of replenishing the Interest Account or the Principal Account, in that order, in the event of any deficiency at any time in either of such accounts, but solely for the purpose of paying the interest or principal payable in connection with the 2025 Installment Sale Agreement, except that any cash amounts in the Reserve Account in excess of the amount required to be on deposit therein will be withdrawn from the Reserve Account on each Interest Payment Date and deposited in the Interest Account.

In lieu of making a Reserve Account Requirement deposit or in replacement of moneys then on deposit in the Reserve Account (which will be transferred by the Trustee to the City upon delivery of an insurance policy satisfying the requirements stated below), the City may also deliver to the Trustee an insurance policy (a "**Qualified Reserve Instrument**") securing an amount, together with moneys or Permitted Investments on deposit in the Reserve Account, no less than the Reserve Account Requirement, issued by an insurance company licensed to issue insurance policies guaranteeing the timely payment of the principal of and interest on the Bonds and whose unsecured debt obligations (or for which obligations secured by such insurance company's insurance policies) are rated in one of the two highest rating categories (without respect to any modifier) of the Rating Agency. Notwithstanding anything to the contrary set forth in the Trust Agreement, amounts on deposit in the Reserve Account will be applied solely to the payment of debt service due on the Bonds.

If and to the extent that the Reserve Account has been funded with a combination of cash (or Permitted Investments) and a Qualified Reserve Instrument, then all such cash (or Permitted Investments) will be completely used before any demand is made on such Qualified Reserve Instrument, and replenishment of the Qualified Reserve Instrument will be made prior to any replenishment of any cash (or Permitted Investments). If the Reserve Account is funded, in whole or in part, with more than one Qualified Reserve

Instrument, then any draws made against such Qualified Reserve Instrument will be made pro rata. The prior written consent of the Insurer will be a condition precedent to the deposit of any credit instrument provided in lieu of a cash deposit into the Reserve Account, if any. Amounts on deposit in the Reserve Account will be applied solely to the payment of debt service due on the Bonds.

[The Reserve Account Requirement for the Bonds will be satisfied by the delivery of the Reserve Policy by the Insurer on the Closing Date with respect to the Bonds with a stated policy amount equal to the Reserve Account Requirement.] Neither the City nor the Authority will have any obligation to replace [the Reserve Policy or other] Qualified Reserve Instrument or to fund the Reserve Account with cash if, at any time that the Bonds are Outstanding, any rating assigned to the Insurer is downgraded, suspended or withdrawn or amounts are not available under [the Reserve Policy or other] Qualified Reserve Instrument, other than in connection with a draw on [the Reserve Policy or other] Qualified Reserve Instrument. See the caption "BOND INSURANCE."

Administration Account. On or before the Business Day immediately preceding each May 1 on which principal of the Bonds is due and payable, the Trustee will transfer from amounts deposited in the Revenue Fund, and deposit into the Administration Account, an amount equal to the Administration Fee. All money in the Administration Account will be used and withdrawn by the Trustee solely for the purpose of paying the fees of the Trustee and, upon the written direction of the City, the fees of the Rebate Analyst and any other similar fee payable in connection with the administration of the 2025 Installment Sale Agreement and the Trust Agreement, payable by the City, in accordance with the 2025 Installment Sale Agreement. Upon the Request of the City provided to the Trustee on or after any Interest Payment Date, any cash amounts in the Administration Account in excess of the amount required to be on deposit therein will be withdrawn from the Administration Account and deposited in the Interest Account.

The term "**Administration Fee**" is defined in the Trust Agreement to mean an amount equal to the sum of the Trustee's Fees, the Rebate Analyst Fee and any other similar fee payable in connection with the administration of the 2025 Installment Sale Agreement and the Trust Agreement, payable by the City, in accordance with the 2025 Installment Sale Agreement, on the 15th day of the month preceding each May 1 on which principal of the Bonds is due and payable.

Surplus Account. On the Business Day immediately following each Interest Payment Date, the Trustee will deposit in the Surplus Account all money remaining in the Revenue Fund after the deposits, required by the Trust Agreement, have been made. On June 30 of each year, beginning on June 30, 2025, the Trustee will disburse the money in the Surplus Account to the City to the extent the deposit of moneys, together with investment earnings thereon, if any, exceeded the deposits required by the Trust Agreement.

Deposit of Other Available Revenues

Notwithstanding the pledge of Measure A Receipts, as described above, the City may satisfy its obligation to deposit Installment Sale Payments with the Trustee by depositing Other Available Revenues with the Trustee and, if and when so deposited, such Other Available Revenues will be irrevocably pledged to the payment of Installment Sale Payments. Unless and until deposited with the Trustee, such Other Available Revenues are not pledged to the payment of Installment Sale Payments.

The term "**Other Available Revenues**" is defined in the 2025 Installment Sale Agreement to mean revenues, other than Measure A Receipts, legally available to the City to make Installment Sale Payments, if any.

Additional Contracts

So long as the City is not in default under the 2025 Installment Sale Agreement, the City may at any time execute any Contract or amend any Contract, the installment sale, rental, or other periodic payments under and pursuant to which, as the case may be, are payable from, and secured by a pledge and lien on, the Measure A Receipts on a parity with the payment by the City of the Installment Sale Payments as provided under the 2025 Installment Sale Agreement; provided, that [the audited Measure A Receipts][Measure A Receipts as audited or otherwise affirmed by the City and an Independent Certified Public Accountant], plus the Measure A Receipts Coverage Amount, for the Fiscal Year next preceding the date of the adoption by the City Council of the City of the resolution authorizing the execution of such Contract, as evidenced by both a calculation prepared by the City and a special report prepared by an Independent Certified Public Accountant on such calculation on file with the City, will have produced a sum equal to at least 150% of the Maximum Annual Debt Service on all Contracts outstanding after the execution of such amendment or Contract. Notwithstanding the foregoing provisions, there shall be no limitations on the ability of the City to execute any Contract at any time to refund any outstanding Contract.

As used herein, "Contracts" means all installment sale contracts, capital leases or similar obligations of the City authorized and executed by the City under and pursuant to applicable law, the interest and principal and prepayment premium, if any, payments under and pursuant to which are payable from Measure A Receipts on a parity with the payment of the Installment Sale Payments. As used herein, "Measure A Receipts Coverage Amount" means, with respect to any Fiscal Year, an amount equal to (a) Measure A Receipts, less (b) Installment Sale Payments for such Fiscal Year, but not more than 50% of Measure A Receipts for such Fiscal Year.

Notwithstanding the foregoing provisions, there will be no limitations on the ability of the City to execute any Contract at any time to refund any outstanding Contract.

Series 2025A Lease Revenue Bonds

Concurrently with the delivery of the Bonds, the Authority expects to issue its Lease Revenue Bonds, Series 2025A (the "**Series 2025A Lease Revenue Bonds**"), in an aggregate initial principal amount of $_______[*]. A portion of the proceeds of the Series 2025A Lease Revenue Bonds are expected to finance a portion of the cost of the Projects and/or the Additional Projects (defined below). The Series 2025A Lease Revenue Bonds are not secured by a pledge of or lien on the Measure A Receipts; however, the City may, at its option, pay the lease payments securing the Series 2025A Lease Revenue Bonds from Measure A Receipts remaining after prior payment of scheduled Installment Sale Payments and any additional Contracts, to the extent the proceeds of the Series 2025A Lease Revenue Bonds are used to pay the costs of eligible Measure A Projects.

BOND INSURANCE

[TO COME]

THE AUTHORITY

The Goleta Facilities Financing Authority was formed pursuant to the provisions of Articles 1 and 4 of Chapter 5 of Division 7 of Title 1 of the California Government Code and a Joint Exercise of Powers Agreement, dated as of November 1, 2024 (the "**Joint Powers Agreement**"), by and between the City and the California Statewide Communities Development Authority (the "**CSCDA**"). The CSCDA is a joint exercise of powers authority that is organized and existing under and by virtue of the laws of the State of California. The Authority is governed by a five-member board whose members are the same as the City Council. The Authority has no employees and all staff work is done by City staff or by consultants to the Authority.

[*] *Preliminary, subject to change.*

SANTA BARBARA COUNTY ASSOCIATION OF GOVERNMENTS

SBCAG is a public agency established in 1966 as the Metropolitan Planning Organization (previously defined as the "**MPO**") for the Santa Barbara County region. SBCAG is the administrator of the Measure A Ordinance and the Investment Plan on behalf of SBCLTA. SBCAG was established in 1966 pursuant to the provisions of Section 6500 *et seq*. of the California Government Code. As the administrator of the Measure A Ordinance and the Investment Plan, SBCAG is responsible for allocating Measure A Revenues to local agencies, transit operators and state highway projects that are identified in the Measure A Ordinance and the Investment Plan. Measure A requires the SBCAG Board (as defined below) to annually adopt a Program of Projects for the Measure A program (the "**SBCAG Program of Projects**") identifying all transportation projects to be funded with Measure A revenues during a five-year period and shows how every dollar of Measure A funding will be expended by SBCAG, local agencies and transit operators and is responsible for developing and updating a strategic plan to guide allocation decisions and project delivery ("**Strategic Plan**"). The initial Strategic Plan was developed on November 1, 2010, and has been and is expected to continue to be updated at least every five years during the term of the Investment Plan, from 2010 to 2040. The SBCAG Program of Projects is composed of a Local Program of Projects ("**LPOP**") and an Authority (or Regional) Program of Projects ("**APOP**"). The LPOP is developed by local agencies to identify expenditures using LSTI funding allocated by SBCAG while projects in the APOP include Named Projects or those that are specifically identified in the Investment Plan as approved by voters. Only projects that are included in the approved SBCAG Program of Projects are eligible for Measure A funding.

SBCAG's Board of Directors is governed by 13 elected officials (the "**SBCAG Board**"). The SBCAG Board is composed of a representative from each of the eight cities in Santa Barbara County and five members of the Santa Barbara County Board of Supervisors; currently the (i) Fifth District Supervisor, (ii) Santa Barbara Mayor, (iii) Second District Supervisor, (iv) Mayor of Carpinteria, (v) Third District Supervisor, (vi) Mayor of Solvang, (vii) Mayor of Guadalupe, (viii) Mayor of Buellton, (ix) Mayor of Lompoc, (x) Mayor of Goleta, (xi) Fourth District Supervisor, (xii) Mayor of Santa Maria, and (xiii) First District Supervisor.

The SBCAG Board exclusively exercises and discharges the following powers and responsibilities: (i) prepare and update the Strategic Plan every five years to guide the long-term implementation of Measure A Revenues; (ii) adopt an SBCAG Program of Projects on an annual basis which includes approving and adopting LPOPs prepared by each local jurisdiction and the APOP; (iii) ensure compliance with the requirements set forth by the Measure A Ordinance and the Investment Plan, as amended; (iv) allocate Measure A Revenues to local agencies, transit operators, and regional projects according to the Investment Plan and the SBCAG Program of Projects; (v) obtain final approval of the Measure A Citizens' Oversight Committee, which reviews Measure A expenditures and provides transparency and accountability; and (vi) conduct public hearings on the SBCAG Program of Projects, Strategic Plan updates, Measure A Ordinance and Investment Plan amendments, and other major decisions.

SBCAG HAS NOT ENTERED INTO ANY CONTRACTUAL COMMITMENT WITH THE CITY, THE AUTHORITY, THE TRUSTEE OR THE OWNERS OF THE BONDS TO PROVIDE INFORMATION REGARDING SBCAG TO THE CITY, THE AUTHORITY, THE TRUSTEE OR THE OWNERS OF THE BONDS. SBCAG HAS NOT REVIEWED THIS OFFICIAL STATEMENT AND HAS NOT MADE REPRESENTATIONS OR WARRANTIES WITH RESPECT TO THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED OR INCORPORATED HEREIN, INCLUDING INFORMATION WITH REGARD TO SBCAG. SBCAG IS NOT CONTRACTUALLY OBLIGATED, AND HAS NOT UNDERTAKEN, TO UPDATE SUCH INFORMATION FOR THE BENEFIT OF THE CITY, THE AUTHORITY, OR THE OWNERS OF THE BONDS UNDER RULE 15c2-12.

THE CITY, THE COUNTY, AND THE PROJECTS

The City

The City is located in the County of Santa Barbara (the "County"), approximately 90 miles northwest of the City of Los Angeles. The City comprises approximately 8 square miles. Incorporated in 2002, the City operates as a general law city under the council-manager form of municipal government. The City Council consists of four council members elected by district and a mayor elected at-large, each serving four-year terms. As of January 1, 2024, the population of the City is estimated to be approximately 32,515.

The City provides municipal services through a combination of in-house staff and contracts for services that supplement staff, such as street, park, landscape, and tree maintenance. The City contracts with the Santa Barbara County Sheriff's Department for law enforcement services and with the Santa Barbara County Public Health Department for animal control services. Fire protection services are provided by the Santa Barbara County Fire Department through the Santa Barbara County Fire Protection District, which has a service area that includes the City of Goleta. The City receives water and wastewater services from Goleta Water District, Goleta Sanitary District, and Goleta West Sanitary District within City Boundaries

The City provides a wide range of municipal services and employs approximately 125 full-time and part-time employees, and 24 hourly employees who manage the following professional and technical municipal services: General Government, Economic Development, General Services, Finance, Emergency Services, Business Licensing, Street Maintenance and Transportation Planning, Bikeways, Parks and Open Space Maintenance, Capital Improvement Program, Street Lighting, Stormwater Management, Engineering, Solid Waste, Planning, Land Use, Building & Safety, Code Compliance, Sustainability, Housing, Recreation & Parks, Administration, and Library Services.

There are approximately 550 acres of parks and open space and over 80 miles of roadway and right-of-way property within City limits. The City owns the Goleta Public Library and assumed direct management and operation of the Goleta Library in Fiscal Year 2018-19 and created a new Library Zone 4 on behalf of the County of Santa Barbara. On July 1, 2019, the City also assumed responsibility for direct management and operations of the libraries in the City of Buellton and the City of Solvang. On January 1, 2023, the City assumed direct management and operations of the Goleta Valley Community Center.

Certain economic and demographic information regarding the City is included in Appendix B. See the caption "MEASURE A REVENUES," for discussions of the portions of Measure A Revenues that have historically been or are projected to be allocated to the City by SBCAG, as administrator of the Measure A Ordinance and the Investment Plan on behalf of SBCLTA.

The County of Santa Barbara

The County covers approximately 2,734 square miles located approximately 100 miles north of the City of Los Angeles and 300 miles south of the City of San Francisco. The County is bordered by San Luis Obispo County to the north, Ventura County to the east, and the Pacific Ocean to the west and south. The County contains eight incorporated cities including the City. The City of Santa Barbara to the immediate south of the City is the County seat. The largest industries in the County include government, farming, private education and health services, and leisure and hospitality. For demographic information regarding City and the County, see APPENDIX B – "THE CITY OF GOLETA: ECONOMIC, DEMOGRAPHIC AND FINANCIAL INFORMATION."

The Projects

A portion of the proceeds of the Bonds will be used by the City to pay for the design, acquisition, installation, and construction of one or more of the transportation-related capital projects described below. The

City currently expects to apply proceeds of the Bonds to pay costs of the Cathedral Oaks Crib Wall Repair project, the San Jose Creek Multipurpose Path project, and the Goleta Project Connect project (collectively referred to herein as the "Projects"), which have been identified by the City Council as priority health and safety projects in the City. The City believes that each of the Projects constitutes a Measure A Project, the costs of which may be paid by Measure A Receipts.

Cathedral Oaks Crib Wall Repair (CIP Project No. 9053). The Cathedral Oaks Crib Wall Repair project includes repairing the crib or retaining walls and multi-purpose path along the north side of Cathedral Oaks Road, which was damaged during past storm events. A Geotechnical Engineering firm performed a comprehensive and systematic full-scale geotechnical investigation of the two crib walls along the northern side of Cathedral Oaks Road to determine the potential failure mechanisms related to the crib wall design and construction. The work included drilling approximately 23 geotechnical borings ranging between 25 feet and 80 feet below ground surface (equal to twice the height of the retaining wall), performing geophysical crosshole logging and ground penetrating radar (GPR), collecting and analyzing soil sample in the laboratory, and developing and providing recommended structural repair options and cost estimates. [Based on this geotechnical work, the City has developed an engineering approach to the repairs.] This project is currently in the final design process and construction is anticipated to begin in winter 2026 and be completed in or around ______. The total cost of this project is estimated at approximately $18 million and is expected to be funded with proceeds of the Bonds, grants, general fund and Measure A as described below.

San Jose Creek Multipurpose Path - Northern and Southern Segments (CIP Project No. 9006). The San Jose Creek Multipurpose Path project will construct an approximately 3 mile bicycle and pedestrian pathway connecting areas north of the City boundaries into a larger pathway system and to commercial areas in the City. The project serves important connectivity goals among residents and business owners in areas of the north and south of the City. The project complements other work to improve bike and pedestrian transportation undertaken by the County. The Project lies within both the City and Santa Barbara County and within the California Coastal Zone. The total cost of this project is estimated at approximately $49 million and is expected to be funded with bond proceeds, multiple local transportation funds, and grants, as described below. The San Jose Creek Multipurpose Path is a designated Alternative Mode Project. The project is subject to grant deadlines and must be awarded for construction before September 2025. The final design is complete and ready to go out for bid. The estimated timing for the award of construction is early summer 2025, with the estimated construction start date at the end of summer 2025 and be completed in or around ______.

Goleta Project Connect. The Goleta Project Connect includes the Ekwill Street and Fowler Road Extensions, Hollister Avenue Old Town Interim Striping Project, and Hollister Avenue Bridge Replacement and constitutes the City's largest capital improvement project. Goleta Project Connect is intended to enhance pedestrian access and safety, improving road conditions and building critical linkage through the City while increasing stormwater flow capacity in San Jose Creek under Hollister Bridge. Goleta Project Connect includes numerous public safety measures, including: pavement improvements, dedicated bicycle lanes, and reducing vehicle lanes to one lane in each direction. The Hollister Avenue Bridge component of Goleta Project Connect is intended to improve traffic circulation in Old Town Goleta by installing two roundabouts at the Hollister Avenue and State Route 217 ramp intersections. Additionally, a new bridge will replace the existing bridge over San Jose Creek to achieve 100-year storm flow capacity and link the recently completed downstream San Jose Creek Capacity Improvement & Fish Passage project. Project Connect also includes construction of a new road, the Ekwill Street extension, across Old Town Goleta from Kellogg Avenue to Fairview Avenue, and the extension of Technology Drive. Project Connect requires numerous right-of-way acquisitions and permits as well as close coordination with many local agencies including Caltrans, the City of Santa Barbara, and the County. The total cost of Goleta Project Connect is estimated at approximately $100 million and is expected to be funded through (a) Measure A Revenues allocated to Goleta Project Connect as a South Coast Subregion "Named Project" under the Investment Plan, (b) Measure A Revenues allocated to the City through the South Coast Subregion LSTI portion, (c) other grant funds applied for by the City, and (d) City general funds.

ESTIMATED SOURCES OF FUNDING FOR THE PROJECTS

The following table details the estimated cost of the Projects and the sources of funding the City anticipates using to fund the Projects.

	Cathedral Oaks Crib Wall Repair	*San Jose Creek Multipurpose Path*	*Goleta Project Connect*
Estimated Project Costs:	$17,770,164	$48,760,962	$98,824,815
Estimated Funding Sources:			
Bond Proceeds[(1)]	-	$17,900,000	-
Series 2025A Lease Revenue Bond Proceeds[(2)]	$15,511,670	2,381,344	-
Grants[(3)]	87,846	19,235,443	$46,555,828
Development Impact Fees[(4)]	-	5,001,869	28,647,382
Other Local Funds[(5)]	-	286,891	1,357,820
General Fund	1,307,016	-	11,367,680
Measure A Revenues[(6)]	863,632	3,955,414	10,896,105
Total	$17,770,164	$48,760,962	$98,824,815

(1) Net proceeds of the Bonds.
(2) Net proceeds of the Series 2025A Lease Revenue Bonds.
(3) Grants reflect state and federal funding specific to each project. The City anticipates a $11.6 million award from the Reconnection Communities Pilot Grant Program (U.S. Department of Transportation) for the San Jose Creek Multipurpose Path. These proceeds are not included in the current funding estimate. Upon finalization of the additional Reconnection Communities Pilot Grant Program funding, any excess Bond proceeds will be reallocated to Goleta Project Connect as a reimbursement of the City's General Fund contribution to that project.
(4) Development Impact Fees are restricted local funds received by the City from developers for major development activity that is allocated to specific types of capital projects.
(5) Other Local Funds include special revenue funds the City receives for transportation or capital improvements.
(6) Measure A Revenues other than the LSTI, which are allocated to the City specifically for Goleta Project Connect. This also includes previously-programmed Measure A Revenues from prior years.
Source: City of Goleta Finance Department.

Additional Projects Eligible for Measure A Receipts

If and to the extent the City determines that proceeds of the Bonds will not be used to pay the cost of the Projects, or if Bond proceeds are available after the Projects are completed or fully-funded, the City may spend a portion of the proceeds of the Bonds on any of the transportation-related projects described below (the "**Additional Projects**").

Goleta Train Depot and South La Patera Improvements (CIP Project No. 9079). The City is developing plans to construct a new multi-modal train station at the location of the existing Amtrak platform. The new Train Depot will include facilities for ticketing, passenger waiting, dining, meeting rooms, restrooms/showers, and bike storage. The Project site is adjacent to the existing AMTRAK platform at the northern end of South La Patera Lane and is located along the LOSSAN corridor (San Diego, CA to San Luis Obispo, CA). The project will also include expanded parking, bus facilities, and on-site bicycle and pedestrian improvements. The total cost of this project is estimated at approximately $32 million and is expected to be funded through a combination of funds, including a Transit and Intercity Rail Capital Program (TIRCP) grant of approximately $15 million, that was obtained in partnership with SBCAG, in addition of the city's local funds, including development impact fees, general fund, and Measure A Revenues allocated to the City through the South Coast Subregion LSTI portion. The construction contract was awarded on July 16, 2024, and a groundbreaking event was held on September 12, 2024, to kick off construction. The project is expected to be completed by summer of 2026.

The Goleta Train Depot and South La Patera Improvements are not currently included in the SBCAG Program of Projects and therefore do not currently constitute Measure A Projects. The City plans to include the Goleta Train Depot and South La Patera Improvements to the Local Program of Projects for Fiscal Year 2025-26, which will be submitted to SBCAG in April or May, 2025. The City expects that the Goleta Train Depot and South La Patera Improvements will be designated as Alternative Mode Projects. See "MEASURE A REVENUES — Measure A Revenues — Alternative Mode Projects."

The issuance of, and expenditure of proceeds of, the Bonds is not dependent upon issuance of the Series 2025A Lease Revenue Bonds. The cost and timing of completion of Projects and any Additional Projects are subject to change due to changes in circumstances, events or developments as described herein.

[The City may add, delete or substitute other improvements for the Projects described above and listed in the Lease Agreement and/or 2025 Installment Sale Agreement, by filing with the Authority and Trustee a certificate of the City, subject to the terms thereof.]

STATE SALES TAX

In general, the State sales tax applies to the gross receipts of retailers from the sale of tangible personal property. The State use tax is imposed on the storage, use, or other consumption in the State of property purchased from a retailer for such storage, use, or other consumption. Because the use tax does not apply to cases where the sale of the property is subject to the sales tax, the application of the use tax generally is to purchases made outside of the State for use within the State. The State sales and use taxes are referred to collectively herein at times as the "**State Sales Tax**." On November 6, 2012, State voters approved Proposition 30, which among other things, increased the statewide tax rate by one quarter of one percent, increasing the State Sales Tax rate from, 7.25% to 7.50% for four years, effective January 1, 2013, through December 31, 2016. As of January 1, 2025, the State Sales Tax rate is 7.25%.

The Measure A Sales Tax is generally imposed upon the same transactions and items that are subject to the State Sales Tax. Many categories of transactions are exempt from the State Sales Tax. The most important of these exemptions are sales of food products for home consumption, prescription medicine, edible livestock and their feed, seed and fertilizer used in raising food for human consumption, and gas, electricity, and water when delivered to consumers through mains, lines and pipes. In addition, Occasional Sales (i.e., sales of property not held or used by a seller in the course of activities for which he or she is required to hold a seller's permit) are generally exempt from the State Sales Tax; however, the Occasional Sales exemption does not apply to the sale of an entire business and other sales of machinery and equipment used in a business. Sales of property to be used outside the County that are shipped to a point outside the County, pursuant to the contract of sale, by delivery to such point by the retailer, or by delivery by the retailer to a carrier for shipment to a consignee, at such point, are exempt from the State Sales Tax.

MEASURE A REVENUES

The Measure A Sales Tax

Pursuant to the 2025 Installment Sale Agreement, the City will pledge its Measure A Receipts to the payment of the Installment Sale Payments.

In an election on November 4, 2008, more than two-thirds of the voters in the County approved the Measure A Ordinance, including the Investment Plan (collectively, "**Measure A**"). The Measure A Ordinance extended an existing 0.5% retail transactions and use tax on the gross receipts of retailers from the sale of tangible personal property sold in the County (the "**Measure A Sales Tax**"), originally approved on November 7, 1989 and previously set to expire on March 31, 2010. The Measure A Sales Tax is a tax imposed on all retailers in the County on the gross receipts of any retailer from the sale of all tangible personal property sold at retail in the County and an excise tax imposed on the storage, use or other consumption in the County of tangible personal property purchased from any retailer in the County (including delivery charges, when such charges are subject to the state sales and use tax, regardless of the place to which delivery is made). The Measure A Sales Tax commenced on April 1, 2010 and extends for a thirty-year period ending on March 31, 2040 and is administered by SBCAG.

One of the guiding principles of the Measure A Ordinance calls for each of the North County Subregion and South Coast Subregion to receive $455 million (2008 dollars) as matching funds for projects and programs that were selected by advisory committees in each region to meet the current and future needs of that region. Within each region, more than half of these funds will be distributed by a population formula to cities and unincorporated areas for locally-selected street and transportation improvements (referred to herein as "**LSTI**").

The Measure A Sales Tax is in addition to: (i) the statewide sales and use tax levied by the State, and (ii) a 1.00% City of Goleta general sales and use tax. The total sales and use tax rate in the City is currently 8.75%.

Action by the State Legislature, by propositions placed on the ballot by state or local agencies, or by voter initiative could change the transactions and items upon which the State Sales Tax and the Measure A Sales Tax are imposed, adopt additional sales and use tax measures, or repeal or amend existing sales and use tax measures. Such changes or amendments could have either an adverse or beneficial effect on Measure A Revenues. Neither the Authority nor the City is currently aware of any proposed legislative change that could have a material effect on Measure A Revenues.

Only the Measure A Revenues actually allocated to and received by the City are pledged to payment of the Installment Sale Payments.

Measure A Revenues

Allocation and Use of Measure A Revenues. Measure A calls for investments in three program categories: (i) the Highway 101 Widening: Carpinteria to Santa Barbara (the "**Highway 101 Widening**"); (ii) transportation projects in the North County Subregion (the "**North County Subregion**"); and (iii) transportation projects in the South Coast Subregion (the "**South Coast Subregion**"). The Investment Plan provides that each Program category will, over the course of the 30-year term of the Measure A Sales Tax, receive a percentage share of net Measure A Revenues after deduction of administrative fees charged by CDTFA and SBCAG, as follows: approximately 13.4% for Highway 101 Widening, approximately 43.3% for the North County Subregion, and approximately 43.3% for the South Coast Subregion. SBCAG's practice is to pay certain costs (such as annual reporting and revenue monitoring costs and subscription fees for planning tools) from Measure A Revenues before allocating revenues to the projects described in the Investment Plan. Since incurring the SBCLTA TIFIA Loan, SBCAG also provides for payment of debt service and trustee fees relating to the SBCLTA TIFIA Loan prior to allocating Measure A Revenues to the Investment Plan projects. This has the effect of reducing the amount of Measure A Revenues available for allocation to the City and other local jurisdictions. As used herein, Measure A Revenues remaining after deduction of administrative fees charged by CDTFA and SBCAG, SBCLTA Measure A Bonds debt service, and other costs deducted prior to allocation of Measure A Revenues to Named Projects and local jurisdictions are sometimes referred to as "Available for Allocation."

Revenues to the North County Subregion and South Coast Subregion areas are distributed between various regional transportation projects specified by name in the SBCAG Program of Projects (referred to as "**Named Projects**") and other local transportation programs to be undertaken by cities and the County (referred to herein as "**LSTI**"). All such projects must be identified as Named Projects in the Investment Plan or in the five-year SBCAG Measure A Strategic Plan, the annual Program of Projects prepared by SBCAG and the LPOP adopted by the applicable local jurisdiction, including the City.

The City is located in the South Coast Subregion, along with the City of Carpinteria, City of Santa Barbara, and unincorporated areas of Santa Barbara County. Within the South Coast Subregion, the Investment Plan allocates amounts for certain LSTI, which are selected by the local governing bodies (city councils and the County board of supervisors).

Allocation of LSTI Based on Population. The allocation of Measure A Revenues for LSTI in each subregion is based on the proportionate LSTI allocation shown in the original Investment Plan, specifically under the section titled "Required Investments." For the South Coast Subregion, over the 30-year Measure A term, the LSTI is intended to receive approximately 72.7% of the total Measure A Revenues available for allocation to the South Coast Subregion (the South Coast Subregion is intended to receive approximately 43.3% of the net Measure A Revenues over the 30-year period). This percentage share is derived by combining the Local Street & Transportation Improvement funding of $272.7 million and the South Coast Transit Operations Program funding of $58 million ($330.7 million), and dividing that original LSTI figure into the original South Coast Subregion total allocation of $455 million, all as shown in the original Investment Plan attached to the Measure A Ordinance when it was originally adopted in 2008.

In 2008, the City's estimated share of the South Coast Subregion LSTI was approximately $42.91 million (over the 30-year Measure A term), or approximately 4.08% of the total estimated Measure A Revenues.

LSTI projects include various local projects selected and constructed by the South Coast Subregion cities and the County. Each South Coast Subregion city and the County receives a portion of the LSTI moneys, based on their proportionate share of the South Coast Subregion population after each jurisdiction has received a $100,000 annual base allocation. Each local jurisdiction's share of Measure A Revenues is reduced by a deduction for the South Coast Transit Operations Program (which moneys are allocated directly to the Santa Barbara Metropolitan Transit District (also known as Santa Barbara MTD) by the Authority). The City's annual allocation is reduced by 13.18% for the South Coast Transit Operations Program, in accordance with the original Investment Plan. See Table 6.

Population estimates, on which the allocations to each local jurisdiction (including the City) are based, are adjusted annually. SBCAG sources population data annually from the California Department of Finance (DOF) January E-1 report, which is released annually in May. These figures are applied to revenue projections for the upcoming fiscal year. For example, the Fiscal Year 2025-26 revenue projection and allocation will use January 2024 population data. For unincorporated areas, where population data is reported as a single countywide figure, adjustments are made using U.S. Census data to determine North County Subregion and South Coast Subregion proportions. For Fiscal Year 2025-26, SBCAG estimates that the City's share of Measure A Revenues will be $2,293,324 (net of the deduction for South Coast Transit Operations).

Changes in population in the City and other local jurisdictions in the South Coast Subregion could have a material impact on the allocation of Measure A Revenues to the City. For example, significant decreases in the number of people residing in the City, or significant increases in the populations of other local jurisdictions in the South Coast Subregion (including unincorporated areas in the County) could cause the City's share of the LSTI portion of Measure A Revenues to decrease, and such decrease could have a material adverse impact on the City's ability to pay Installment Sale Payments and the Authority's ability to pay debt service on the Bonds when due. See the caption "RISK FACTORS—Impact of Changes in Population in City Share of Measure A Revenues." Also see APPENDIX B—"THE CITY OF GOLETA AND THE COUNTY OF SANTA BARBARA ECONOMIC, DEMOGRAPHIC, AND FINANCIAL INFORMATION—Population."

Measure A Strategic Plan. Every five years, SBCAG, on behalf of SBCLTA, prepares the Strategic Plan as required by the Measure A Ordinance. The Strategic Plan serves as the master document for the delivery of the Investment Plan projects and programs and can be amended at any time. As stated therein, the purposes of the Strategic Plan are to: define the scope, cost, and schedule of each project; identify accomplishments and critical issues; document Investment Plan amendments; detail revenue projections and possible financing tools to deliver the Investment Plan; and consolidate policies and procedures adopted to implement the Investment Plan.

The most recent update to the Strategic Plan was adopted by the SBCAG Board in 2020. The 2020 update to the Strategic Plan provides updates to the various projects proposed for funding using Measure A Revenues. The 2020 Strategic Plan describes the need for SBCLTA to obtain bond financing or other financing for the Highway 101 Widening project, to supplement available Measure A and other sources, provide matching funds for grant funding, and facilitate timely completion of the Highway 101 Widening project. The City anticipates that SBCAG will release the 2025 update to the Strategic Plan in November or December 2025. See the captions "—*SBCLTA Measure A Bonds; Senior Lien on Measure A Revenues*," "—Collection and Allocation of Measure A Revenues," and "RISK FACTORS—SBCLTA Measure A Bonds; Senior Lien on Measure A Revenues."

Measure A Program of Projects. The Measure A Ordinance requires SBCLTA to annually adopt the SBCAG Program of Projects. The current SBCAG Program of Projects was adopted in June 2024 and describes the projected allocation and expenditure of Measure A Revenues by SBCAG, local agencies and transit operators for Fiscal Years 2024-25 to 2028-29.

Of the total estimated amount, the SBCAG Program of Projects adopted in June 2024 estimated that the City will receive approximately $11.2 million during the five-year period. Local jurisdictions are allocated amounts from the LSTI based on their relative populations. See the caption "—Allocation of LSTI Based on Population." Also see Table 6, which reflects a more recent 5-year estimate of Measure A Receipts provided by SBCAG in November 2024.

Local Program of Projects. The Measure A Ordinance also requires each local jurisdiction to annually adopt an LPOP including information about each of the projects to be funded with LSTI revenues allocated according to the Investment Plan. Each LPOP must be adopted after a public hearing and submitted to the SBCLTA for approval. The LPOP must include project location, scope, schedule, cost and funding sources as well as a description of local jurisdiction expenditures of LSTI funds from the most recently-completed fiscal year, including expenditures on Alternative Mode Projects. The LPOP must demonstrate whether the local jurisdiction is meeting its prescribed expenditure percentages on Alternative Mode Projects. SBCAG (on behalf of SBCLTA) must hold a public hearing and, assuming the LPOP meets the requirements of the Measure A Ordinance, adopt the LPOP prior to releasing to the local jurisdiction its share of LSTI funds for the first fiscal year covered by the LPOP. The City has adopted and submitted to SBCAG each required LPOP on a timely basis and SBCAG has timely adopted each LPOP submitted by the City. Expenditures may be made on projects using LSTI funds only if they are included in the SBCAG's most recently adopted SBCAG Program of Projects. The Projects are included in the most recent Program of Projects adopted by SBCAG. Further, SBCAG provided a letter to the City dated August 9, 2024, confirming that in SBCAG's opinion the Projects and the Goleta Train Depot and South La Patera Improvements are all eligible for Measure A funding.

Maintenance of Efforts Requirement. The Measure A Ordinance requires local jurisdictions to continue spending local discretionary funds for street and road purposes in amounts not less than that reported in the State Controller's Annual Report of Financial Transactions for Streets and Roads for Fiscal Year 2007-2008 (i.e., the amount such local agency spent on street and road purposes when Measure A was adopted), reduced by 17.61% for FY 2010-11 and thereafter adjusted annually by the percentage change in the amount of retail transaction and use tax receipts collected through the term of Measure A. This requirement is referred to as "**Maintenance of Effort**" or "**MOE**." The Maintenance of Effort requirement is calculated for each local jurisdiction by totaling the annual minimum expenditure requirements, as adjusted, over discrete five-year periods. Local jurisdictions must meet the Maintenance of Effort requirements by the end of the fifth fiscal year following adoption of Measure A and the end of every fifth fiscal year thereafter.

The City has exceeded the Maintenance of Effort expenditure requirements in all prior five-year compliance periods and as of the end of Fiscal Year 2023-24 had spent more than the required Maintenance of Effort amount for the Fiscal Year 2020-21 through 2024-25 compliance period. If the City fails in the future to meet its MOE requirement, SBCAG would reduce the City's allocation of Measure A Revenues, by the amount by which the City's MOE expenditure was less than its required level. Such reduction in Measure A Revenues allocated to the City could have a material adverse impact on the City's ability to pay Installment Sale Payments and the Authority's ability to pay debt service on the Bonds when due. See the caption "AUDITED FINANCIAL STATEMENTS AND MEASURE A COMPLIANCE REPORTS—Annual SBCLTA Compliance Audits for Fiscal Year Ended June 30, 2023." See Appendix G for the most recent Compliance Report reflecting the current status of each local jurisdiction's compliance with MOE requirements for the current five-year period. The City expects that use of general (non Measure A) revenues to make base rental payments in connection with the Series 2025A Lease Revenue Bonds will be applied towards compliance with its Maintenance of Effort requirement. In addition, the City annually budgets for pavement maintenance and repair projects in amounts sufficient to satisfy the City's Maintenance of Effort obligations under the Measure A Ordinance.

Alternative Mode Projects. The Measure A Ordinance also requires that each local jurisdiction spend a minimum percentage of their Measure A funds on eligible alternative mode transportation projects ("**Alternative Mode Projects**") according to the percentages identified in the Investment Plan. The City is required to spend 10% of its Measure A Revenues on Alternative Mode Projects. This requirement must be met by the fifth year of the program, and every fifth year thereafter. Eligible Alternative Mode Projects include: maintenance, repair, construction and improvement of bicycle and pedestrian facilities, excluding maintenance of Class 2 bikeway facilities; Safe Routes to School improvements; reduced transit fares for seniors and the disabled; bus and rail transit services and facilities; and education and incentives designed to reduce single occupant auto trips.

The City is in compliance with the requirement to spend at least 10% of the Measure A Revenues allocated to the City on eligible Alternative Mode Projects and expects to remain in compliance with this requirement. Further, the City has not previously failed to comply with the Alternative Mode Project requirement. However, if the City fails to comply with the alternative mode requirement in any five-year compliance period, SBCAG could withhold Measure A Revenues from the City until the City spends the required amounts on eligible Alternative Mode Projects, which could have a material adverse impact on the City's ability to pay Installment Sale Payments and the Authority's ability to pay debt service on the Bonds. See the caption "AUDITED FINANCIAL STATEMENTS AND MEASURE A COMPLIANCE REPORTS—Annual SBCLTA Compliance Audits for Fiscal Year Ended June 30, 2023." See Appendix G for the most recent Compliance Report reflecting the current status of each local jurisdiction's compliance with Alternative Mode Project requirements for the current five-year period. The San Jose Creek Multipurpose Path and the Hollister Avenue Old Town Interim Striping Project are both designated as Alternative Mode Projects and the City expects to designate the Goleta Train Depot and South La Patera Improvements as Alternative Mode Projects.

SBCLTA Measure A Bonds; Senior Lien on Measure A Revenues. Under the Measure A Ordinance, SBCLTA is authorized to issue bonds and incur debt secured by Measure A Revenues and SBCLTA's debt is entitled to priority payment from Measure A Revenues. On September 27, 2022, SBCLTA closed on a TIFIA Loan borrowing with the U.S. Department of Transportation (U.S. DOT) / Build America Bureau (the "**SBCLTA TIFIA Loan**") to finance costs of the Highway 101 Widening project. The TIFIA Loan is evidenced by bonds issued by SBCLTA (the "**TIFIA Bonds**") under an indenture (the "**SBCLTA Measure A Indenture**") between SBCLTA and U.S. Bank Trust Company, National Association (the "**SBCLTA Measure A Trustee**"). The SBCLTA Measure A Indenture is a master indenture providing for the issuance of bonds by SBCLTA secured by Measure A Revenues from time to time, subject to a debt service coverage requirement described under the caption "RISK FACTORS—SBCLTA Measure A Bonds; Senior Lien on Measure A Revenues." Bonds issued by SBCLTA and secured by the Measure A Revenues (including the TIFIA Bonds) are referred to herein as "**SBCLTA Measure A Bonds**."

The SBCLTA TIFIA Loan is structured as a draw-down loan with an authorized not to exceed principal amount of $75 million (with an initial draw of $30 million), accruing 4.02% interest. Assuming the full $75 million is drawn down as projected, SBCAG estimates that the annual principal and interest payments on the SBCLTA TIFIA Loan will be approximately $2.8 million in Fiscal Year 2025-26, $8.5 million in Fiscal Year 2026-27 through Fiscal Year 2029-30, and $5.7 million thereafter through Fiscal Year 2039-40.

Payments on the SBCLTA TIFIA Loan are made from Measure A Revenues on a senior basis to any allocations of LSTI moneys to the City or any other local jurisdiction. Further, SBCAG deducts the amounts needed to pay the SBCLTA TIFIA Loan and other SBCLTA Measure A Bonds prior to calculating the annual amount of Measure A Revenues Available for Allocation to Named Projects and LSTI under the Investment Plan, including amounts available for allocation to the City to pay installment sale payments. See Table 4.

The City believes that sufficient Measure A Revenues will be available to pay the SBCLTA TIFIA Loan without reducing the City's share of LSTI revenues below the amount needed to pay Installment Sale Payments; however, SBCLTA has the ability to incur additional SBCLTA Measure A Bonds secured on a basis prior and senior to the payment of the LSTI moneys to the City and the other local jurisdictions. The City's projected allocation of Measure A Revenues for Fiscal Years 2025-26 through 2029-30 set forth in Table 6 takes into account the allocation of Measure A Revenues to pay estimated debt service payments on the TIFIA Bonds sized based on a $75 million TIFIA Bond principal amount, as well as an additional allocation of Measure A Revenues to pay additional costs of the Highway 101 Widening Project. The City cannot predict or control whether or when SBCLTA may incur additional SBCLTA Measure A Bonds but the City is not currently aware of any plans by SBCLTA or SBCAG to incur additional SBCLTA Measure A Bonds. Further, the Highway 101 Widening Project is the only significant Measure A Project being undertaken by SBCLTA and the City does not believe that additional SBCLTA Measure A Bonds are likely to be issued to finance the Highway 101 Widening Project. See the captions "—*Collection and Allocation of Measure A Revenues*" and "RISK FACTORS—SBCLTA Measure A Bonds; Senior Lien on Measure A Revenues."

The City covenants in the 2025 Installment Sale Agreement that it will not request the SBCLTA to issue obligations on its behalf payable from Measure A Revenues as provided in the Measure A Ordinance. The City further covenants in the 2025 Installment Sale Agreement that it will use its best efforts to comply with all provisions of law and any regulations issued thereunder relating to the Measure A Revenues, including, but not limited to, the Measure A Ordinance, any applicable congestion management plans relating to the City and the California Environmental Quality Act (CEQA) relating to the Projects, and will take any and all reasonable actions required in order to maintain the City's ability to receive the Measure A Revenues and apply the same as provided herein; provided, that nothing herein shall require the City to take any action or expend any City funds to comply with any such requirements deemed unreasonable in the sole discretion of the City, so long as failure to take such action or expend such funds will not cause the amount of estimated Measure A Revenues to be received by the City in the next Fiscal Year to be less than 150% of Maximum Annual Debt Service. See Appendix A.

Collection and Allocation of Measure A Revenues. Collection of the Measure A Sales Tax began on April 1, 2010, and is administered by the CDTFA, which imposes a charge for administration of up to 1.15% of collected revenues. Such charge is based on the actual costs incurred by the CDTFA in connection with the administration of the collection of the Measure A Sales Tax.

CDTFA distributes Measure A Revenues on a monthly basis, based on CDTFA's estimate of the Measure A Revenues received two months prior, with a quarterly reconciliation payment (or deduction) made in November, February, May, and August of each year. For example, in September, CDTFA distributes the estimated amount generated in the prior July; in October, CDTFA distributes the estimated amount generated in the prior August, and in November, CDTFA distributes the estimated amount generated in the prior September, adjusted to account for actual prior under- or over-payments for the preceding quarter.

Under an agreement between CDTFA and SBCLTA, commencing in October 2022, CDTFA transfers the net Measure A Revenues (less the CDTFA Administration fee) to the SBCLTA Measure A Trustee, for application in accordance with the SBCLTA Measure A Indenture. Upon receipt of Measure A Revenues, the SBCLTA Measure A Indenture requires the SBCLTA Measure A Trustee to make monthly deposits to the debt service accounts maintained under the Indenture (each monthly deposit reflecting 1/12 of the annual debt service on all bonds issued by SBCLTA and secured by the Measure A Revenues), as well as to replenish the debt service reserve funds maintained under the SBCLTA Measure A Indenture. After making all deposits required by the SBCLTA Measure A Indenture (including payment of fees in connection with the SBCLTA TIFIA Loan), the SBCLTA Measure A Trustee transfers all remaining Measure A Revenues to the County Auditor-Controller (on behalf of SBCLTA) on a monthly basis. The County Auditor-Controller (on behalf of SBCLTA) then distributes Measure A Revenues to the various local jurisdictions, typically on or before the 15^{th} day of each month. Each local jurisdiction (including the City) receives a monthly base allocation of $8,333.33 (one twelfth of the $100,000 base allocation) plus a percentage of the remaining amounts allocated to LSTI projects, based on the relative population of each local jurisdiction as determined in a resolution adopted by SBCAG annually for the following fiscal year. See the caption "Measure A Revenues — *Allocation of LSTI Based on Population*."

SBCLTA (through SBCAG) also withholds for itself an administrative fee of 1.0% of collected revenues and certain other "off the top" expenses such as consultant services, financial advisor services, and costs of reporting required under the SBCLTA TIFIA Loan. See Table 4 and see the caption "RISK FACTORS—SBCLTA Measure A Bonds; Senior Lien on Measure A Revenues."

Historical Measure A Revenues. The following table shows historic Measure A Revenues received by SBCLTA and distributed to local jurisdictions and SBCAG for Named Projects and LSTI projects for Fiscal Years 2019-20 through 2023-24, as reflected in the audited financial statements prepared by SBCAG.

The information provided in the following table was prepared by SBCAG and included in the SBCAG's audited financial statements for the years shown; this information was not prepared for purposes of disclosure to investors and has been included in this official statement without the approval or permission of SBCAG, solely for the convenience of the reader. The City provides no assurance that the information set forth in the following table is accurate. SBCAG maintains a website and periodically provides information regarding actual and estimated Measure A Revenues and allocations of Measure A Revenues to the local jurisdictions, including the City. Such website is not incorporated in this official statement.

TABLE 1
SANTA BARBARA COUNTY ASSOCIATION OF GOVERNMENTS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
MEASURE A FUND
(Fiscal Years 2019-20 to 2023-24)

[TO BE UPDATED WHEN FY 2024 AUDIT IS AVAILABLE]

	Fiscal Year 2019-20	***Fiscal Year 2020-21***	***Fiscal Year 2021-22***	***Fiscal Year 2022-23***	***[Fiscal Year 2023-24]***
Additions					
Sales Tax					
Measure A	$ 39,970,655	$ 45,902,944	$ 53,658,901	$ 54,436,366	$
Interest	515,336	-	-	-	
Use of Money and Property	-	-	60,131	331,963	
Total Additions	$ 40,485,991	$ 45,902,944	$ 53,719,032	$ 54,768,329	$
Deductions					
Claims paid or payable to claimants:					
City of Buellton	$ 376,544	$ 426,004	$ 481,469	$ 489,063	$
City of Carpinteria	801,068	899,002	1,014,447	1,030,096	
City of Goleta(1)	1,646,123	1,909,626	2,189,308	2,255,433	
City of Guadalupe	503,730	576,183	672,277	704,305	
City of Lompoc	2,406,576	2,741,831	3,197,244	3,181,302	
City of Santa Barbara	4,015,087	4,506,855	5,270,795	5,388,984	
City of Santa Maria	5,833,647	6,588,127	7,679,294	7,873,934	
City of Solvang	414,585	463,264	504,336	510,281	
County of Santa Barbara	7,448,396	8,609,511	9,905,089	9,524,104	
Easy Lift	228,358	260,164	301,102	301,732	
SBMTD	2,221,219	2,518,252	2,925,967	2,954,722	
SMOOTH	60,816	72,493	83,158	82,174	
SBCAG Highway Development	13,171,528	15,006,053	17,367,318	17,403,675	
Clean Air Express	856,127	975,369	1,128,847	1,131,210	
SBCAG Planning Allocation	407,933	463,806	540,495	538,387	
SBCAG Administration	-	10,000	460,000	10,000	
Measure A sales tax for debt service	-	-	-	1,446,303	
Other	4,000	50,657	4,000	4,000	
Total Deductions	$ 40,395,737	$ 46,077,197	$ 53,725,146	$ 54,829,705	$
Change in net position	90,254	(174,253)	(6,114)	(61,376)	
Net Position, beginning of fiscal year	6,283,471	180,367	6,114	-	
Prior-period adjustments	(6,193,358)	-	-	-	
Net Position - beginning of fiscal year, restated	90,113	-	-	-	
Net Position - end of fiscal year	$ 180,367	$ 6,114	$ -	$ (61,376)	$

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(1) Amount shown differs from amount shown in City audited financial statements and Table 3 because the period reported by the City is two months later than the period reported by SBCAG.

Source: SBCAG Audited Financial Statements for Fiscal Years 2019-20 through 2023-24.

City of Goleta Measure A Fund Financial Statements. The following tables present the Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances relating to the City's Measure A Fund for the past five fiscal years.

TABLE 2
CITY OF GOLETA
MEASURE A FUND BALANCE SHEET

	Fiscal Year 2019-20	*Fiscal Year 2020-21*	*Fiscal Year 2021-22*	*Fiscal Year 2022-23*	*Fiscal Year 2023-24*
Assets					
Cash and Investments	$ 3,116,315	$ 3,362,233	$ 4,738,080	$ 5,798,491	$ 6,212,058
Accounts receivable	--	--	649	168,203	162,740
Interest receivable	7,156	1,397	4,155	22,981	37,046
Total Assets	**$ 3,123,471**	**$ 3,363,630**	**$ 4,742,884**	**$ 5,989,675**	**$ 6,411,844**
Liabilities					
Accounts payable	$ 143,569	$ 130,808	$ 126,416	$ 404,738	$ 1,181,051
Retentions payable	2,966	13,977	12,178	27,564	82,848
Total Liabilities	**$ 146,535**	**$ 144,785**	**$ 138,594**	**$ 432,302**	**$ 1,263,899**
Fund Balances					
Restricted	$ 2,976,936	$ 3,218,845	$ 4,604,290	$ 5,557,373	$ 5,147,945
Total Fund Balance	**$ 2,976,936**	**$ 3,218,845**	**$ 4,604,290**	**$ 5,557,373**	**$ 5,147,945**
Total Liabilities and Fund Balance	**$ 3,123,471**	**$ 3,363,630**	**$ 4,742,884**	**$ 5,989,675**	**$ 6,411,844**

Source: City of Goleta Audited Financial Statements for Fiscal Years 2019-20 through 2023-24.

TABLE 3
CITY OF GOLETA
MEASURE A FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

	Fiscal Year 2019-20	*Fiscal Year 2020-21*	*Fiscal Year 2021-22*	*Fiscal Year 2022-23*	*Fiscal Year 2023-24*
Revenues					
Measure A[(1)]	$ 1,624,270	$ 1,805,507	$ 2,160,439	$ 2,265,948	$ 2,250,748
Revenues from use of money and property	88,998	15,537	(26,819)	111,016	303,553
Total Revenues	**$ 1,713,268**	**$ 1,821,044**	**$ 2,133,620**	**$ 2,376,964**	**$ 2,554,301**
Expenditures					
Public Works	$ 486,251	$ 655,894	$ 348,821	$ 1,281,981	$ 843,926
Capital Outlay	220,277	923,241	399,354	141,900	2,119,803
Total Expenditures	**$ 706,528**	**$ 1,579,135**	**$ 748,175**	**$ 1,423,881**	**$ 2,963,729**
Excess (Deficiency) of Revenues Over Expenditures	**$ 1,006,740**	**$ 241,909**	**$ 1,385,445**	**$ 953,083**	**$ (409,428)**
Net Changes in Fund Balances	**$ 1,006,740**	**$ 241,909**	**$ 1,385,445**	**$ 953,083**	**$ (409,428)**
Fund Balances - Beginning of Year	**$ 1,970,196**	**$ 2,976,936**	**$ 3,218,845**	**$ 4,604,290**	**$ 5,557,373**
Fund Balances - End of Year	**$ 2,976,936**	**$ 3,218,845**	**$ 4,604,290**	**$ 5,557,373**	**$ 5,147,945**

(1) Amount shown differs from amount shown in SBCAG audited financial statements and Table 1 because the period reported by the City is two months later than the period reported by SBCAG.

Source: City of Goleta Audited Financial Statements for Fiscal Years 2019-20 through 2023-24.

Estimated Measure A Revenues. In 2008, the Measure A Investment Plan estimated that Measure A would generate approximately $1.050 billion (in 2008 dollars) for transportation needs within the County, over 30 years from 2010 to 2040. This figure was not inflated to account for revenue growth over the 30-year period. The most recent update to the Strategic Plan adopted by the SBCAG Board in 2020 previously described under the subcaption "— Measure A Revenues — Measure A Strategic Plan" estimated that through Fiscal Year 2019-20, SBCAG had received approximately $359.9 million in Measure A Revenues and projected that total Measure A Revenues would grow to approximately $1.357 billion through 2040. Of that total, approximately $1.262 billion were projected to be available for allocation (the net allocable amount after administrative fees to the CDTFA and SBCLTA and TIFIA debt service). In its Measure A Annual Report for the fiscal year ended June 30, 2023, SBCAG reported that as of June 30, 2023, approximately $515.1 million in Measure A Revenues had been collected by SBCAG for allocation to the various projects set forth in the Program of Projects and Strategic Plan for Measure A.

SBCAG typically provides five-year estimates of Measure A Revenues on an annual basis. In November 2024, SBCAG provided the City with estimates of Measure A Revenues and allocations among Named Projects and local jurisdictions such as the City for the five-year period spanning Fiscal Years 2025-26 to 2029-30. SBCAG estimates that for this five-year period, approximately $257.0 million will be available for allocation to projects and programs included in the Investment Plan, as shown in the following tables. Although SBCAG has historically provided five-year projections of Measure A Revenues, the City cannot provide any assurance that SBCAG will continue this practice in the future.

The estimated information provided in Tables 4, 5A, and 5B was prepared by SBCAG and presented to the SBCAG Board in publicly-available staff reports; this information was not prepared for purposes of disclosure to investors and has been included in this official statement without the approval or permission of SBCAG. The City cannot provide any assurance that the projections set forth in Tables 4, 5A, and 5B will be realized. Various factors could affect the amount of Measure A Revenues generated in the County, the amount of Measure A Revenues that are Available for Allocation to local jurisdictions in a given year, and the amount of Measure A Receipts actually received by the City in a given year, including economic and demographic factors in the County, the readiness of Named Projects to proceed in a given year, and the issuance of additional SBCLTA Measure A Bonds, which are payable on a senior basis to the payment of Measure A Receipts to the City. SBCAG maintains a website and periodically provides information regarding actual and estimated Measure A Revenues and allocations of Measure A Revenues to the local jurisdictions, including the City. Such website is not incorporated in this official statement.

TABLE 4
SANTA BARBARA COUNTY ASSOCIATION OF GOVERNMENTS
MEASURE A PROGRAM OF PROJECTS
FIVE-YEAR ESTIMATE OF TOTAL MEASURE A REVENUES
(Fiscal Years 2025-26 to 2029-30)

	Fiscal Year 2025-26	*Fiscal Year 2026-27*	*Fiscal Year 2027-28*	*Fiscal Year 2028-29*	*Fiscal Year 2029-30*	*Total*
Total Measure A Revenues[1]	$ 56,352,323	$ 58,060,323	$ 59,907,323	$ 61,838,323	$ 63,842,323	$300,000,615
CDTFA						
Administrative Costs (up to 1.15% on receipts)	(650,352)	(669,994)	(691,234)	(713,441)	(736,487)	(3,461,507)
Administration: SBCAG Staff and Indirect Costs						
(no more than 1% of receipts for administration and audits)	(565,523)	(582,603)	(601,073)	(620,383)	(640,423)	(3,010,006)
Measure A TIFIA Reporting, HdL revenue analysis[2]	(60,000)	(60,000)	(60,000)	(60,000)	(60,000)	(300,000)
Replica Annual Subscription[3]	(96,000)	(96,000)	(96,000)	(96,000)	(96,000)	(480,000)
Debt Service on SBCLTA TIFIA Loan[4]	(2,836,542)	(8,476,292)	(8,473,474)	(8,468,250)	(8,469,173)	(36,723,731)
Interest on Measure A Fund Balance[5]	200,000	200,000	200,000	200,000	200,000	1,000,000
Available for Allocation[6]	**$ 52,343,906**	**$ 48,375,434**	**$ 50,185,542**	**$ 52,080,249**	**$ 54,040,240**	**$257,025,371**

(1) Growth rate figures and revenue estimate for Fiscal Year 2025-26 provided by SBCAG's revenue analysis consultant, HdL.
(2) This also includes $50,000 for reporting for the SBCLTA TIFIA Loan and $10,000 for revenue monitoring services.
(3) Includes $96,000 annually for Replica subscription.
(4) Debt service estimates assume SBCLTA TIFIA Loan of $75 million (drawn down through Fiscal Year 2024-25) at 4.02% assumed interest rate.
(5) Based on historical data.
(6) Amount Available for Allocation for Named Projects and local jurisdictions, as described under the caption "—Allocation and Use of Measure A Revenues."
Source: SBCAG.

TABLE 5A
SANTA BARBARA COUNTY ASSOCIATION OF GOVERNMENTS
NORTH COUNTY AND SOUTH COAST SUBREGION ANNUAL ALLOCATIONS
FIVE YEAR MEASURE A REVENUE ESTIMATE
(Fiscal Years 2025-26 to 2029-30)

	Original Investment Plan Total[1]	*Original Investment Plan %*[1]	*Fiscal Year 2024-25*	*Fiscal Year 2025-26*	*Fiscal Year 2026-27*	*Fiscal Year 2027-28*	*Fiscal Year 2028-29*	*Fiscal Year 2029-30*	*TOTAL*
North County Annual Allocations	$455,000,000	43.3%							
Local Street and Transportation Improvements	341,000,000	74.9	$ 16,851,296	$ 16,986,230	$ 15,698,413	$ 16,285,815	$ 16,900,670	$ 17,536,711	$ 83,407,840
Specialized Transit for Elderly and Disabled	4,500,000	1.0	222,378	224,158	207,164	214,915	223,029	231,423	1,100,690
Safe Routes to School, Bicycle & Pedestrian Program	3,000,000	0.7	148,252	149,439	138,109	143,277	148,686	154,282	733,793
Carpool and Vanpool Program	2,000,000	0.4	98,835	99,626	92,073	95,518	99,124	102,855	489,196
Interregional Transit Program	22,500,000	4.9	1,111,889	1,120,792	1,035,819	1,074,577	1,115,147	1,157,114	5,503,450
Subtotal			$ 18,432,649	$ 18,580,246	$ 17,171,578	$ 17,814,102	$ 18,486,657	$ 19,182,385	$ 91,234,968
South Coast Annual Allocations	$455,000,000	43.3							
Local Street and Transportation Improvements[2]	330,650,000	72.7	$ 16,339,827	$ 16,470,666	$ 15,221,936	$ 15,791,509	$ 16,387,703	$ 17,004,439	$ 80,876,253
Safe Routes to School Program	13,000,000	2.9	642,425	647,569	598,473	620,867	644,307	668,555	3,179,771
Bicycle & Pedestrian Program	13,000,000	2.9	642,425	647,569	598,473	620,867	644,307	668,555	3,179,771
South Coast Transit Capital Program	27,000,000	5.9	1,334,267	1,344,951	1,242,983	1,289,493	1,338,176	1,388,537	6,604,140
Interregional Transit Program	25,350,000	5.6	1,252,728	1,262,759	1,167,023	1,210,690	1,256,399	1,303,682	6,200,553
Specialized Transit for Elderly and Disabled	6,000,000	1.3	296,504	298,878	276,218	286,554	297,372	308,564	1,467,587
Carpool and Vanpool Program	7,000,000	1.5	345,921	348,691	322,255	334,313	346,935	359,991	1,712,184
Commuter/Passenger Rail	25,000,000	5.5	1,235,432	1,245,325	1,150,910	1,193,975	1,239,052	1,285,683	6,114,944
Subtotal			$ 22,089,528	$ 22,266,407	$ 20,578,272	$ 21,348,268	$ 22,154,251	$ 22,988,006	$109,335,203
Total of North & South Annual Allocations			**$ 40,522,177**	**$ 40,846,653**	**$ 37,749,850**	**$ 39,162,370**	**$ 40,640,908**	**$ 42,170,390**	**$200,570,172**

(1) Reflects the estimated Measure A Revenues and allocations to the North County Subregion and South Coast Subregion as set forth in the original 2008 Investment Plan. Excludes Named Projects in the Subregions, which are included in Table 5B.

(2) The City receives a share of the Local Street and Transportation Improvements portion of the South Coast annual allocation. Includes the allocation to the South Coast Transit Operations Program. See Table 6.

Source: SBCAG November 16, 2023 Staff Report with Measure A Revenue Estimates for Fiscal Year 2024-25; SBCAG November 21, 2024 Staff Report with Measure A Revenue Estimates for Fiscal Years 2025-26 through 2029-30.

TABLE 5B
SANTA BARBARA COUNTY ASSOCIATION OF GOVERNMENTS
HIGHWAY 101 HOV WIDENING & OTHER NAMED PROJECTS
FIVE YEAR MEASURE A REVENUE ESTIMATE
(Fiscal Years 2025-26 to 2029-30)

	Fiscal Year 2024-25	*Fiscal Year 2025-26*	*Fiscal Year 2026-27*	*Fiscal Year 2027-28*	*Fiscal Year 2028-29*	*Fiscal Year 2029-30*	*TOTAL*
Highway 101 HOV Widening & Other Named Projects	$ 11,405,921	$ 11,497,253	$ 10,625,584	$ 11,023,171	$ 11,439,341	$ 11,869,850	$ 56,455,199

Source: SBCAG November 16, 2023 Staff Report with Measure A Revenue Estimates for Fiscal Year 2024-25; SBCAG November 21, 2024 Staff Report with Measure A Revenue Estimates for Fiscal Years 2025-26 through 2029-30.

Estimated Measure A Receipts. SBCAG typically provides five-year estimates of Measure A Revenues on an annual basis. In November 2024, SBCAG provided estimates of the City's projected allocation of Measure A Revenues for Fiscal Years 2025-26 through 2029-30. As presented by SBCAG in November 2024, the estimated allocations to the City are based on the January 1, 2024 population estimate of 32,515, which is approximately 15.814% of the South Coast Subregion population. Although SBCAG has historically provided five-year projections of the City's allocation of Measure A Revenues, the City cannot provide any assurance that SBCAG will continue this practice in the future.

The estimated information provided in Table 6 was prepared by SBCAG and presented to the SBCAG Board in publicly-available staff reports; this information was not prepared for purposes of disclosure to investors and has been included in this official statement without the approval or permission of SBCAG. The City cannot provide any assurance that the projections set forth in Table 6 will be realized. Various factors could affect the amount of Measure A Revenues generated in the County, the amount of Measure A Revenues that are Available for Allocation to local jurisdictions in a given year, and the amount of Measure A Receipts actually received by the City in a given year, including economic and demographic factors in the County, the readiness of Named Projects to proceed in a given year, and the issuance of additional SBCLTA Measure A Bonds, which are payable on a senior basis to the payment of Measure A Receipts to the City. SBCAG maintains a website and periodically provides information regarding actual and estimated Measure A Revenues and allocations of Measure A Revenues to the local jurisdictions, including the City. Such website is not incorporated in this official statement.

TABLE 6
CITY OF GOLETA
FIVE YEAR MEASURE A REVENUE ESTIMATE
FISCAL YEARS 2025-26 TO 2029-30

	Fiscal Year 2024-25	***Fiscal Year 2025-26***	***Fiscal Year 2026-27***	***Fiscal Year 2027-28***	***Fiscal Year 2028-29***	***Fiscal Year 2029-30***	***Total***
Goleta Measure A Allocation	$2,628,010	$2,641,470	$2,443,992	$2,534,066	$2,628,350	$2,725,882	$12,973,759
Less: Allocation for SC Transit Operations: 13.18%(1)	($346,372)	(348,146)	(322,118)	(333,990)	(346,417)	(359,271)	(1,709,941)
Net Goleta Measure A Allocation	$2,281,638	$2,293,324	$2,121,873	$2,200,076	$2,281,933	$2,366,611	$11,263,818

(1) Reflects the City's 13.18% allocation to the South Coast Transit Operations Program. See the caption "—*Allocation of LSTI Based on Population*."

Source: SBCAG November 16, 2023 Staff Report with Measure A Revenue Estimates for Fiscal Year 2024-25; SBCAG November 21, 2024 Staff Report with Measure A Revenue Estimates for Fiscal Years 2025-26 through 2029-30.

MAXIMUM ANNUAL DEBT SERVICE COVERAGE

The following tables set forth the maximum annual debt service coverage with respect to the Bonds. The maximum annual debt service coverage is based upon projected Fiscal Year 2026-27 Measure A Revenues, which are the lowest in the five-year projection period. See the caption "MEASURE A REVENUES." Measure A Revenues are only available to pay Installment Sale Payments to the extent that the proceeds of the Bonds are used to pay costs of the Projects that constitute a Measure A Project, respectively. The City believes that the Projects constitute Measure A Projects. See the captions "THE CITY AND THE PROJECTS—The Projects" and "—Additional Projects Eligible for Measure A Receipts."

TABLE 7
CITY OF GOLETA
MAXIMUM ANNUAL DEBT SERVICE COVERAGE
BASED UPON FISCAL YEAR 2026-27 MEASURE A REVENUES
ALLOCATED TO THE CITY OF GOLETA

Fiscal Year 2026-27 Estimated Measure A Revenues(1)	*Maximum Annual Installment Sale Payments*	*Debt Service Coverage*
$2,121,873	$1,413,750*	1.5x*

* *Preliminary, subject to change*.
(1) Measure A Revenues allocated to the City.
Source: Measure A Revenues provided by City of Goleta; Maximum Annual Installment Sale Payments provided by Underwriter.

RISK FACTORS

The following information should be considered by prospective investors in evaluating the Bonds. However, the following does not purport to be an exhaustive listing of risks and other considerations may be relevant to making an investment decisions with respect to the Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such risks.

Installment Sale Payments Constitute Limited Obligations

The obligation of the City to make Installment Sale Payments under the 2025 Installment Sale Agreement is a special obligation of the City, payable solely from the Measure A Receipts, does not constitute a debt of the City, the Authority, SBCAG, SBCLTA, the County, the State or any political subdivision of the State within the meaning of any constitutional or statutory debt limitation or restriction, and does not constitute an obligation for which the City, the State or any political subdivision of the State is obligated to levy or pledge any form of taxation or for which the City, the State, or any political subdivision of the State has levied or pledged any form of taxation. The Authority has no taxing power.

Passive Revenue Source

The payment of principal and interest on the Bonds is secured solely by a pledge of Installment Sale Payments, which in turn are secured by a pledge by the City of the Measure A Receipts, and certain funds and accounts held by the Trustee under the Trust Agreement. The City does not have any control over the amount of Measure A Receipts to be received by the City because: (i) Measure A Revenues constitute revenues of SBCAG derived from a retail transactions and use tax imposed in the County pursuant to the Measure A Ordinance, the number of transactions and revenues generated under which tax the City has no ability to control; and (ii) the City does not have any control over the collection or distribution procedures related to any State taxes or local retail transactions and use taxes, including Measure A.

Although the City believes the projections in this Official Statement to be reasonable, there can be no assurance that Measure A Receipts will be available in the amounts estimated in this Official Statement. A decrease in Measure A Revenues could materially and adversely affect the amount and/or availability of Measure A Receipts. The amount of Measure A Revenues generated is affected by the population in the County, economic conditions in the County, the State, and the Country, and other factors. The amount of Measure A Revenues allocated to the City is additionally affected by the population of the City relative to the other local jurisdictions and unincorporated areas in the South Coast Subregion, SBCAG's compliance with its covenants under the SBCLTA TIFIA Loan, and other factors. In addition, the City must continuously meet certain requirements set forth in the Measure A Ordinance and the Investment Plan in order to be eligible to receive Measure A Revenues from SBCAG and apply Measure A Receipts to pay the Installment Sale Payments. Such requirements include the City meeting the Maintenance of Effort requirement, meeting Alternative Mode Project requirements, adopting an annual LPOP and obtaining approval of the LPOP from SBCAG. See the captions "MEASURE A REVENUES," "—Impact of Changes in Population in City Share of Measure A Revenues," and "— Non-Compliance with the Investment Plan." Notwithstanding that the City's share of LSTI revenues could vary from year to year, the City believes that the City will continue to receive sufficient Measure A Receipts to pay the Installment Sale Payments when due. See the caption "MAXIMUM ANNUAL DEBT SERVICE COVERAGE."

Impact of Changes in Population on City Share of Measure A Revenues

The percentage of the LSTI allocated to each local jurisdiction, including the City, is adjusted each year based on the population estimates generated by the California Department of Finance and the United States Census. See the caption "MEASURE A REVENUES—Measure A Revenues—*Allocation of LSTI Based on Population*." Also see APPENDIX B—"THE CITY OF GOLETA AND THE COUNTY OF SANTA BARBARA ECONOMIC, DEMOGRAPHIC, AND FINANCIAL INFORMATION—Population." Significant decreases in the number of people residing in the City relative to the rest of the South Coast Subregion, or significant increases in the number of people residing in other portions of the South Coast Subregion relative to the population of the City could have a material adverse impact on the amount of Measure A Revenues allocated to the City and the Measure A Receipts available to pay Installment Sale Payments. The City is aware of plans for several large new housing developments in unincorporated areas of the County, including over 4,000 proposed new housing units in the South Coast Subregion. Some of these units are proposed in unincorporated areas near the City and could, in the future, be incorporated into the City.

The City is also aware of proposals to develop approximately 1,140 housing units in the City of Santa Barbara and plans by the University of California at Santa Barbara to complete approximately 5,000 (approximately 2,224 new undergraduate apartment-style beds scheduled to be ready for occupancy by fall 2027 and approximately 1,275 new undergraduate beds in apartment-style units scheduled for completion in fall 2029). New housing developments are also proposed in the City (approximately 900 units).

The City cannot predict whether or when these housing developments will be constructed, or if constructed, the number of residents that would occupy the new housing units. Notwithstanding that the City's share of LSTI Measure A Revenues will vary from year to year and that the City's share of LSTI Measure A Revenues is impacted by the City's relative share of the population in the South Coast Subregion, the City believes that the City will continue to receive sufficient Measure A Receipts to pay the Installment Sale Payments when due. See the caption "MAXIMUM ANNUAL DEBT SERVICE COVERAGE."

Effect of Internet Commerce

The use of the internet to conduct electronic commerce may affect the levels of Measure A Revenues. Internet sales of physical products by businesses located in the State, and internet sales of physical products delivered to the State by businesses located outside of the State, are generally subject to the retail transactions and use tax imposed by Measure A. However, some of these transactions may avoid taxation either through error or deliberate nonreporting and this potentially reduces the amount of Measure A Revenues. As internet sales increase, the City could experience a reduction of Measure A Receipts.

In June 2018, the United States Supreme Court published its decision in *South Dakota v. Wayfair* (the "Wayfair Decision"), in which the Supreme Court held that sales to a customer in a particular state alone are sufficient to create a nexus for purposes of determining whether a seller is required to collect sales taxes of the applicable state. Prior to the Wayfair Decision, courts had interpreted the dormant Commerce Clause of the United States Constitution to require that a company have physical nexus in a state in order for the seller to be liable for the collection of that state's sales tax. Physical nexus is defined as having either property or payroll in the state, including a resident employee working from home or inventory stored in that state.

The State has issued guidance in response to the Wayfair Decision. Under such guidance, retailers located outside of the State are required to register with the CDTFA, collect the California use tax and any local use tax (such as the Measure A Sales Tax), and pay the tax to the CDTFA based on the amount of their sales into California, even if they do not have a physical presence in the state. Retailers subject to these requirements must collect and pay to CDTFA the use tax component of the Measure A Sales Tax with respect to any taxable retail sales to customers located in the County. The new collection requirements apply to retailers if during the preceding or current calendar year certain sales thresholds are met. The new collection requirements started to apply to taxable sales of tangible personal property to California consumers on and after April 1, 2019, and were not retroactive. Additionally, the State's passage of Assembly Bill 147, signed by the Governor on April 25, 2019, provides the implementation rules for the Wayfair Decision in California.

SBCLTA Measure A Bonds; Senior Lien on Measure A Revenues

SBCLTA has pledged all Measure A Revenues, net of the CDTFA administrative fee, to payment of the SBCLTA TIFIA Loan and the associated TIFIA Bonds. Under an agreement entered into between CDTFA and SBCLTA in connection with the execution and delivery of the SBCLTA TIFIA Loan and the SBCLTA Measure A Indenture and the issuance of the TIFIA Bonds, CDTFA has agreed to transfer all Measure A Revenues (excluding the CDTFA administrative fee) to the SBCLTA Measure A Trustee for deposit in accordance with the SBCLTA Measure A Indenture. CDTFA began transferring Measure A Revenues to the SBCLTA Measure A Trustee in October 2022.

Upon receipt of Measure A Revenues from CDTFA, the SBCLTA Measure A Trustee will first deposit Measure A Revenues to the interest and principal accounts and debt service reserve accounts maintained under the SBCLTA Measure A Indenture, in amounts and at the times required by the SBCLTA Measure A Indenture, and thereafter will transfer the remaining Measure A Revenues to the County Auditor-Controller, on behalf of SBCLTA. The County Auditor-Controller, on behalf of SBCLTA, will then disburse the net Measure A Revenues Available for Allocation to the City and other local jurisdictions in accordance with the SBCAG Program of Projects and the Strategic Plan. See the caption "MEASURE A REVENUES—Measure A Revenues—*Collection and Allocation of Measure A Revenues*."

The SBCLTA Measure A Indenture does not allow for acceleration of the SBCLTA Measure A Bonds; however, in the event Measure A Revenues are insufficient to make all deposits to the principal, interest, and reserve accounts maintained under the SBCLTA Measure A Indenture, the SBCLTA Measure A Trustee will continue to receive and allocate Measure A Revenues to the funds and accounts under the SBCLTA Measure A Indenture until such funds and accounts have been replenished in accordance with the SBCLTA Measure A Indenture, prior to releasing any Measure A Revenues to SBCLTA for disbursement for Named Projects or to local jurisdictions such as the City.

The SBCLTA Measure A Indenture permits SBCLTA to incur additional SBCLTA Measure A Bonds, subject to compliance with a debt service coverage requirement (which currently provides that any new debt issuance must not cause the SBCLTA's debt to exceed the level at which Measure A Revenues are less than 1.75 times the maximum annual debt service for aggregate outstanding senior lien loans and bonds, including the debt service for the SBCLTA TIFIA Loan and any new senior lien issuance, and 1.30 times the maximum annual debt service for the aggregate outstanding senior lien and subordinate lien loans and bonds issued by SBCLTA and secured by Measure A Revenues. SBCLTA could therefore issue additional SBCLTA Measure A Bonds secured by a prior pledge of and lien on Measure A Revenues in an amount that would leave insufficient Measure A Revenues to make a full disbursement of LSTI moneys to the local jurisdictions in the proportions contemplated by the Measure A Ordinance and Investment Plan.

SBCLTA has the authority, under the Measure A Ordinance, to issue bonds or incur loans to finance projects on behalf of local jurisdictions such as the City, but the City is not aware of any plans by SBCLTA to do so. Further, the City, the other local jurisdictions, and SBCAG work closely together to prepare the SBCAG Program of Projects and Strategic Plans, and to prepare annual budgets for the Measure A Revenues. The Mayor of the City is a member of the SBCAG Board and the City receives information and has opportunities to comment on proposed SBCLTA financings. SBCAG has provided five-year projections of Measure A Revenues and estimated disbursements to local jurisdictions, including the City, and such projections do not reflect any additional issuance of SBCLTA Measure A Bonds or other debt secured by Measure A Revenues by SBCLTA. See Tables 4, 5A and 5B. The City is not currently aware of any plans by SBCLTA or SBCAG to incur additional obligations secured by the Measure A Revenues or any major projects to be undertaken by SBCLTA which are not currently included in the Investment Plan and Strategic Plan.

The City covenants in the 2025 Installment Sale Agreement that it will not request the SBCLTA to issue obligations on its behalf payable from Measure A Revenues as provided in the Measure A Ordinance. The City further covenants in the 2025 Installment Sale Agreement that it will use its best efforts to comply with all provisions of law and any regulations issued thereunder relating to the Measure A Revenues, including, but not limited to, the Measure A Ordinance, any applicable congestion management plans relating to the City and the California Environmental Quality Act (CEQA) relating to the Projects, and will take any and all reasonable actions required in order to maintain the City's ability to receive the Measure A Revenues and apply the same as provided herein; provided, that nothing herein shall require the City to take any action or expend any City funds to comply with any such requirements deemed unreasonable in the sole discretion of the City, so long as failure to take such action or expend such funds will not cause the amount of estimated Measure A Revenues to be received by the City in the next Fiscal Year to be less than 150% of Maximum Annual Debt Service. See Appendix A.

There can be no assurance that changes in the foregoing procedures or other actions undertaken or not undertaken by the CDTFA, the SBCLTA Measure A Trustee, SBCLTA, or SBCAG will not adversely affect the City's receipt of the Measure A Revenues.

Eligibility of the Projects

The projects to be constructed by the City must be designated by SBCAG as qualified projects for purposes of the LSTI established under the Measure A Ordinance and the Investment Plan. Only such Measure A Projects are eligible to be financed from Measure A Receipts. The City believes that the Projects constitute Measure A Projects. Further, SBCAG provided a letter to the City dated August 9, 2004, stating that each of the Projects and the Goleta Train Depot and South La Patera Improvements, are eligible for Measure A funding. See the captions "MEASURE A REVENUES— Measure A Revenues—*Collection and Allocation of Measure A Revenues*" and "THE CITY AND THE PROJECTS—The Projects" and "—Additional Projects Eligible for Measure A Receipts."

Non-Compliance with the Investment Plan

The Investment Plan. The Measure A Ordinance includes the Investment Plan, which governs the administration and use of the Measure A Sales Tax. SBCAG, as the administrator of the Measure A Ordinance and the Investment Plan on behalf of SBCLTA, is tasked with enforcing the Measure A Ordinance and the Investment Plan. The Measure A Ordinance includes a number of provisions that must be complied with by the City to ensure continued eligibility to receive Measure A Revenues. Failure to follow these provisions could result in the suspension of distributions of Measure A Revenues or the return of such tax to SBCLTA. SBCAG performs annual audits to monitor compliance with the provisions of the Investment Plan, such as to verify that MOE and Alternative Mode Project requirements are met. See Appendix G for the Compliance Reports prepared by Moss, Levy & Hartzheim LLP for the Fiscal Year ended June 30, 2023 and the agreed-upon procedures letter of Moss Levy dated October 24, 2024. The City anticipates that SBCAG and its auditor will provide compliance reports for Fiscal Year 2023-24 in or around October 2025.

Under the Investment Plan, the City is required to expend Measure A Receipts only on those transportation purposes identified in the Investment Plan. If the City is found to have expended funds without SBCAG's approval, the City will be required to reimburse its Measure A Receipts Fund for the amount of the unapproved expenditures. If SBCAG determines that Measure A Receipts were expended on projects that do not meet the Investment Plan's definition of a Measure A Project, then SBCAG could suspend or reduce disbursements of Measure A Sales Tax to the City and/or require the City to return moneys to SBCAG in the amount of the misused funds. A suspension of Measure A Revenues could have a material adverse impact on the City's ability to pay Installment Sale Payments when due and a material adverse impact on the Authority's ability to pay the principal of and interest on the Bonds on a timely basis. The City covenants in the 2025 Installment Sale Agreement to spend the net proceeds of the Bonds only on Measure A Projects.

In addition, the failure of the City to properly verify that all Measure A Revenues, project generated revenues, and interest income, were properly credited to its Measure A Receipts Fund, could result in the suspension of Measure A Revenue disbursements until the City has demonstrated to SBCAG that all such Measure A Revenues allocated to the City have been credited to the City's Measure A Receipts Fund. If the City fails to properly credit its Measure A Revenues to the Measure A Receipts Fund, SBCAG could suspend the distribution of Measure A Sales Tax until the City has demonstrated compliance with the Measure A Ordinance. During the duration of any suspension of Measure A Revenues, the City would not be receiving Measure A Revenues, which would have a material adverse impact on the City's ability to pay Installment Sale Payments when due and a material adverse impact on the ability of the Authority to pay the debt service on the Bonds on a timely basis. See Appendix G.

The Investment Plan also requires local agencies, including the City, to maintain their individual local commitment of funds for transportation projects and services that was expended prior to the receipt of the Measure A Sales Tax (previously defined as the "**Maintenance of Effort**" or "**MOE**"), as described under the caption "MEASURE A REVENUES—Measure A Revenues—*Maintenance of Efforts Requirement*." If the local agency fails to maintain the MOE requirement, then such local agency will be required to reimburse its Measure A Receipts Fund with available funds other than Measure A Receipts. Local agencies must meet the Measure A MOE requirement by the end of the fifth fiscal year after the adoption of Measure A and the end of every fifth fiscal year thereafter. The current compliance period ends June 30, 2025. See Appendix G.

The Measure A Ordinance also requires the City to comply with the Alternative Mode Project requirements, as described under the caption "MEASURE A REVENUES—Measure A Revenues—*Alternative Mode Projects*." Each South Coast Subregion city and the County is required to expend a minimum of 10% of their Measure A Revenues, on eligible alternative transportation projects. This requirement must be met by the fifth year of the program, and every fifth year thereafter. Eligible alternative transportation projects are listed in the Measure A Ordinance. The San Jose Creek Multipurpose Path is a designated Alternative Mode Project. See Appendix G.

The Investment Plan additionally requires that the City annually submit an LPOP and an expenditure report to SBCAG to remain legally eligible to receive Measure A Revenues. If the City fails to submit these items to SBCAG, the City may be determined to be legally ineligible to receive Measure A Revenues. During any period when the City is not legally eligible to receive Measure A Revenues, the City would not be receiving Measure A Receipts, which would have a material adverse impact on the City's ability to pay Installment Sale Payments when due and a material adverse impact on the ability of the Authority to pay the principal of and debt service on the Bonds on a timely basis.

The City covenants in the 2025 Installment Sale Agreement to use its best efforts to comply with all provisions of law and any regulations issued thereunder relating to the Measure A Revenues, including, but not limited to, the Measure A Ordinance, and will take any and all reasonable actions required in order to maintain the City's ability to receive the Measure A Revenues and apply the Measure A Revenues as provided in the 2025 Installment Sale Agreement; provided, that nothing in the 2025 Installment Sale Agreement requires the City to take any action or expend any City funds to comply with any such requirements deemed unreasonable in the sole discretion of the City, so long as failure to take such action or expend such funds will not cause the amount of estimated Measure A Revenues to be received by the City in the next fiscal year to be less than 150% of the Maximum Annual Debt Service as of the date of calculation. See Appendix A.

Additional Contracts

Subject to certain restrictions, the City is permitted to enter into other Contracts that constitute additional charges against the Measure A Receipts without the consent of Owners of the Bonds. See the caption "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Additional Contracts." To the extent that other Contracts are executed by the City, the funds available to pay the Installment Sale Payments may be decreased. In addition, there is no limitation on the ability of the City to execute any Contract at any time to refund any outstanding Contract.

Limitations on Remedies; Bankruptcy

The rights of the Owners of the Bonds are subject to the limitations on legal remedies against municipalities in the State, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest. Additionally, enforceability of the rights and remedies of the Owners of the Bonds, and enforcement of the City's obligations under the 2025 Installment Sale Agreement, may become subject to the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting the enforcement of creditors' rights generally, now or later in effect, equity principles that 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, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose and the limitations on remedies against cities in the State.

Bankruptcy proceedings under Chapter 9 of the Bankruptcy Code (Title 11, United States Code), which governs the bankruptcy proceedings for public agencies such as the City and SBCLTA, or the exercise of powers by the federal or State government, if initiated, could subject the owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

Bond Counsel has limited its opinion as to the validity and enforceability of the 2025 Installment Sale Agreement and the Trust Agreement to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium, or other similar laws affecting generally the enforcement of creditor's rights, by equitable principles and by the exercise of judicial discretion. The lack of availability of certain remedies or the limitation of remedies may entail risks of delay, limitation, or modification of the rights of the Owners.

Constitutional Limitations on Appropriations

State law imposes various taxing, revenue and appropriations limitations on public agencies such as the City. See the caption "CONSTITUTIONAL PROVISIONS AFFECTING CITY REVENUES AND APPROPRIATIONS" for a discussion of these limitations.

State Legislature or Electorate May Change Items Subject to Measure A Sales Tax

With limited exceptions, the Measure A Sales Tax will be imposed upon the same transactions and items that are subject to the sales and use tax levied statewide by the State. In the past, the State Legislature and the State electorate have made changes to the transactions and items that are subject to the State's general sales tax and, therefore, to the Measure A Sales Tax. In 1991, the State Legislature enacted legislation that expanded the transactions and items that are subject to the general statewide sales tax to include fuel for aviation and shipping, bottled water, rental equipment and newspapers and magazines. In 1992, the State electorate approved an initiative that eliminated candy, gum, bottled water and confectionery items as items that are subject to the State's general sales tax. The State Legislature or the voters within the State, through the initiative process, could change or limit the transactions and items upon which the statewide sales tax and the Measure A Sales Tax are imposed. Any such change or limitation could have an adverse impact on the Measure A Revenues collected and, correspondingly, the Measure A Receipts allocated by SBCLTA to the City. For a further description of the Measure A Sales Tax, see the caption "MEASURE A REVENUES."

Increases in Sales Tax Rate May Cause Declines in Measure A Revenues

The 0.5% Measure A Sales Tax imposed in the County for transportation purposes and administered by SBCLTA is in addition to the sales or use tax levied statewide by the State. The current statewide tax rate is 7.25%. In 2022, voters in the City approved an additional 1.00% sales and use tax. The current total sales and use tax rate in the City is 8.75%. Future increases, if any, in the State Sales Tax or the additional sales tax levied in the County and/or the City could have an adverse effect on consumer spending decisions and consumption, resulting in a reduction of Measure A Revenues.

No Liability of Authority to Owners

Subject to any provisions in the Trust Agreement to the contrary, the Authority has no obligation or liability to the Owners of the Bonds with respect to the payment when due of the Installment Sale Payments by the City or with respect to the performance by the City of other agreements and covenants required to be performed by the City under the 2025 Installment Sale Agreement or the Trust Agreement, or with respect to the performance by the Trustee of any of the Trustee's rights or obligations under the Trust Agreement.

Economic, Political, Social and Environmental Conditions

The collection of Measure A Revenues depends on the level of taxable sales transactions within the County, which, in turn, depends on the level of general economic activity in the County and the State generally. Prospective investors are encouraged to evaluate current and prospective economic, political, social and environmental conditions as part of an informed investment decision. Changes in economic, political, social or environmental conditions on a local, State, federal or international level may adversely affect investment risk generally. Such conditional changes may include (but are not limited to) the reduction or elimination of previously available State or federal revenues, fluctuations in business production, consumer prices or financial markets, unemployment rates, technological advancements, shortages or surpluses in natural resources or energy supplies, changes in law, social unrest, fluctuations in the crime rate, political conflict, acts of war or terrorism, environmental damage and natural disasters. See the caption "—Natural Disasters."

Geologic, Topographic and Climatic Conditions

The occurrence of any natural disaster in or near the boundaries of the City, including, without limitation, fire, earthquake, landslide, high winds, drought or flood, could have an adverse material impact on the economy within the City and the generation of sales and use taxes that constitute Measure A Revenues. Portions of the City may be at risk of damage or destruction from floods or wildfires or may be subject to unpredictable seismic activity.

Building codes require that some of these factors be taken into account, to a limited extent, in the design of improvements, including public and private improvements in the City and the County. Some of these factors may also be taken into account, to a limited extent, in the design of other infrastructure and public improvements neither designed nor subject to design approval by the City. Design criteria in any of these circumstances are established upon the basis of a variety of considerations and may change, leaving previously-designed improvements unaffected by more stringent subsequently established criteria. In general, design criteria reflect a balance at the time of protection and the future costs of lack of protection, based in part upon a present perception of the probability that the condition will occur and the seriousness of the condition should it occur. Conditions may occur and may result in damage to improvements of varying seriousness, such that the damage may entail significant repair or replacement costs and that repair or replacement may never occur either because of the cost or because repair or replacement will not facilitate habitability or other use, or because other considerations preclude such repair or replacement. Under any of these circumstances, the value of public and private improvements within the City and the County, may well depreciate or disappear, notwithstanding the establishment of design criteria for any such condition. Significant declines in the value of properties in the County could have an adverse impact on the overall economy in the County, and therefore have a material adverse impact on future Measure A Revenues.

Seismic Risks. Generally, seismic activity occurs on a regular basis in the State. Periodically, the magnitude of a single seismic event can cause significant ground shaking and potential damage to property located at or near the center of such seismic activity. The City is located in a seismically active area of southern California. Significant ground shaking as a result of a local or regional earthquake is likely to occur during the term of the Bonds. Due to the presence of groundwater and loose to medium dense silty sand, the site is considered to be susceptible to liquefaction in the event of a strong earthquake.

According to the Safety Element of the City's General Plan, faults near or within the City include the More Ranch Fault, the Glen Annie Fault and the Carneros Fault. The proximity of these faults makes the City, including in the vicinity of the City, subject to the hazards associated with ground shaking, surface rupture, and soil instability. In the case of surface rupture, properties along the rupture could be red-tagged and may not be rebuilt. If an earthquake were to substantially damage or destroy taxable property within the City and in the vicinity of the City, the assessed valuation of such property would be reduced.

In addition, the City is susceptible to tsunami and seiche hazards. A tsunami is a sea wave generated by a submarine earthquake, landslide, or volcanic eruption. A seiche is another form of earthquake– or landslide-induced wave or oscillation that can be generated in an enclosed body of water such as a lagoon or harbor.

Both the City and the County have a program requiring the retrofitting of certain property to meet higher standards of earthquake safety. Implementation of this program is ongoing and will continue for some years. There has been no major earthquake with an epicenter located in the County since August 1978; however, a number of faults located both within and outside of the County could become the site of quake activity impacting the County. The 1994 earthquake in Los Angeles County, which was centered in Northridge and was felt in the City, did not result in any deaths, injuries, or property damage in the County according to the County Office of Emergency Services. In December 2003, an earthquake registering 6.5 on the Richter scale occurred with an epicenter 11 miles northeast of San Simeon. In December 2024, an earthquake registering 7.0- on the Richter scale struck off the coast of Humboldt County in Northern California, prompting a tsunami warning for part of the North Coast.

Flood Risks. According to the Safety Element of the City's General Plan, there are approximately 640 acres within Federal Emergency Management Agency-designated 100-year floodplains within the City, which is approximately twelve percent of the entire area of the City. About 168 of these acres, or one quarter of the total, are in the Old Town area of the City east of Fairview Avenue. Stream flooding is exacerbated by inadequately sized culverts under U.S. Highway 101, Hollister Avenue and the Union Pacific Railroad. A notable area subject to flooding is the floodplain associated with San Jose Creek and San Pedro/Las Vegas Creeks. This area is notable in that it includes two of the City's three major commercial areas: the Calle Real Center and the Goleta Old Town area. As part of a coastal floodplain, the City may experience additional hazards associated with storm waves and wind.

Flood zones are identified by FEMA. FEMA designates land located in a low– to moderate-risk flood zone (i.e., not in a floodplain) and has less than a 1% chance of flooding each year as being within a Non-Special Flood Hazard Area (a "NSFHA"). [The City is located in an area designated by FEMA as subject to low to moderate flood risk. FEMA has issued a preliminary Flood Insurance Rate Map (FIRM) and a Flood Insurance Study (FIS) report reflecting proposed flood hazard determinations within the County and certain cities therein, including the City.] Before the revised FIRM panels become effective, there is a 90-day appeal period from September 19 to December 18, 2024, during which time residents or businesses with supporting technical and scientific information can appeal the revised flood risk information on the preliminary maps. The City can make no representation that future maps will not be revised to include the City within an area deemed subject to flooding.

The City lies within the Goleta Valley, which is bordered on the south by the coastal plateaus that encompass the Ellwood Mesa, Isla Vista, the University of California, Santa Barbara, and the More Mesa areas. The northern limit of the Goleta Valley is defined by the foothills of the Santa Ynez Mountains. To the east, the Goleta Valley extends to the hills near the western edge of the City. Most of the valley drains into the Goleta Slough, a coastal salt marsh located south of the City of Goleta. Several flat-floored stream valleys, including Glen Annie Creek, San Pedro Creek, Las Vegas Creek, San Jose Creek, and Maria Ygnacio Creek, convey water through the slough from the Santa Ynez Mountains.

[The City most recently experienced severe flooding and mudslides in 2017 and 2018 and 2023. In 2017, heavy rains caused flooding, mud and debris slides, and downed trees.]

In 2015 the County, in concert with Caltrans and the City, completed capacity improvements to San Pedro and Las Vegas Creeks at Calle Real, Highway 101 and Union Pacific Railroad which reduced the potential for flooding adjacent to Calle Real. In addition, in 2014 the City completed the first phase of the San Jose Creek Capacity Improvement Project. The second and final phase of the project was commenced in 2024 and is scheduled to be completed in 2026. Once complete and upon approval from the Federal Emergency Management Agency, this project will eliminate portions of the Project from the 100-year floodplain.

Wildfire Risks. According to the Safety Element of the City's General Plan, certain areas within and adjacent to the City have been designated as high wildland fire hazard areas, including areas north of Cathedral Oaks Road, portions of the Winchester Commons subdivision and the Bacara Resort property. Areas susceptible to high-fire hazards generally include lands with steep slopes and ample vegetation, or fuel load. The City is situated in an urban area, and is not located within a high wildland fire hazard area.

The City is exposed to a variety of wildfire hazard conditions ranging from very low levels of risk along the coastal portions of the County, to extreme hazards in the inland and chaparral covered hillsides of the Santa Ynez Mountains and the Los Padres National Forest. Currently, fire hazard severity is a function of fuel conditions, historic climate, and topography.

The City has not been directly affected by a recent or current California wildfire. The California State Fire Marshal is mandated to classify lands within State Responsibility Areas into Fire Hazard Severity Zones (FHSZ). The City is located outside of designated State Responsibility Areas. Designations are based on the factors that influence fire likelihood and fire behavior. Many factors are considered such as fire history, existing and potential fuel (natural vegetation), predicted flame length, blowing embers, terrain, and typical fire weather for the area. Areas outside of designated State Responsibility Areas (including the area in and around the City) are designated Local Responsibility Areas. Local government, the City and the Santa Barbara County Fire Department through the Santa Barbara County Fire Protection District, which has a service area that includes the City, has the responsibility to provide fire protection in this Local Responsibility Area and may provide structural and supplemental wildland fire protection in State Responsibility Areas. There can be no assurances that wildfires will not affect the properties in the City.

Population density or the number of structures in a particular region are not currently used to determine the fire hazard severity for a particular region. Areas throughout the County have been designated as having a "Very High Severity Hazard," "High Hazard," or "Moderate Hazard." In the County, most of the area that has been designated as having a "Very High Severity Hazard" are located in the Santa Ynez Mountains and the Los Padres National Forest. These areas exhibit the combination of vegetative fuel, topography, and human proximity that contribute to an extreme fire hazard potential. The fact that an area is in a Moderate Hazard designation does not mean it cannot experience a damaging fire; it means only that the probability is reduced, generally because the number of days a year that the area has "fire weather" is less. Since 1990, 13 significant fires burned the southern parts of the County close to the City, Santa Barbara, and Carpinteria.

Santa Barbara has recently been impacted by wildfires in and around the City and County areas. In November 2008, a wildfire consumed approximately 1,940 acres in nearby Montecito. As is often the case with Southern California wildfires, the wind caused the fire to hopscotch in places, sparing some homes while igniting others. The Montecito fire was relatively smaller than many of the wildfires that have occurred in Southern California in recent years, but its speed and ferocity took its toll in property damage, racing through the populated slopes of the Santa Ynez Mountains, exacerbated by 70 mph winds, combustible brush and narrow roads. The Montecito fire destroyed 151 residences in the City and 80 residences in the County and damaged others. At that time, Governor Schwarzenegger declared a state of emergency for Santa Barbara County.

On May 5, 2009, a wildfire immediately exacerbated by high winds which frequent the County, referred to as Santa Barbara Jesusita Fire, burned for over a week, blackened approximately 8,733 acres, destroyed 80 homes, 1 commercial building and 79 outbuildings, damaged 15 homes and 2 outbuildings and injured 30 firefighters. Approximately 30,000 people were forced from their homes.

Containment efforts often succeed in limiting damage suffered by structures and persons. In May 2013, a wildfire originated in the Los Padres National Forest. The fire, referred to as the White Fire burned approximately 1,984 acres of recreational areas. In July 2016, a wildfire originated in the Los Padres National Forest. The fire, referred to as the Sherpa Fire was fully contained after having burned approximately 7,474 acres. In August 2016, a wildfire originated in an area southeast of Lake Cachuma in the range above the Santa Ynez River. The fire, referred to as the Rey Fire was fully contained on September 16, after having burned approximately 32,606 acres. In September 2016, a wildfire originated in a canyon at the southern half of Vandenberg Air Force Base in the County. The fire, referred to as the Canyon Fire was fully contained on September 24, after having burned approximately 12,742 acres.

In July 2017, the Whittier Fire originated as a wildfire in the Santa Ynez Mountains, south of Lake Cachuma. Upon containment on July 28, the fire had burned approximately 18,430 acres and destroyed 16 homes. In December 2017, one of the largest Southern California wildfires which had originated in Ventura County spread into Santa Barbara County. The fire, referred to as Thomas Fire included mandatory evacuation orders for large swaths of the County, including Montecito and some parts of the City, with approximately

95,000 placed under mandatory evacuation. Upon containment on January 12, 2018, approximately 281,893 acres had burned. In July 2024, the Lake Fire grew to more than 37,000 acres (59 square miles) northeast of Santa Ynez. Six structures were damaged by the blaze, including an outbuilding on forest land and some recreational residences.

As in this case, the Fire Management Assistance declaration process is initiated when a state submits a request for assistance to the FEMA Regional Director at the time a "threat of major disaster" exists. The entire process is accomplished on an expedited basis and a FEMA decision is rendered in a matter of hours. The Fire Management Assistance Grant Program (FMAGP) provides a 75 percent Federal cost share and the State pays the remaining 25 percent for actual costs. Typically costs accrue to public safety, with fire suppression costs being the most significant. Eligible firefighting costs may include expenses for field camps; equipment use, repair and replacement; tools, materials, and supplies; and mobilization and demobilization activities. The recent fires have not caused material negative impacts on tax receipts to the City.

When wildfires scorch thousands of acres in Southern California, they destroy all vegetation on mountains and hillsides. As a result, when heavy rain falls in the winter, there is nothing to stop the rain from penetrating directly into the soil. In addition, waxy compounds in plants and soil that are released during fires create a natural barrier in the soil that prevents rain water from seeping deep into the ground. The result is erosion, mudslides, and excess water running off the hillsides often causing flash flooding as described below.

Climate Change. The State has historically been susceptible to wildfires and hydrologic variability. As greenhouse gas emissions continue to accumulate in the atmosphere, 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, its finances, and the economy in the City and the County is difficult to predict, but it could be significant and it could have a material adverse effect on the City's finances by requiring greater expenditures to counteract the effects of climate change and a material adverse effect on the economy in the City and the County by causing more severe and frequent storm events, wildfires, and other natural disasters.

The City recognizes the importance of addressing climate change and its potential impacts on the community. The City has demonstrated this commitment through a variety of plans, policies, and initiatives aimed at reducing greenhouse gas emissions, adapting to climate change, and promoting sustainability. Among key initiatives and policy statements, the City has adopted a Strategic Energy Plan (2019) which sets forth the City's goal of achieving 100% renewable electricity for municipal operations and the community by 2030, a Climate Action Plan (2014) designed to reduce greenhouse gas emissions, and a Community Wildfire Protection Plan (2012) which outlines strategies for wildfire prevention, mitigation, and response. This includes measures such as vegetation management, public education, and emergency preparedness. In addition, the City commissioned a Coastal Hazards Vulnerability Assessment and Fiscal Impact Report (2015): This report assesses the City's vulnerability to sea level rise, coastal erosion, and other climate-related hazards. It identifies potential impacts on infrastructure, property values, and the local economy, and outlines strategies for adaptation and resilience. This proactive approach helps to mitigate potential financial risks associated with climate change.

The Strategic Energy Plan sets forth the City's goal of achieving 100% renewable electricity for municipal operations and the community by 2030. Key strategies include:

- Expanding renewable energy generation: Actively pursuing opportunities to install solar panels on city facilities and supporting community-based renewable energy projects.

- Improving energy efficiency: Implementing energy efficiency measures in municipal buildings and encouraging residents and businesses to adopt energy-saving practices.

- Promoting electric vehicles: Installing electric vehicle charging stations and supporting the adoption of electric vehicles through incentives and outreach programs.

The Climate Action Plan provides a comprehensive framework for reducing greenhouse gas emissions across various sectors, including:

- Transportation: Encouraging alternative modes of transportation, such as walking, biking, and public transit, and supporting the development of electric vehicle infrastructure.

- Land Use: Promoting compact, mixed-use development and preserving open space to reduce urban sprawl and vehicle miles traveled.

- Energy: Improving energy efficiency in buildings and promoting the use of renewable energy sources.

- Waste Management: Implementing programs to reduce waste generation, increase recycling rates, and promote composting.

The Coastal Hazards Vulnerability Assessment and Fiscal Impact Report assesses the City's vulnerability to sea level rise, coastal erosion, and other climate-related hazards and impacts:

As described herein, a portion of the proceeds of the Series 2025A Bonds are expected to be allocated to fund improvements to the City's transportation infrastructure, including the expansion of bike lanes and pedestrian pathways. These investments will promote alternative modes of transportation, reduce reliance on single-occupancy vehicles, and contribute to the City's climate action goals.

Cyber Security

[The City, like other public and private entities, relies on a large and complex technology environment to conduct its operations, and consequently faces the threat of cybersecurity incidents. Such incidents can result from unintentional events, or from deliberate attacks by unauthorized entities or individuals attempting to gain access to the City’s information technology systems to misappropriate assets or information or to cause operational disruption and damage. The City and its departments face cyber threats from time to time, including but not limited to hacking, viruses, malware, phishing, distributed denial-of-service, and other attacks on computers, networks, and systems.

The City contracts with Acorn Technology Services as its managed IT service provider, ensuring comprehensive IT support across desktops, servers, networks, and mobile devices, with a priority focus on cybersecurity. Acorn Technology Services implements advanced cybersecurity measures, including 24/7 network monitoring, quarterly vulnerability scans, penetration testing, and Payment Card Industry (PCI) compliance testing for secure credit card transactions.

Acorn Technology Services collaborates with the City to develop and implement IT governance frameworks and ensures compliance with industry standards such as the National Institute of Standards and Technology (NIST) cybersecurity framework and Payment Card Industry Data Security Standard (PCI DSS). These efforts include the creation of comprehensive documentation for IT assets and standardized policies and procedures, all aimed at strengthening the City's governance and cybersecurity posture.

The City also prioritizes business continuity and operational resilience as part of its IT strategy. Together with Acorn Technology Services, the City is implementing network redundancy and enhanced recovery protocols to mitigate potential disruptions from cyber and non-cyber incidents. These measures are supported by ongoing evaluations of IT systems and infrastructure, enabling the City to adapt to evolving cybersecurity threats and optimize technology resources.

As part of its commitment to fostering a culture of security, the City mandates regular cybersecurity awareness training for all employees. These training sessions include focused and ongoing education to equip employees with the knowledge and tools needed to identify and respond to emerging cyber threats effectively.

Although the City takes extensive precautions to protect its information systems, no cybersecurity measures can entirely eliminate the risk of unauthorized access, service disruptions, or data breaches. The City has not experienced any material cybersecurity incidents to date but acknowledges the potential for future incidents that could impact operations or result in financial or legal implications. The City currently purchases cyber insurance coverage.]

No Validation Proceeding Undertaken

California Code of Civil Procedure Section 860 authorizes public agencies to institute a process, otherwise known as a "validation proceeding," for purposes of determining the validity of a resolution or any action taken pursuant thereto. Code of Civil Procedure Section 860 authorizes a public agency to institute validation proceedings in cases where another statute authorizes its use. Relevant to the Bonds, the Trust Agreement, and the 2025 Installment Sale Agreement, Government Code Section 53511 authorizes a local agency to "bring an action to determine the validity of its bonds, warrants, contracts, obligations or evidences of indebtedness." Pursuant to Code of Civil Procedure Section 870, a final favorable judgment issued in a validation proceeding shall, notwithstanding any other provision of law, be forever binding and conclusive, as to all matters therein adjudicated or which could have been adjudicated, against all persons: "The judgment shall permanently enjoin the institution by any person of any action or proceeding raising any issue as to which the judgment is binding and conclusive."

The City believes that it's execution and delivery of the 2025 Installment Sale Agreement is legally valid and authorized, and not prohibited by Section 18 of Article XVI of the California Constitution (commonly referred to as the "California constitutional debt limit"), because the proceeds of the Bonds are restricted for use solely on Measure A Projects and the Installment Sale Payments are payable solely from the Measure A Receipts; accordingly the 2025 Installment Sale Agreement falls within the judicially-created "special fund" exception to the California constitutional debt limit.

The Authority and the City have not undertaken or endeavored to undertake any validation proceeding in connection with the issuance of the Bonds or the execution and delivery of the Trust Agreement and the 2025 Installment Sale Agreement. The Authority, the City, and Bond Counsel have relied on the provisions of Code of Civil Procedure Section 860, et seq., in particular Sections 860, 863, 864, and 869, which provide that any action challenging the Bonds, the Trust Agreement, the 2025 Installment Sale Agreement, or related matters must be brought within 60 days following the adoption by the Authority and City of resolutions authorizing the issuance of the Bonds and the execution and delivery of the Trust Agreement and the 2025 Installment Sale Agreement ("Authorizing Resolutions"). The Authority and City adopted the Authorizing Resolutions on December 3, 2024; accordingly, the challenge period described in Code of Civil Procedure Section 860, et seq., expired with respect to the Bonds, the Trust Agreement, the 2025 Installment Sale Agreement, and related matters on [February 1, 2025].

Notwithstanding the statute of limitations provided by Code of Civil Procedure Section 860 with respect to the Bonds, the Trust Agreement, the 2025 Installment Sale Agreement, and related matters, it is possible that challenges to Measure A, the Measure A Special Tax, collection procedures, or other matters, or changes to the law, could have a material adverse impact on the collection and allocation to the City of Measure A Revenues. However, any court or legislative action or initiative measure affecting the levy, collection, or allocation of Measure A Revenues to the City for the timely payment of Installment Sale Payments could be subject to legal protections regarding unconstitutional impairment of contracts and unconstitutional taking without just compensation. The City believes these constitutional provisions would provide some protection against adverse consequences of such actions upon the City and the availability of Measure A Receipts for the payment of the Installment Sale Payments (and accordingly, the Bonds).

However, the City provides no assurance that a court or legislative action or initiative measure affecting the levy, collection, or allocation of Measure A Revenues to the City will not result in an outcome that may have a material adverse effect on the City's ability to timely pay Installment Sale Payments and the Authority's ability to timely pay debt service on the Bonds.

IRS Audit of Tax-Exempt Bond Issues

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 Bonds will be selected for audit by the Internal Revenue Service. It is also possible that the market value of the Bonds might be affected as a result of such an audit of the Bonds (or by an audit of similar municipal obligations).

Loss of Tax Exemption

As discussed under the caption "TAX MATTERS," certain acts or omissions of the City in violation of its covenants in the Trust Agreement and the 2025 Installment Sale Agreement could result in the interest on the Bonds being includable in gross income for purposes of federal income taxation retroactive to the date of delivery of the Bonds. Should such an event of taxability occur, the Bonds would not be subject to a special redemption or an increase in interest rates and would remain outstanding.

Secondary Market

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that the Bonds can be sold for any particular price. Occasionally, because of general market conditions, adverse history or economic prospects connected with a particular issue, secondary marketing practices are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price.

Bond Insurance

[In the event of default of the payment of the scheduled principal of or interest on the Insured Bonds when all or some becomes due, the Trustee on behalf of any owner of the Insured Bonds shall have a claim under the Policy for such payments. The Insurer may direct and must consent to any remedies with respect to the Insured Bonds and the Insurer's consent may be required in connection with amendments to any applicable documents relating to the Bonds. See Appendix A—"SUMMARY OF PRINCIPAL LEGAL DOCUMENTS."

The Insurer is expected to insure a majority of the Bonds and will therefore have the ability to direct the actions of the Trustee give consents and waivers and take other actions without regard to the views of the Owners of the Bonds. As a result, Owners of the Bonds may be limited in the rights and remedies they are able to exercise in the event of a default by the City under the Installment Sale Agreement. The Insurer may have different business and other interests than the Owners of the Bonds.

The long-term ratings on the Insured Bonds are dependent in part on the financial strength of the Insurer and its claims paying ability. The Insurer's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the Insurer and the ratings on the Insured Bonds will not be subject to downgrade and such event could adversely affect the market price of the Insured Bonds or the marketability (liquidity) for the Insured Bonds. See the caption "RATINGS" herein.

The obligations of the Insurer are unsecured contractual obligations and in an event of default by the Insurer, the remedies available may be limited by applicable bankruptcy law or state law related to insolvency of insurance companies.

None of the Authority, the City, or the Underwriter has made independent investigation into the claims paying ability of the Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the City to make Installment Sale Payments when due under the Installment Sale Agreement and the claims paying ability of the Insurer, particularly over the life of the investment. See "BOND INSURANCE" herein for further information regarding the Insurer and the Policy, which includes further instructions for obtaining current financial information concerning the Insurer.]

CONSTITUTIONAL PROVISIONS AFFECTING CITY REVENUES AND APPROPRIATIONS

Article XIIIB of the California Constitution – Limitations on Appropriations

On November 6, 1979, State voters approved Proposition 4, the so-called Gann Initiative, which added Article XIIIB to the State Constitution ("**Article XIIIB**"). In June 1990, Article XIIIB was amended by the voters through their approval of Proposition 111. Article XIIIB limits the annual appropriations of the State and of any city, county, school district, authority or other political subdivision of the State to the level of appropriations for the prior fiscal year, as adjusted annually for changes in the cost of living, population and cost of services rendered by the governmental entity. The "base year" for establishing such appropriation limit is State fiscal year 1978-79 and the limit is to be adjusted annually to reflect changes in population and consumer prices. Adjustments in the appropriations limit of an entity may also be made if: (i) the financial responsibility for a service is transferred to another public entity or to a private entity; (ii) the financial source for the provision of services is transferred from taxes to other revenues; or (iii) the voters of the entity approve a change in the limit for a period of time not to exceed four years.

Appropriations of an entity of local government that are subject to Article XIIIB include generally any authorization to expend during the fiscal year the proceeds of taxes levied by the State or other entity of local government, exclusive of certain State subventions, refunds of taxes, benefit payments from retirement, unemployment insurance and disability insurance funds. Appropriations that are subject to limitation pursuant to Article XIIIB do not include debt service on indebtedness existing or legally authorized as of January 1, 1979 or on bonded indebtedness thereafter approved according to law by a vote of the electors of the issuing entity voting in an election for such purpose, appropriations required to comply with mandates of courts or the federal government, appropriations for qualified capital outlay projects and appropriations by the State of revenues derived from any increase in gasoline taxes and motor vehicle weight fees above January 1, 1990, levels. "Proceeds of taxes" include, but are not limited to, all tax revenues and the proceeds to any entity of government from: (i) regulatory licenses, user charges, and user fees to the extent such proceeds exceed the cost of providing the service or regulation; (ii) the investment of tax revenues; and (iii) certain State subventions received by local governments. Article XIIIB includes a requirement that if an entity's revenues in any year exceed the amount permitted to be spent, the excess must be returned by revising tax rates or fee schedules over the subsequent two fiscal years.

Article XIIIB allows voters to approve a temporary waiver of a government's Article XIIIB limit. Such a waiver is often referred to as a "Gann limit waiver." The length of any such waiver is limited to four years. The Gann limit waiver does not provide any additional revenues to a local government or allow a local government to finance additional services.

Installment Sale Payments are subject to the Article XIIIB appropriations limitations. The City reports that it has never made appropriations that exceeded the limitation on appropriations under Article XIIIB. The impact of the appropriations limit on the financial needs of the City in the future is unknown.

Articles XIIIC and XIIID of the California Constitution – The Right to Vote on Taxes

On November 5, 1996, State voters approved Proposition 218, entitled the "Right to Vote on Taxes Act" ("**Proposition 218**"). Proposition 218 added Article XIIIC ("**Article XIIIC**") and Article XIIID ("**Article XIIID**") to the State Constitution, which Articles contain a number of provisions affecting the ability of local governments to levy and collect both existing and future taxes, assessments, fees and charges. The interpretation and application of certain provisions of Proposition 218 will ultimately be determined by the courts with respect to some of the matters discussed below. It is not possible at this time to predict with certainty the future impact of such interpretations. The provisions of Proposition 218, as so interpreted and applied, may affect the ability of the City to meet certain obligations.

Article XIIIC requires that all new local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes require a majority vote and taxes for specific purposes, even if deposited in a general fund, require a two-thirds vote. Article XIIIC further provides that any general purpose tax that is imposed, extended or increased without voter approval after December 31, 1994, may continue to be imposed only if approved by a majority vote in an election, which must be held within two years of November 5, 1996. The City reports that it has not imposed, extended or increased any such taxes that are currently in effect without voter approval.

Article XIIIC also expressly extends the initiative power to give voters the power to reduce or repeal local taxes, assessments, fees and charges, regardless of the date that such taxes, assessments, fees and charges were imposed. Article XIIIC expands the initiative power to include reducing or repealing assessments, fees and charges, which had previously been considered administrative rather than legislative matters and therefore beyond the initiative power. This extension of the initiative power is not limited by the terms of Article XIIIC to fees imposed after November 6, 1996, and absent other legal authority could result in the retroactive reduction in any existing taxes, assessments, fees, or charges. No assurance can be given that the voters within the jurisdiction of the City will not, in the future, approve initiatives that reduce, repeal or prohibit the future imposition or increase of, local taxes, assessments, fees or charges that currently comprise a substantial part of the City's general fund. The terms "local tax," "assessments," "fees" and "charges" are not defined in Article XIIIC, and it is unclear whether these terms are intended to have the same meanings for purposes of Article XIIIC as for Article XIIID described below. If not, the scope of the initiative power under Article XIIIC potentially could include any general fund local tax, assessment, or fee that is not received from or imposed by the federal or State government or derived from investment income. The City does not believe that it currently levies any property related "fees" or "charges" that it considers to be subject to challenge under Article XIIIC.

The voter approval requirements of Proposition 218 reduce the flexibility of a local government to raise revenues for its general fund, and no assurance can be given that the City will be able to impose, extend, or increase taxes in the future to meet increased expenditure needs.

Article XIIID also added several new provisions relating to how local governments may levy and maintain "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 the assessment must confer a "special benefit," as defined in Article XIIID, over and above any general benefits conferred; and (iii) a majority protest procedure that involves the mailing of a 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. The term "Assessment" in Article XIIID is defined to mean any levy or charge upon real property for a special benefit conferred upon the real property and applies to landscape and maintenance assessments for open space areas, street medians, street lights, and parks.

In addition, Article XIIID added several provisions affecting "fees" and "charges," defined for purposes of Article XIIID to mean "any levy other than an *ad valorem* tax, a special tax, or an assessment, imposed by a local government upon a parcel or upon a person as an incident of property ownership, including a user fee or charge for a property related service." All new and existing property related fees and charges must conform to requirements prohibiting, among other things, fees and charges that: (i) generate revenues exceeding the funds required to provide the property related service; (ii) are used for any purpose other than those for which the fees and charges are imposed; (iii) are for a service not actually used by, or immediately available to, the owner of the property in question; or (iv) are used for general governmental services, including police, fire, ambulance or library services, where the service is available to the public at large in substantially the same manner as it is to property owners. Depending on the interpretation of what constitutes a "property related fee" under Article XIIID, there could be future restrictions on the ability of the City to charge its respective enterprise funds for various services provided. Further, before any property related fee or charge may be imposed or increased, written notice must be given to the record owner of each parcel of land affected by such fee or charge. The City must then hold a hearing upon the proposed imposition or increase and, if written protests against the proposal are presented by a majority of the owners of the identified parcels, the City may not impose or increase the fee or charge.

The City does not believe that the provisions of Article XIIIC or Article XIIID will directly impact the Measure A Receipts available to the City to make its Installment Sale Payments required pursuant to the 2025 Installment Sale Agreement.

Future Initiatives

Article XIIIB, Article XIIIC and Article XIIID were each adopted as measures that qualified for the ballot pursuant to the State's Constitutional initiative process. From time to time other initiative measures could be adopted that affect the ability of the City to increase or apply revenues and to make or increase appropriations or the ability of SBCLTA to levy, collect or allocate the Measure A Revenues, all of which could adversely impact the amount of Measure A Revenues received by the City.

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from State of California personal income taxes. Bond Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that interest on the Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual, or receipt of interest on, the Bonds. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix C hereto.

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

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

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

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

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations, or litigation, as to which Bond Counsel expresses no opinion.

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

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

Payments on the Bonds generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate Beneficial Owner of Bonds may be subject to backup withholding with respect to "reportable payments," which include interest paid on the Bonds and the gross proceeds of a sale, exchange, redemption, retirement, or other disposition of the Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against a Beneficial Owner's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain Beneficial Owners (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. The failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

RATINGS

S&P Global Ratings, a division of Standard & Poor's Financial Services LLC ("**S&P**") is expected to assign the rating of "__" to the Insured Bonds based upon the delivery of the Policy by the Insurer at the time of issuance of the Bonds. See "BOND INSURANCE" herein.

In addition, S&P is expected to assign the Bonds the rating of "__," independent of the delivery of the Policy.

There is no assurance that any credit rating given to the Bonds will be maintained for any period of time or that a rating may not be lowered or withdrawn entirely by S&P if, in the judgment of S&P, circumstances so warrant. Any downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds. The rating reflects only the views of S&P, and an explanation of the significance of such rating may be obtained from S&P. Generally, rating agencies base their ratings on information and materials furnished to them (which may include information and material from the City that is not included in this Official Statement) and on investigations, studies and assumptions by the rating agencies.

In providing a rating on the Bonds, S&P may have performed independent calculations of coverage ratios using its own internal formulas and methodology, which may not reflect the provisions of the Trust Agreement or the 2025 Installment Sale Agreement. Neither the City nor the Authority makes any representations as to any such calculations, and such calculations should not be construed as a representation by the City or the Authority as to past or future compliance with any financial covenants, the availability of particular revenues for the payment of debt service or for any other purpose.

CONTINUING DISCLOSURE

The City has covenanted in its continuing disclosure certificate (the "**Continuing Disclosure Certificate**") for the benefit of the holders and beneficial owners of the Bonds to provide certain financial information and other operating data on an annual basis no later than 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), commencing with the annual report for the Fiscal Year ended June 30, 2025 due no later than March 31, 2026, and to provide notice of certain enumerated events as required by Securities and Exchange Commission Rule 15c2-12(b)(5) under the Securities Exchange Act of 1934, as amended (the "**Rule**"). This Official Statement constitutes the annual report for the Fiscal Year ended June 30, 2024. The specific nature of the information to be contained in the annual report or the notices of enumerated events is summarized under the caption APPENDIX D—"FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the Underwriter in complying with the Rule.

Although the City has covenanted in the Continuing Disclosure Certificate to provide notice of rating changes with respect to the Bonds, information relating to rating changes may be publicly available from the rating agencies prior to such information being provided to the City and prior to the date by which the City is obligated to file a notice of rating change. Owners of the Bonds are directed to the rating agencies and official media outlets for the most current rating information with respect to the Bonds.

The City believes that it and its affiliated entities are currently in compliance with their respective outstanding continuing disclosure undertakings. [Certain continuing disclosure filings during the past five years, were made after the required filing date.] [TO BE UPDATED]

Except as set forth in the previous paragraph, the City and its affiliated entities have not failed to comply in all material respects with their respective prior continuing disclosure undertakings in the last five years. The City has engaged Urban Futures, Inc., Walnut Creek, California, as dissemination agent (in such capacity, the "**Dissemination Agent**") to ensure compliance with its continuing disclosure undertakings in the future.

MUNICIPAL ADVISOR

The City has retained Urban Futures, Inc., Walnut Creek, California, as municipal advisor (in such capacity, the "**Municipal Advisor**") in connection with the execution and delivery of the Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume any responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

The Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal or other public securities. Compensation for the Municipal Advisor's services is entirely contingent upon the sale and delivery of the Bonds.

UNDERWRITING

The Bonds will be purchased by Stifel, Nicolaus & Company, Incorporated (the "**Underwriter**") pursuant to a Bond Purchase Agreement, dated the date of this Official Statement (the "**Purchase Contract**"), by and among the Authority, the City and the Underwriter. Under the Purchase Contract, the Underwriter has agreed to purchase all, but not less than all, of the Bonds for an aggregate purchase price of $___________ (being the principal amount of the Bonds, less Underwriter's discount of $___________, plus a [net] original issue premium of $__________). The Purchase Contract provides that the Underwriter will purchase all of the Bonds if any are purchased, the obligation to make such a purchase being subject to certain terms and conditions set forth in the Purchase Contract, the approval of certain legal matters by counsel and certain other conditions.

The initial public offering prices stated on the inside cover page of this Official Statement may be changed from time to time by the Underwriter. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into investment trusts), dealer banks, banks acting as agents and others at prices lower than said public offering prices.

NO LITIGATION

The Authority

Concurrently with the delivery of the Bonds, the Authority will certify that, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending or, to the knowledge of the Authority, threatened against the Authority seeking to restrain or enjoin the issuance or sale of the Bonds, or in any way contesting or affecting any proceedings of the Authority taken concerning the sale thereof, the pledge or application of any moneys or security provided for the payment of the Bonds, the validity or enforceability of the documents executed by the Authority in connection with the Bonds, the completeness or accuracy of this Official Statement, or the existence or powers of the Authority relating to the sale of the Bonds.

The City

Concurrently with the delivery of the Bonds, the City will certify that, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending of which the City has received service of process or, to the knowledge of the City, threatened against the City, seeking to restrain or enjoin the execution and delivery or issuance of the Bonds, the Trust Agreement or the 2025 Installment Sale Agreement, or in any way contesting or affecting the validity of the foregoing or any proceeding of the City taken with respect to any of the foregoing or that will materially affect the ability of the City to pay its Installment Sale Payments when due. [Various claims and suits are filed against the City in the normal course of business. Although the outcome of pending matters is not presently determinable in the opinion of legal counsel, the resolutions of these matters will not have a material adverse effect on the financial condition of the City.]

CERTAIN LEGAL MATTERS

The validity and enforceability of the 2025 Installment Sale Agreement and the Trust Agreement and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority. A complete copy of the proposed form of Bond Counsel opinion is set forth in Appendix C. Certain legal matters will be passed upon for the Authority and the City by Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, as Disclosure Counsel, for the City by Isaac Rosen, as Acting City Attorney, for the Underwriter by Anzel Galvan LLP, San Francisco, California, as Underwriter's Counsel and for the Trustee by its counsel. Bond Counsel, Disclosure Counsel and Underwriter's Counsel will receive compensation for their legal services provided in connection with the Bonds contingent upon the sale and delivery of the Bonds. From time to time, Bond Counsel and Disclosure Counsel each represent the Underwriter on matters unrelated to the Bonds.

AUDITED FINANCIAL STATEMENTS AND MEASURE A COMPLIANCE REPORTS

Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2024.

The City's Annual Comprehensive Financial Report for the Fiscal Year ending June 30, 2024, is included as Appendix E and contains the audited financial statements of the City, which have been audited by Rogers, Anderson, Malody, & Scott LLP (the "**Auditor**"), together with the Auditor's report thereon dated December 20, 2024. Such audited financial statements have been included herein in reliance upon the report of the Auditor. The City's financial statements are public documents and are included within this Official Statement without the prior approval of the Auditor. Accordingly, the Auditor has not performed any post-audit review of the financial condition of the City and also has not performed any procedures relating to this Official Statement. The Auditor has not undertaken to update the audited financial statements of the City or its report, or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by the Auditor with respect to any event subsequent to its report dated December 20, 2024. See Appendix E — "CITY OF GOLETA ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2024."

Annual SBCLTA Compliance Audits for Fiscal Year Ended June 30, 2023

SBCLTA engages an auditing firm on an annual basis to conduct certain agreed-upon procedures to confirm the status of compliance by each local jurisdiction (including the City) with the Maintenance of Efforts and Alternative Mode Project requirements and other requirements set forth in the Measure A Ordinance (the "**Compliance Reports**"). For the Fiscal Year ended June 30, 2023, the agreed-upon procedures were performed by and the Compliance Reports were prepared and delivered by Moss, Levy & Hartzheim LLP, Certified Public Accountants ("**Moss Levy**"). The Compliance Reports for the Fiscal Year ended June 30, 2023 and the letter of Moss Levy dated October 24, 2024 ("**Agreed-Upon Procedures Letter**") stating the results of the agreed-upon procedures are included as Appendix G. The City anticipates that SBCAG and its auditor will provide compliance reports for Fiscal Year 2023-24 in or around October 2025.

The Compliance Reports and the Agreed-Upon Procedures Letter have been included herein in reliance upon the report of Moss Levy. The Compliance Reports and the Agreed-Upon Procedures Letter are public documents and are included within this Official Statement without the prior approval of Moss Levy or SBCLTA. Accordingly, Moss Levy has not performed any review of the City's compliance with the Measure A Ordinance subsequent to the date of the Agreed-Upon Procedures Letter and also has not performed any procedures relating to this Official Statement. Moss Levy has not undertaken to update the Compliance Reports or the Agreed-Upon Procedures Letter, and no opinion is expressed by Moss Levy with respect to any event subsequent to its letter dated October 24, 2024. See Appendix G — "ANNUAL MEASURE A COMPLIANCE REPORTS FOR THE YEAR ENDED JUNE 30, 2023"

MISCELLANEOUS

The purpose of this Official Statement is to supply information to prospective buyers of the Bonds. References are made herein to certain documents and reports which are brief summaries thereof which do not purport to be complete or definitive and reference is made to such documents and reports for full and complete statements of the contents thereof. Copies of the Trust Agreement, the 2025 Installment Sale Agreement, and other documents are available, upon request, and upon payment to the City of a charge for copying, mailing and handling, from the City Clerk at the City of Goleta, 130 Cremona Drive, Suite B, Goleta, California 93117.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Authority or the City and the purchasers or Owners of any of the Bonds.

This Official Statement and its distribution have been duly authorized and approved by Authority and the City.

GOLETA FACILITIES FINANCING AUTHORITY

By: ______________________________
Executive Director

CITY OF GOLETA

By: ______________________________
City Manager

APPENDIX A

SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

The following is a summary of certain provisions of the 2025 Installment Sale Agreement and the Trust Agreement which are not described elsewhere in the Official Statement. This summary does not purport to be comprehensive and reference should be made to the 2025 Installment Sale Agreement and the Trust Agreement for a full and complete statement of their provisions. All capitalized terms not defined in the body of the Official Statement have the meaning set forth in the 2025 Installment Sale Agreement and the Trust Agreement.

[TO COME FROM BOND COUNSEL]

APPENDIX B

THE CITY OF GOLETA AND THE COUNTY OF SANTA BARBARA ECONOMIC, DEMOGRAPHIC, AND FINANCIAL INFORMATION

This Appendix B includes certain economic and demographic information with respect to the City as well as demographic information with respect to the County of Santa Barbara and the State of California. The Bonds are payable solely from Installment Sale Payments to be made by the City. The County of Santa Barbara and the State of California have no obligation to make any payments with respect to the Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" herein for a description of the security for the Bonds.

General

The City is located in the County of Santa Barbara (the "County"), approximately 90 miles northwest of the City of Los Angeles. The City comprises approximately 8 square miles. Incorporated in 2002, the City operates as a general law city under the council-manager form of municipal government. The City Council consists of four council members elected by district and a mayor elected at-large, each serving four-year terms. As of January 1, 2024, the population of the City is estimated to be approximately 32,515.

The City provides municipal services through a combination of in-house staff and contracts for services that supplement staff, such as street, park, landscape, and tree maintenance. The City contracts with the Santa Barbara County Sheriff's Department for law enforcement services and with the Santa Barbara County Public Health Department for animal control services. Fire protection services are provided by the Santa Barbara County Fire Department through the Santa Barbara County Fire Protection District, which has a service area that includes the City of Goleta. The City receives water and wastewater services from Goleta Water District, Goleta Sanitary District, and Goleta West Sanitary District within City Boundaries

The City provides a wide range of municipal services and employs approximately 125 full-time and part-time employees, and 24 hourly employees who manage the following professional and technical municipal services: General Government, Economic Development, General Services, Finance, Emergency Services, Business Licensing, Street Maintenance and Transportation Planning, Bikeways, Parks and Open Space Maintenance, Capital Improvement Program, Street Lighting, Stormwater Management, Engineering, Solid Waste, Planning, Land Use, Building & Safety, Code Compliance, Sustainability, Housing, Recreation & Parks, Administration, and Library Services.

There are approximately 550 acres of parks and open space and over 80 miles of roadway and right-of-way property within City limits. The City owns the Goleta Public Library and assumed direct management and operation of the Goleta Library in Fiscal Year 2018-19 and created a new Library Zone 4 on behalf of the County of Santa Barbara. On July 1, 2019, the City also assumed responsibility for direct management and operations of the libraries in the City of Buellton and the City of Solvang. On January 1, 2023, the City assumed direct management and operations of the Goleta Valley Community Center.

Population

The following table presents estimated population statistics for the City for the past five years and as of January 1.

**CITY OF GOLETA, COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA
POPULATION
FOR CALENDAR YEARS 2020 THROUGH 2024**

Year (as of January 1)	***City of Goleta***	***County of Santa Barbara***	***State of California***
2020	32,612	448,408	39,535,623
2021	32,995	441,552	39,327,868
2022	32,296	443,074	39,114,785
2023	32,503	442,342	39,061,058
2024	32,515	443,623	39,128,162

Source: State of California Department of Finance, E-4 Population Estimates for Cities, Counties, and the State.

Government

The current members of the City Council of the City and the expiration dates of their respective terms are as follows:

**CITY OF GOLETA
City Council**

Name	***District***	***Term Expires***
Paula Perotte, *Mayor*		2028
Stuart Kasdin, *Mayor Pro Tempore*	4	2028
Luz Reyes-Martín, *Council Member*	1	2026
James Kyriaco, *Council Member*	2	2026
Jennifer Smith, *Council Member*	3	2028

Source: City of Goleta.

Employment

Residents of the City find employment throughout the Santa Maria-Santa Barbara Metropolitan Statistical Area (the "**MSA**"). The following tables set forth certain employment data for the MSA.

The following table represents the Annual Average Labor Force and Industry Employment for the MSA for the years 2019 through 2023. These figures may be multi county-wide statistics and may not necessarily accurately reflect employment trends in the County.

SANTA MARIA-SANTA BARBARA MSA
INDUSTRY EMPLOYMENT & LABOR FORCE - BY ANNUAL AVERAGE
2019 through 2023

	2019	*2020*	*2021*	*2022*	*2023*
Civilian Labor Force	222,400	218,500	219,400	216,400	218,200
Civilian Employment	214,300	200,700	206,700	208,500	209,300
Civilian Unemployment	8,100	17,800	12,700	7,900	9,000
Civilian Unemployment Rate	3.6%	8.1%	5.8%	3.7%	4.1%
Total Farm	24,100	25,200	27,000	29,400	29,000
Total Nonfarm	189,400	176,300	181,500	187,900	190,300
Total Private	150,000	139,800	146,300	153,600	155,000
Goods Producing	22,800	21,400	21,900	22,700	23,100
Mining & Logging	1,000	700	600	600	600
Construction	8,900	8,800	9,300	9,700	9,900
Manufacturing	12,900	11,900	12,000	12,400	12,700
Service Providing	166,600	154,900	159,600	165,200	167,200
Trade, Transportation & Utilities	27,200	25,600	27,200	27,400	26,900
Wholesale Trade	5,100	5,000	5,400	5,300	4,900
Retail Trade	18,600	17,300	18,100	18,200	18,500
Transportation, Warehousing & Utilities	3,500	3,400	3,700	3,800	3,500
Information	4,100	3,900	4,000	4,500	4,500
Financial Activities	6,900	6,800	6,900	7,100	7,000
Professional & Business Services	25,200	26,500	27,400	27,900	27,200
Private Education & Health Services	28,400	28,100	28,800	29,400	30,900
Leisure & Hospitality	29,000	21,900	24,300	28,200	28,700
Other Services	6,500	5,600	5,900	6,500	6,700
Government	39,400	36,500	35,200	34,300	35,400
Total, All Industries	213,500	201,500	208,500	217,300	219,300

Note: Does not include proprietors, self-employed, unpaid volunteers or family workers, domestic workers in households and persons involved in labor-management trade disputes. Employment reported by place of work. Items may not add to total due to independent rounding. The "Total, All Industries" data is not directly comparable to the employment data found in this Appendix B.

Source: State of California, Employment Development Department, Santa Maria Santa Barbara MSA Industry Employment & Labor Force - by Annual Average, March 2023 Benchmark.

The following table summarizes the labor force, employment and unemployment figures for the years 2019 through 2023 for the City, the County, the State and the nation as a whole.

CITY OF GOLETA, COUNTY OF SANTA BARBARA,
STATE OF CALIFORNIA AND THE UNITED STATES
LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT YEARLY AVERAGE

Year and Area	*Labor Force*	*Employment*	*Unemployment*	*Unemployment Rate*
2019				
City of Goleta	51,600	50,400	1,200	2.3%
County of Santa Barbara	222,400	214,300	8,100	3.6
State of California	19,385,300	18,589,600	795,700	4.1
United States	163,539,000	157,538,000	6,001,000	3.7
2020				
City of Goleta	50,400	46,800	3,600	7.1
County of Santa Barbara	218,500	200,700	17,800	8.1
State of California	18,758,400	17,351,300	1,407,100	7.5
United States	160,742,000	147,795,000	12,947,000	8.1
2021				
City of Goleta	50,400	48,200	2,200	4.3
County of Santa Barbara	219,400	206,700	12,700	5.8
State of California	18,896,500	17,724,800	1,171,700	6.2
United States	161,204,000	152,581,000	8,623,000	5.3
2022				
City of Goleta	49,800	48,700	1,200	2.4
County of Santa Barbara	216,400	208,500	7,900	3.7
State of California	19,169,300	18,348,900	820,400	4.3
United States	164,287,000	158,291,000	5,996,000	3.6
2023				
City of Goleta	50,300	48,800	1,500	3.0
County of Santa Barbara	218,200	209,300	9,000	4.1
State of California	19,308,300	18,388,300	920,000	4.8
United States	167,116,000	161,037,000	6,080,000	3.6

Note: Data is not seasonally adjusted.
(1) Annual averages, unless otherwise specified.
(2) Includes persons involved in labor-management trade disputes.
(3) The unemployment rate is computed from unrounded data; therefore, it may differ from rates computed from rounded figures in this table.
Source: U.S. Department of Labor – Bureau of Labor Statistics, California Employment Development Department. March 2023 Benchmark.

Largest Industries

The following table in unaudited and shows the largest industries located in the County as of June 30, 2024.

COUNTY OF SANTA BARBARA
LARGEST INDUSTRIES

Rank	*Industry*	*Employees*
1.	Government	37,200
2.	Farming	37,000
3.	Private Education and Health Services	32,000
4.	Leisure and Hospitality	29,000
5.	Professional and Business Services	27,800
6.	Trade, Transportation, and Utilities	26,500
7.	Manufacturing	12,200
8.	Mining, Logging and Construction	10,600
9.	Financial Activities	7,000
10.	Information	4,300

Source: County of Santa Barbara Annual Comprehensive Financial Report for the Fiscal Year ended June 30, 2024.

Personal Income

Personal income is the income that is received by all persons from all sources. It is calculated as the sum of wage and salary disbursements, supplements to wages and salaries, proprietors' income with inventory valuation and capital consumption adjustments, rental income of persons with capital consumption adjustment, personal dividend income, personal interest income, and personal current transfer receipts, less contributions for government social insurance.

The personal income of an area is the income that is received by, or on behalf of, all the individuals who live in the area; therefore, the estimates of personal income are presented by the place of residence of the income recipients.

Total personal income in the City increased by approximately 61.7% between the fiscal years 2015 and 2024. The following tables summarize personal income for the City for the last fiscal ten years ended June 30, 2024.

CITY OF GOLETA
PERSONAL INCOME
(DOLLARS IN THOUSANDS)

Year	*Personal Income*	*Annual Percent Change*
2015	$ 994,502	--%
2016	1,015,220	2.1
2017	1,085,697	6.9
2018	1,110,756	2.3
2019	1,168,689	5.2
2020	1,217,385	4.1
2021	1,250,318	2.7
2022	1,351,637	8.1
2023	1,451,177	7.4
2024	1,607,802	10.8

Source: City of Goleta Annual Comprehensive Financial Report for the Fiscal Year ended June 30, 2024.

The following table summarizes per capita personal income for the City, the County, the State of California and the United States for the years 2014 through 2023. This measure of income is calculated as the personal income of the residents of the area divided by the resident population of the area.

CITY OF GOLETA, SANTA BARBARA COUNTY, STATE OF CALIFORNIA AND THE UNITED STATES
PER CAPITA PERSONAL INCOME

Year	*City of Goleta*	*Santa Barbara County*	*California*	*United States*
2014	$33,469	$29,833	$30,441	$28,889
2015	35,549	31,311	31,587	29,979
2016	36,215	31,217	33,389	31,128
2017	37,887	35,090	35,046	32,397
2018	39,538	37,172	37,124	33,831
2019	40,365	38,805	39,393	35,672
2020	42,052	38,141	38,576	35,384
2021	44,410	41,636	42,396	38,332
2022	49,259	44,769	46,661	41,804
2023	[1]	43,604	48,013	43,313

(1) Information not yet available for 2023.

(Note: Per capita personal income is the total personal income divided by the total mid-year population estimates of the U.S. Bureau of the Census. All dollar estimates are in current dollars (not adjusted for inflation)).

Source: City data sourced from City of Goleta Annual Comprehensive Financial Report for the Fiscal Year ended June 30, 2024, which is sourced to California Department of Finance, Demographic Research Unit; County and United States statistics sourced from U.S. Department of Commerce Bureau of Economic Analysis (last updated November 16, 2023 for County and March 29, 2024 for State).

Retail Sales

Retail sales and commercial activity are an important contributor to the City's economy. The table below present taxable transactions for the years 2019 through 2023.

CITY OF GOLETA
TAXABLE TRANSACTIONS BY TYPE OF BUSINESS
FOR CALENDAR YEARS 2019 THROUGH 2023
($000s)

Business	*2019*	*2020*	*2021*	*2022*	*2023*
Retail and Food Services					
Motor Vehicle and Parts Dealers	$ 89,569	$ 84,04	$ 98,193	$ 81,802	$ 59,134
Home Furnishings & Appliance Stores	63,441	51,018	62,725	60,400	45,295
Building Material & Garden Equipment & Supplies Dealers	82,488	102,352	110,267	112,149	110,915
Food and Beverage Stores	44,617	44,758	44,469	45,593	44,775
Gasoline Stations	55,626	40,049	62,047	90,372	75,889
Clothing & Clothing Accessories Stores	14,652	10,869	16,078	15,005	15,598
General Merchandise Stores	95,263	129,361	142,850	151,997	152,166
Food Services and Drinking Places	121,476	83,423	112,030	142,613	148,624
Other Retail Group	55,658	57,320	61,415	69,607	68,233
Total Retail and Food Services	622,793	603,199	710,080	769,542	720,629
All Other Outlets	200,427	178,245	222,906	257,949	305,888
Total All Outlets	823,221	781,445	932,986	1,027,492	1,026,517

Note: Numbers may not sum due to rounding.
Source: U.S. Department of Commerce, Bureau of Economic Analysis.

The table below present taxable sales for the years 2015 through 2023 for the County.

COUNTY OF SANTA BARBARA
TAXABLE SALES

Year	*Permits*	*Taxable Transactions*
2015	13,994	$6,821,696,928
2016	14,309	6,914,318,395
2017	14,801	7,058,111,001
2018	15,394	7,310,271,244
2019	15,741	7,616,131,420
2020	16,543	7,355,400,658
2021	14,970	9,025,113,127
2022	15,144	9,858,258,740
2023	14,451	9,769,355,619

Source: California Department of Tax and Fee Administration, Taxable Sales – Counties by Type of Business.

Retail sales and commercial activity are an important contributor to the County's economy. The table below present taxable transactions for the years 2019 through 2023.

COUNTY OF SANTA BARBARA
TAXABLE TRANSACTIONS BY TYPE OF BUSINESS
FOR CALENDAR YEARS 2019 THROUGH 2023
($000s)

Business	***2019***	***2020***	***2021***	***2022***	***2023***
Retail and Food Services					
Motor Vehicle and Parts Dealers	$ 833,784	$ 837,761	$ 944,360	$ 974,476	$ 918,590
Home Furnishings & Appliance Stores	258,889	248,639	315,919	304,209	260,341
Building Material & Garden Equipment & Supplies Dealers	580,527	650,472	685,143	701,073	678,720
Food and Beverage Stores	453,644	470,101	495,831	521,097	513,705
Gasoline Stations	589,391	415,559	619,658	817,105	744,312
Clothing & Clothing Accessories Stores	363,163	281,821	387,316	408,051	405,354
General Merchandise Stores	550,816	561,900	662,687	703,772	672,319
Food Services and Drinking Places	1,070,711	807,323	1,134,297	1,315,739	1,359,847
Other Retail Group	698,408	1,015,080	1,089,009	1,074,267	1,076,596
Total Retail and Food Services	5,399,331	5,288,657	6,334,219	6,819,789	6,629,785
All Other Outlets	2,216,800	2,066,744	2,690,894	3,038,470	3,139,571
Total All Outlets	7,616,131	7,355,401	9,025,113	9,858,259	9,769,356

Note: Numbers may not sum due to rounding.
Source: U.S. Department of Commerce, Bureau of Economic Analysis.

APPENDIX C

PROPOSED FORM OF BOND COUNSEL OPINION

Upon issuance of Bonds, Orrick, Herrington & Sutcliffe LLP, Bond Counsel, proposes to render its final approving opinions with respect to the Bonds in substantially the following forms:

[TO COME FROM BOND COUNSEL]

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "**Disclosure Certificate**") is executed and delivered by the City of Goleta (the "**City**") in connection with the issuance by the City of $______________ Goleta Facilities Financing Authority Local Measure A Transportation Sales Tax Revenue Bonds, Series 2025, (the "**Bonds**"). The Bonds are being issued pursuant to the Trust Agreement, dated as of [March] 1, 2025 (the "**Trust Agreement**"), by and among the Goleta Facilities Financing Authority (the "**Authority**"), The Bank of New York Mellon Trust Company, N.A., as trustee (the "**Trustee**"), and the City, in order to provide funds to finance the acquisition, construction and improvement of certain transportation improvements within the jurisdiction of the City. 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 of the Bonds and to assist the Participating Underwriter in complying with SEC Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth in the Trust Agreement and in the 2025 Installment Sale Agreement, dated as of [March] 1, 2025 (the "**2025 Installment Sale Agreement**"), by and between the Authority and the City, which apply to any capitalized terms used in this Disclosure Certificate, unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

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

"Annual Report Date" shall mean March 31 of each year.

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

"Dissemination Agent" shall mean Urban Futures, Inc., or any successor Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation.

"*Holders*" shall mean, while the Bonds are registered in the name of The Depository Trust Company, any applicable participant in its depository system, or the Owner of any Bond for Federal income tax purposes.

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

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

"Official Statement" means the Official Statement dated _________, 2025, relating to the Bonds.

"Participating Underwriter" shall mean Stifel, Nicolaus & Company, Incorporated, the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"SEC" shall mean the Securities and Exchange Commission.

Section 3. <u>Provision of Annual Reports</u>.

(a) The City shall, or shall cause the Dissemination Agent to, no later than each Annual Report Date, commencing March 31, 2026, with the report for Fiscal Year 2024-25, provide to the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. The Official Statement shall constitute the Annual Report for Fiscal Year 2023-24. The Annual Report may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the City's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(b). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate. 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) 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. If the City is unable to provide to MSRB an Annual Report by the date required in subsection (a), the City will send a notice to the MSRB 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. <u>Content of Annual Reports</u>. Each Annual Report shall contain or incorporate by reference the following:

(a) The City's audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the City's audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) The following information with respect to the City and the Bonds for the fiscal year to which the Annual Report relates, which information may be provided by its inclusion in the audited financial statements of the City for such fiscal year described in subsection (a) above:

(i) Description of any debt issued or incurred by the City payable from or secured by a pledge of Measure A Receipts (as defined in the Official Statement) in the most recently completed fiscal year only (including details as to date, amount, term, rating, insurance).

(ii) The total amount of Measure A Revenues generated during the most recently completed fiscal year only, in the form of Table 1 (SBCAG Statement of Changes in Fiduciary Net Position — Measure A Fund) in the Official Statement or any similar table prepared by SBCAG to report annual Measure A Revenues. The City shall have no obligation to prepare an update to this table unless the information is provided in the annual audited financial statements of the Measure A Fund maintained by the County Auditor-Controller for SBCAG or SBCLTA, as applicable.

(iii) An update to Table 2 (City of Goleta Measure A Fund Balance Sheet) in the Official Statement for the most recently completed fiscal year only.

(iv) An update to Table 3 (City of Goleta Measure A Fund Statement of Revenues, Expenditures and Changes in Fund Balances) in the Official Statement for the most recently completed fiscal year only.

(v) The coverage ratio provided by Measure A Revenues with respect to maximum annual Installment Sale Payments and the maximum annual installment sale payments or debt service payments under any Additional Contracts for the most recently completed fiscal year only, in the form of Table 7 (Maximum Annual Debt Service Coverage) in the Official Statement.

The City is not required to prepare projections or estimates of Measure A Revenues or Measure A Receipts in connection with preparation of the Annual Report. 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 website or filed with the SEC. 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 Bonds:

(1) Principal and interest payment delinquencies.

(2) Non-payment related defaults, if material.

(3) Unscheduled draws on debt service reserves reflecting financial difficulties.

(4) Unscheduled draws on credit enhancements reflecting financial difficulties.

(5) Substitution of credit or liquidity providers, or their failure to perform.

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

(13) The consummation of a merger, consolidation, or acquisition involving the City or the Authority, or the sale of all or substantially all of the assets of the City or the Authority (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 City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City, any of which affect Bond holders, if material.

(16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the City, any of which reflect financial difficulties.

(b) Upon the occurrence of a Listed Event, the City shall, or shall cause the Dissemination Agent (if not the City) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event.

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

(e) For purposes of the events identified in paragraphs (a)(15) and (a)(16) above, the term "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 MSRB consistent with the Rule.

Section 6. <u>Termination of Reporting Obligation</u>. The City's obligation under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the maturity of the Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5(b).

Section 7. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the City pursuant to this Disclosure Certificate.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the City may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

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

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

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

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first Annual 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 9. 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.

The City acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5, promulgated under the Securities and Exchange Act of 1934, may apply to the City, and that under some circumstances compliance with this Disclosure Certificate, without additional disclosures or other such action, may not fully discharge all duties and obligations of the City under such laws.

Section 10. Default. In the event of a failure of the City to comply with any provision of this Disclosure Certificate, the sole legal remedy of any Holder or Beneficial Owner of the Bonds or the Participating Underwriter shall be an action to compel performance. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Trust Agreement.

No Bondholder or Beneficial Owner may institute such action, suit or proceeding to compel performance unless they shall have first delivered to the City satisfactory written evidence of their status as such, and a written notice of and request to cure such failure, and the City shall have refused to comply therewith within a reasonable time.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter and Holders from time to time of the Bonds, 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.

Dated: _______________, 2025 CITY OF GOLETA

By: ____
City Manager

Acknowledged as to Duties as Dissemination Agent:

URBAN FUTURES, INC.

By:____
Authorized Officer

EXHIBIT A TO CONTINUING DISCLOSURE CERTIFICATE

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Obligor:	City of Goleta
Name of Bonds:	Goleta Facilities Financing Authority Local Measure A Transportation Sales Tax Revenue Bonds, Series 2025
Date of Execution and Delivery:	___________, 2025

NOTICE IS HEREBY GIVEN that the City of Goleta, California (the "**City**") has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate, dated __________, 2025. The City anticipates that the Annual Report will be filed by __________________.

Dated:

CITY OF GOLETA

By: ____
Authorized Signatory

APPENDIX E

CITY OF GOLETA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

[TO COME**]**

APPENDIX F

[CITY OF GOLETA
SINGLE AUDIT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2024]

[TO COME**]**

APPENDIX G

ANNUAL MEASURE A COMPLIANCE REPORTS FOR THE YEAR ENDED JUNE 30, 2023

[TO COME**]**

APPENDIX H

BOOK ENTRY PROVISIONS

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

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

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

1. The Depository Trust Company ("**DTC**"), New York, NY, will act as securities depository for the bonds (the "**Bonds**"). The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each issue of the Bonds, 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 and www.dtc.org. The information contained on this Internet site is not incorporated herein by reference.

3. Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each 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 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

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 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from 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 Bonds at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond 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, Bond 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 I

FORM OF MUNICIPAL BOND INSURANCE POLICY

[TO COME**]**

Attachment 3

Resolution No. 24-__, entitled, "A Resolution of the Board of Directors of the Goleta Facilities Financing Authority Approving a Preliminary Official Statement in Connection with its Lease Revenue Bonds, Series 2025A and the Preparation of an Official Statement, and Authorizing the Execution of Final and Necessary Documents and Certificates and Related Actions".

RESOLUTION NO. 25-____

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE GOLETA FACILITIES FINANCING AUTHORITY APPROVING A PRELIMINARY OFFICIAL STATEMENT IN CONNECTION WITH ITS LEASE REVENUE BONDS, SERIES 2025A AND THE PREPARATION OF AN OFFICIAL STATEMENT, AND AUTHORIZING THE EXECUTION OF FINAL AND NECESSARY DOCUMENTS AND CERTIFICATES AND RELATED ACTIONS

WHEREAS, the City of Goleta, California (the "City") is a municipal corporation and general law city duly organized and existing under and pursuant to the Constitution and laws of the State of California;

WHEREAS, the Goleta Facilities Financing Authority (the "Authority") is a joint exercise of powers entity duly organized and existing pursuant to the laws of the State of California and that certain Joint Exercise of Powers Agreement between the City and the California Statewide Communities Development Authority (the "Joint Powers Agreement");

WHEREAS, pursuant to the Joint Powers Agreement and Section 6588(h) of the Marks-Roos Local Bond Pooling Act of 1985, commencing with Section 6584 of the California Government Code, the Authority has the legal authority to issue revenue bonds to assist the City in financing projects and programs consisting of certain public improvements or working capital or liability and other insurance needs whenever the City determines that there are significant public benefits from so doing;

WHEREAS, the City and the Authority desire to finance all or a portion of the costs of the design, acquisition, installation, and construction of certain public capital improvements located in various sites in the City, including the Ekwill Street and Fowler Road extension (including the Hollister Avenue Old Town interim striping project), Cathedral Oaks crib wall repair, San Jose Creek bike path, Hollister Avenue Bridge replacement, and Goleta Train Depot and South La Patera Lane improvements, and related street resurfacing and public walkway improvements (collectively, the "Project"), as more particularly described in Exhibit B to the Lease Agreement previously approved by this Board of Directors of the Authority (the "Board");

WHEREAS, at the request of the City, the Authority desires to issue and sell its Lease Revenue Bonds, Series 2025A (the "Bonds");

WHEREAS, Stifel, Nicolaus & Company, Incorporated (the "Underwriter"), previously presented the Authority and the City with a proposal to purchase the Bonds in the form of a Bond Purchase Agreement to be executed by and among the Authority, the City and the Underwriter;

WHEREAS, Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 ("Rule 15c2-12") requires that, in order to be able to purchase or sell the Bonds, the Underwriter must have reasonably determined that an obligated person has undertaken in a written agreement or contract for the benefit of the holders of the Bonds to provide disclosure of certain financial information and certain material events on an ongoing basis;

WHEREAS, in order to cause such requirement to be satisfied, the Authority has been advised that the City will enter into a Continuing Disclosure Certificate;

WHEREAS, a Preliminary Official Statement to be used in connection with the offering and sale of the Bonds has been prepared (such Preliminary Official Statement in the form presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as the "Preliminary Official Statement"); and

WHEREAS, the Board has been presented with the form of the Preliminary Official Statement and the Board has examined such document and desires to approve, authorize and direct the execution of such document and authorize the sale of the Bonds;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL AS GOVERNING BOARD OF THE GOLETA FACILITIES FINANCING AUTHORITY (the "Board"), as follows:

SECTION 1.
All of the recitals herein contained are true and correct and the Authority so finds.

SECTION 2.
The issuance and sale of the Bonds, on the terms and conditions set forth in, and subject to the limitations specified in, the Indenture, was previously approved by this Board by its resolution dated December 3, 2024. The Bonds shall be dated, shall bear interest at the rates, shall mature on the dates, shall be issued in the form and shall be as otherwise provided in the Indenture, as the same shall be completed as approved by an Authorized Officer as defined below.

SECTION 3.
The Preliminary Official Statement, on file with the Secretary of the Board, with such changes, insertions and omissions therein as may be approved by the Authorized Officer, is hereby approved, and the use of the Preliminary Official Statement in connection with the offering and sale of the Bonds is hereby authorized and approved. Any one of the Chair, Vice Chair, Executive Director, and Treasurer of the Authority, and each of their authorized designees (the "Authorized Officers") are each hereby authorized and directed, for and on behalf of the Authority, to certify to the Underwriter that the Preliminary Official Statement has been "deemed final" for purposes of Rule 15c2-12.

SECTION 4.
The preparation and delivery of a final Official Statement and any update or supplement thereto (the "Official Statement"), and its use in connection with the offering and sale of the Bonds, are hereby authorized and approved. The Official Statement shall be in substantially the form of the Preliminary Official Statement with such changes, insertions and omissions as may be approved by the Authorized Officer, such approval to be conclusively evidenced by the execution and delivery of the Official Statement by such Authorized Officer. Any one of the Authorized Officers is hereby authorized and directed to execute and deliver the final Official Statement, and any amendment or supplement thereto, for and in the name and on behalf of the Authority.

SECTION 5.

The Authorized Officers are, and each of them hereby is, authorized and directed to execute necessary documents and certificates and do any and all things which they may deem necessary or advisable in order to consummate the transactions herein authorized and otherwise to carry out, give effect to and comply with the terms and intent of this Resolution. Each Authorized Officer and the Secretary of the Board, acting alone, is hereby authorized and directed to attest the signature of an Authorized Officer as may be required in connection with the execution and delivery of the documents referenced in and otherwise authorized by this Resolution.

SECTION 6.

All actions heretofore taken by the officers, employees and agents of the City with respect to the transactions set forth above are hereby approved, confirmed and ratified.

SECTION 7.

The Board hereby approves the execution and delivery of all agreements, documents, certificates and instruments referred to herein with electronic signatures as may be permitted under the California Uniform Electronic Transactions Act and digital signatures as may be permitted under Section 16.5 of the California Government Code using DocuSign.

SECTION 8.
The Secretary of the Board shall certify to the adoption of this Resolution, and it shall become effective immediately upon adoption.

PASSED, APPROVED AND ADOPTED this 4th day of February, 2025.

PAULA PEROTTE, CHAIR

ATTEST:

DEBORAH S. LOPEZ
SECRETARY OF THE BOARD

APPROVED AS TO FORM:

ISAAC ROSEN
ACTING CITY ATTORNEY AS
GENERAL COUNSEL OF THE
AUTHORITY

STATE OF CALIFORNIA)
COUNTY OF SANTA BARBARA) ss.
CITY OF GOLETA)

I, DEBORAH S. LOPEZ, Secretary of the Board of Directors of the Goleta Facilities Financing Authority, DO HEREBY CERTIFY that the foregoing Resolution No. 25-__ was duly adopted by the Board at a regular meeting held on the 4th day of February, 2025 by the following vote of the Board:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

(SEAL)

____
DEBORAH S. LOPEZ
SECRETARY OF THE BOARD

4937-2875-8033v2/202040-0002

Attachment 4

Preliminary Official Statement for Lease Revenue Bonds, Series 2025A (with Continuing Disclosure Certificate included as Appendix E)

PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY __, 2025

NEW ISSUE – BOOK-ENTRY ONLY

INSURED SERIES 2025A BONDS RATING: S&P: "__"
UNDERLYING SERIES 2025A BONDS RATING: S&P: "__"
See the caption "RATINGS."

In the opinion of Stradling Yocca Carlson & Rauth LLP, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described in this Official Statement, interest (and original issue discount) on the Series 2025A Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest (and original issue discount) on the Series 2025A Bonds is exempt from State of California personal income tax. See "TAX MATTERS" with respect to tax consequences relating to the Series 2025A Bonds, including with respect to the alternative minimum tax imposed on certain large corporations for tax years beginning after December 31, 2022.

$__________*

GOLETA FACILITIES FINANCING AUTHORITY
LEASE REVENUE BONDS, SERIES 2025A

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

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THE SERIES 2025A BONDS. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

The Goleta Facilities Financing Authority Lease Revenue Bonds, Series 2025A (the "**Series 2025A Bonds**"), are being issued in the aggregate principal amount of $__________* pursuant to the provisions of an Indenture, dated as of March 1, 2025 (the "**Indenture**"), by and among the Goleta Facilities Financing Authority (the "**Authority**"), the City of Goleta (the "**City**") and The Bank of New York Mellon Trust Company, N.A., as trustee (the "**Trustee**"). Capitalized terms used on this cover page and not otherwise defined have the meanings ascribed to them elsewhere in this Official Statement. See in particular Appendix A under the caption "DEFINITIONS."

The proceeds from the sale of the Series 2025A Bonds will be used: (i) to finance a portion of certain street, traffic circulation and multimodal pathway improvement projects as more particularly described herein as the Projects and Additional Projects; (ii) to purchase a municipal bond insurance policy with respect to the Insured Series 2025A Bonds (as defined herein); and (iii) to pay the incidental costs and expenses incurred in connection with issuance of the Series 2025A Bonds. See "ESTIMATED SOURCES AND USES OF BOND PROCEEDS," "THE PROJECTS AND ADDITIONAL PROJECTS," and "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS."

The Series 2025A Bonds are special obligations of the Authority, payable, as provided in the Indenture, solely from Base Rental Payments and the other assets pledged therefor thereunder. The Base Rental Payments are required to be deposited by the City with the Trustee no later than the Base Rental Deposit Date preceding the Interest Payment Date on which such Base Rental Payment is due under a Lease Agreement, dated as of March 1, 2025 (the "**Lease Agreement**"), by and between the Authority and the City. Pursuant to the Ground Lease, dated as of March 1, 2025, (the "**Ground Lease**"), between the City and the Authority, the City will lease to the Authority that real property and improvements thereon commonly referred to as the City of Goleta City Hall, as more particularly described herein (the "**Property**"), and the Authority will sublease the Property to the City pursuant to the Lease Agreement. The Base Rental Payments to be made by the City pursuant to the Lease Agreement are payable by the City from legally available funds of the City, as annual Base Rental Payments being payable semi-annually, subject only to abatement, in accordance with the Lease Agreement. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS." The Series 2025A Bonds and additional series of bonds which may be issued in accordance with the Indenture are referred to herein as the "**Bonds**."

No reserve fund is being established for the Series 2025A Bonds.

Concurrently with the delivery of the Series 2025A Bonds, the Authority expects to issue its Local Measure A Transportation Sales Tax Revenue Bonds, Series 2025 (the "**Sales Tax Bonds**"), in an aggregate initial principal amount of $_______.* These two financings, the issuance by the Authority of its Series 2025A Bonds and the Sales Tax Bonds, are together expected to contribute to the costs of the Projects and/or certain Additional Projects as defined herein. The Sales Tax Bonds will be payable from certain installment sale payments to be made by the City and will be secured by a first lien on all Measure A Receipts, which generally consist of certain amounts received by the City from a 0.5% retail transactions and use tax that is collected in the County of Santa Barbara, California (the "**County**").

The Series 2025A Bonds will be issued in fully registered form without coupons and, when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("**DTC**"). DTC will act as securities depository for the Series 2025A Bonds. Individual purchases of Series 2025A Bonds may be made in book-entry form only, in the principal amount of $5,000 or integral multiples thereof for each maturity. Purchasers will not receive certificates representing their interest in the Series 2025A Bonds purchased. See "THE BONDS – Book-Entry Only System."

Payments of principal of and interest on the Series 2025A Bonds will be made by the Trustee to DTC, which will in turn remit such principal and interest to its participants for subsequent dispersal to Beneficial Owners of the Series 2025A Bonds as described herein. Interest on the Series 2025A Bonds is payable on each May 1 and November 1, commencing May 1, 2025, until the maturity or the earlier redemption thereof. Principal on the Series 2025A Bonds will be paid on each May 1, commencing May 1, 2026, upon surrender of such Series 2025A Bond at the principal corporate office of the Trustee upon maturity or the earlier redemption thereof.

The scheduled payment of principal of and interest on the Series 2025A Bonds maturing on May 1 of the years 20__ through 20__, inclusive (collectively, the "**Insured Series 2025A Bonds**"), when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Insured Series 2025A Bonds by ___________.

[Insurer Logo]

The Series 2025A Bonds are subject to optional, extraordinary and mandatory sinking fund redemption prior to their stated principal payment dates as described herein.

ALL OBLIGATIONS OF THE AUTHORITY UNDER THE INDENTURE ARE SPECIAL OBLIGATIONS OF THE AUTHORITY, PAYABLE SOLELY FROM RENTAL PAYMENTS AND THE OTHER ASSETS PLEDGED THEREFOR THEREUNDER; PROVIDED, HOWEVER, THAT ALL OBLIGATIONS OF THE AUTHORITY UNDER THE BONDS SHALL BE SPECIAL OBLIGATIONS OF THE AUTHORITY, PAYABLE SOLELY FROM BASE RENTAL PAYMENTS AND THE OTHER ASSETS PLEDGED THEREFOR UNDER THE INDENTURE. THE OBLIGATION OF THE CITY TO MAKE THE BASE RENTAL 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, AND DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE CITY OR THE STATE OF CALIFORNIA IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY OR THE STATE OF CALIFORNIA HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE AUTHORITY, THE CITY OR THE STATE OF CALIFORNIA, OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE BONDS.

___

MATURITY SCHEDULE – See Inside Front Cover Page

___

The Series 2025A Bonds are offered when, as and if issued and accepted by the Underwriter, subject to the approval of legality by Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, Bond Counsel to the City. Certain legal matters will be passed upon for the Authority by Orrick, Herrington & Sutcliffe LLP, Los Angeles, California, as Disclosure Counsel, for the City by Best Best & Krieger LLP, Riverside, California, its City Attorney, for the Underwriter by Anzel Galvan LLP, San Francisco, California, as Underwriter's Counsel and for the Trustee by its counsel. It is anticipated that the Series 2025A Bonds in book-entry form will be available for delivery through the facilities of DTC, on or about March__, 2025.

[Stifel Logo]

Dated: February __, 2025

4130-0704-2641.5

$__________*

GOLETA FACILITIES FINANCING AUTHORITY
LEASE REVENUE BONDS, SERIES 2025A
MATURITY SCHEDULE

(Base CUSIP† _______)

Maturity Date (May 1)	*Principal Amount*	*Interest Rate*	*Yield*	*Price*	*CUSIP†*
2026					
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					
2035					
20__					

$_______ ____% Term Series 2025A Bonds due May 1, 20__; Yield: _____%; Price: _____; CUSIP† ___
$_______ ____% Term Series 2025A Bonds due May 1, 2055; Yield: _____%; Price: _____; CUSIP† ___

[C] Priced to optional call at par on May 1, 20__.
† CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright© 2025 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the Authority, the City, the Underwriter or their agents or counsel assume any responsibility for the accuracy of such numbers.

GOLETA FACILITIES FINANCING AUTHORITY

Board of Directors

Paula Perotte, *Chair*
Stuart Kasdin, *Vice Chair*
Luz Reyes-Martín, *Director*
James Kyriaco, *Director*
Jennifer Smith, *Director*

CITY OF GOLETA

City Council

Paula Perotte, *Mayor*
Stuart Kasdin, *Mayor Pro Tempore, District 4*
Luz Reyes-Martín, *Councilmember, District 1*
James Kyriaco, *Councilmember*, *District 2*
Jennifer Smith, *Councilmember, District 3*

CITY/AUTHORITY STAFF

Robert Nisbet, *City Manager/Executive Director*
Jaime Valdez, *Assistant City Manager*
Luke Rioux, *Finance Director/Treasurer*
[Luz "Nina" Buelna, *Public Works Director*]
[Autumn Glaeser, *Assistant Public Work Director*]
Deborah Lopez, *City Clerk/Secretary of the Board*

PROFESSIONAL SERVICES

Acting City Attorney
Isaac Rosen
Best Best & Krieger LLP
Riverside, California

Bond Counsel
Stradling Yocca Carlson & Rauth LLP
Newport Beach, California

Disclosure Counsel
Orrick, Herrington & Sutcliffe LLP
Los Angeles, California

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

Municipal Advisor
Urban Futures, Inc.
Walnut Creek, California

No dealer, broker, salesperson, or other person has been authorized by the City, the Authority, or Stifel, Nicolaus & Company, Incorporated (the "**Underwriter**"), to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy the Series 2025A Bonds, nor shall there be any sale of the Series 2025A Bonds, by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale.

This Official Statement is not to be construed to be a contract with the purchasers of the Series 2025A Bonds. Statements contained in this Official Statement that involve estimates, forecasts, or matters of opinion, whether or not expressly described as such herein, are intended solely as such and are not to be construed as representations of fact.

The information set forth in this Official Statement has been obtained from the City, the Authority, and other sources that are believed to be reliable, but it is not guaranteed as to accuracy or completeness and it is not to be construed as a representation by the City or the Authority. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder will, under any circumstances, create any implication that there has been no change in the affairs of the City or the Authority since the date of this Official Statement. The City maintains an Internet website. However, the information contained on or within such website is not incorporated in this Official Statement by such reference.

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

This Official Statement is submitted in connection with the sale of the Series 2025A Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

THE SERIES 2025A BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT. THE SERIES 2025A BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

THE UNDERWRITER MAY OFFER AND SELL THE SERIES 2025A BONDS TO CERTAIN DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENT AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

______________ (the "**Insurer**" or "___") makes no representation regarding the Series 2025A Bonds or the advisability of investing in the Series 2025A Bonds. In addition, the Insurer has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding the Insurer, supplied by the Insurer and presented under the heading "BOND INSURANCE" and APPENDIX G – "FORM OF MUNICIPAL BOND INSURANCE POLICY."

The City maintains a website. However, the information presented on that website is not part of this Official Statement and should not be relied upon in making investment decisions with respect to the Series 2025A Bonds.

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OFFICIAL STATEMENT

$__________*
GOLETA FACILITIES FINANCING AUTHORITY
LEASE REVENUE BONDS, SERIES 2025A

INTRODUCTION

This Official Statement, which includes the cover page, the inside front cover page, the table of contents and the appendices (the "**Official Statement**"), provides certain information concerning the issuance of the Goleta Facilities Financing Authority Lease Revenue Bonds, Series 2025A (the "**Series 2025A Bonds**"), in an aggregate principal amount of $__________.* Descriptions and summaries of various documents set forth in this Official Statement do not purport to be comprehensive or definitive, and reference is made to each such document for complete details of all of the terms and conditions therein. All statements in this Official Statement are qualified in their entirety by reference to the applicable documents.

This Introduction is subject in all respects to the more complete information contained elsewhere in this Official Statement, and the offering of the Series 2025A Bonds to potential investors is made only by means of the entire Official Statement. Capitalized terms used and not otherwise defined herein have the meanings ascribed to them in APPENDIX A – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS" under the caption "DEFINITIONS."

Authorization

The Series 2025A Bonds are being issued by the Goleta Facilities Financing Authority, a joint exercise of powers entity duly organized and existing pursuant to the Joint Powers Agreement (defined below) and the laws of the State of California (the "**Authority**") pursuant to: (i) an Indenture, dated as of March 1, 2025 (the "**Indenture**"), by and among the Authority, the City of Goleta, a municipal corporation and general law city duly organized and existing under and by virtue of the Constitution and laws of the State of California (the "**City**") and The Bank of New York Mellon Trust Company, N.A., as trustee (the "**Trustee**"); and (ii) resolutions adopted by the Authority and the City on December 3, 2024 and on [February 4], 2025 (collectively, the "**Resolutions**"). See "THE BONDS – Authorization and Registration of Series 2025A Bonds" and APPENDIX A – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS."

The Series 2025A Bonds will be payable from Base Rental Payments (as defined below) to be made to the Authority by the City pursuant to a Lease Agreement, dated as of March 1, 2025 (the "**Lease Agreement**"), by and between the Authority and the City. Base Rental Payments will be paid by the City to the Authority for and in consideration of the right to use and occupy certain real property and improvements located thereon owned by the City and commonly referred to as the City of Goleta City Hall, as more particularly described herein (the "**Property**"). Pursuant to a Ground Lease, dated as of March 1, 2025, (the "**Ground Lease**"), between the City and the Authority, the City will lease the Property, and the Authority will sublease the Property to the City pursuant to the Lease Agreement. The Base Rental Payments to be made by the City pursuant to the Lease Agreement are payable by the City from legally available funds of the City. See "LEASED PROPERTY." No component of the Projects or Additional Projects (each as defined below) constitutes Property and no proceeds of the Series 2025A Bonds will be expended on the Property.

The Authority

The Authority is a Joint Powers Authority created pursuant to a Joint Exercise of Powers Agreement, dated as of November 1, 2024 (the "**Joint Powers Agreement**"), between the City and the California Statewide Communities Development Authority, a joint exercise of powers agency, duly organized and existing under the laws of State of California ("**CSCDA**"), to facilitate financings by the City and CSCDA. See "THE AUTHORITY."

The City of Goleta

The City is located in the County of Santa Barbara (the "**County**"), approximately 90 miles northwest of the City of Los Angeles. The City comprises approximately 28 square miles. Incorporated in 2002, the City operates as a general law city under the council-manager form of municipal government, with council members elected by-district for four-year terms. As of January 1, 2024, the population of the City is estimated to be approximately 32,515.

The City provides a wide range of municipal services, including by contract arrangements with local jurisdictions. The City contracts with the Santa Barbara County Sheriff's Department for law enforcement services. Fire protection services are provided by the Santa Barbara County Fire Department through the Santa Barbara County Fire Protection District, which has a service area that includes the City. The City employs staff for certain functions including General Government, General Services, Library, Administrative Services, Finance, Planning and Environmental Services, Neighborhood Services and Public Safety, and Public Works, and supplements these staff positions with contracts for such services as street, park, landscape and public infrastructure maintenance, animal services, building permit and inspection, graffiti abatement, street sweeping, traffic signal maintenance and municipal code compliance.

For financial and operation information regarding the City, see APPENDIX B – "THE CITY OF GOLETA: ECONOMIC, DEMOGRAPHIC AND FINANCIAL INFORMATION" and APPENDIX C – "CITY OF GOLETA ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2024." See also "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS."

The County of Santa Barbara

The County covers approximately 2,734 square miles located approximately 100 miles north of the City of Los Angeles and 300 miles south of the City of San Francisco. The County is bordered by San Luis Obispo County to the north, Ventura County to the east, and the Pacific Ocean to the west and south. The County contains eight incorporated cities including the City. The City of Santa Barbara to the immediate south of the City is the County seat. The largest industries in the County include government, farming, private education and health services, and leisure and hospitality. For demographic information regarding City and the County, see APPENDIX B – "THE CITY OF GOLETA: ECONOMIC, DEMOGRAPHIC AND FINANCIAL INFORMATION."

Use of Series 2025A Bond Proceeds

The proceeds of the Series 2025A Bonds will be used: (i) to finance a portion of certain street, traffic circulation and multimodal pathway improvement projects not fully financed with net proceeds of the Sales Tax Bonds as described herein, primarily including the Cathedral Oaks crib wall repair, the San Jose Creek multimodal path and Goleta Project Connect each as more particularly described herein (collectively, the "**Projects**") and/or certain Additional Projects as defined herein; (ii) to purchase a municipal bond insurance policy with respect to the Insured Series 2025A Bonds (as defined herein); and (iii) to pay the incidental costs and expenses incurred in connection with issuance of the Series 2025A Bonds. See "ESTIMATED SOURCES AND USES OF BOND PROCEEDS" and "THE PROJECTS AND ADDITIONAL PROJECTS."

The City expects that other available funds, grant proceeds and additional tax-exempt bond proceeds will be available to finance the costs of the Projects and/or certain Additional Projects as defined herein. These two financings, the issuance by the Authority of its Series 2025A Bonds and the Local Measure A Transportation Sales Tax Revenue Bonds, Series 2025 (the "**Sales Tax Bonds**"), are together expected to contribute to the costs of the Projects and/or certain Additional Projects as defined herein. The Sales Tax Bonds are being issued by the Authority simultaneously with its issuance of the Series 2025A Bonds, subject to certain conditions of issuance and delivery. The Sales Tax Bonds in an aggregate principal amount of $_________* will be payable from certain Installment Sale Payments to be made by the City, payable from a first lien on certain special fund revenues of the City which generally consist of certain amounts received by the City from a 0.5% retail transactions and use tax that is collected in the County, for the period ending on March 31, 2040, for deposit in the Measure A Receipts Fund established and maintained by the City in accordance with the 2025 Installment Sale Agreement. The issuance of, and expenditure of proceeds of, the Series 2025A Bonds is not dependent upon issuance of the Sales Tax Bonds. See "THE PROJECTS AND ADDITIONAL PROJECTS."

Description of the Series 2025A Bonds

The Series 2025A Bonds will be dated the date of their initial delivery and will mature on the dates and in the principal amounts set forth on the inside front cover page of this Official Statement. The Series 2025A Bonds will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("**DTC**"), which will act as securities depository for the Series 2025A Bonds. Interest on the Series 2025A Bonds is payable each May 1 and November 1, commencing May 1, 2025 (each, an "**Interest Payment Date**"), and is payable by check mailed on the date that such interest is due to the Owner at such Owner's address as it appears on the registration books maintained by the Trustee. Principal on the Series 2025A Bonds is payable on May 1 of each year, commencing May 1, 2026. Principal of and interest on the Series 2025A Bonds will be payable through the facilities of DTC upon the maturity or earlier redemption thereof. See "THE BONDS – Payment of Series 2025A Bonds."

Redemption of Series 2025A Bonds

The Series 2025A Bonds are subject to optional, extraordinary and mandatory sinking fund redemption prior to their stated principal payment dates under certain circumstances. See "THE BONDS – Redemption of Series 2025A Bonds."

Security and Sources of Payment for the Bonds

The Series 2025A Bonds are payable from and secured by Base Rental Payments and any other amounts held in the Base Rental Payment Fund, the Interest Fund or the Principal Fund established under the Indenture. The term "Base Rental Payments" means all Base Rental Payments payable by the City pursuant to the Lease Agreement, including any prepayments thereof, any Net Insurance Proceeds, and any amounts received by the Trustee as a result of or in connection with the Trustee's pursuit of remedies under the Lease Agreement upon an event of default under the Lease Agreement. Base Rental Payments shall be paid by the City from any and all legally available funds. Base Rental Payments are required to be made under the Lease Agreement for the use and occupancy of the Property, subject to abatement of Rental Payments payable by the City under the Lease Agreement. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" and "RISK FACTORS."

No Reserve Fund

No reserve fund is being established for the Series 2025A Bonds.

Bond Insurance

Concurrently with the issuance of the Series 2025A Bonds, _________ (the "**Insurer**" or "____") will issue its Municipal Bond Insurance Policy (the "**Policy**") for the Series 2025A Bonds maturing on May 1 of the years 20__ through 20__, inclusive (collectively, the "**Insured Series 2025A Bonds**"). The Policy guarantees

* *Preliminary, subject to change.*

the scheduled payment of principal of and interest on the Insured Series 2025A Bonds when due as set forth in the form of the Policy included as an appendix to this Official Statement. See "BOND INSURANCE" and APPENDIX G – "FORM OF MUNICIPAL BOND INSURANCE POLICY."

Bonds are Special Obligations of the Authority

ALL OBLIGATIONS OF THE AUTHORITY UNDER THE INDENTURE ARE SPECIAL OBLIGATIONS OF THE AUTHORITY, PAYABLE SOLELY FROM RENTAL PAYMENTS AND THE OTHER ASSETS PLEDGED THEREFOR THEREUNDER; PROVIDED, HOWEVER, THAT ALL OBLIGATIONS OF THE AUTHORITY UNDER THE SERIES 2025A BONDS SHALL BE SPECIAL OBLIGATIONS OF THE AUTHORITY, PAYABLE SOLELY FROM BASE RENTAL PAYMENTS AND THE OTHER ASSETS PLEDGED THEREFOR UNDER THE INDENTURE. THE OBLIGATION OF THE CITY TO MAKE THE BASE RENTAL 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, AND DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE CITY OR THE STATE OF CALIFORNIA IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY OR THE STATE OF CALIFORNIA HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE AUTHORITY, THE CITY OR THE STATE OF CALIFORNIA, OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE SERIES 2025A BONDS.

Continuing Disclosure

In connection with the issuance of the Series 2025A Bonds, the City will covenant in a continuing disclosure certificate (the "**Continuing Disclosure Certificate**") executed for the benefit of [Owners and Beneficial Owners of the Series 2025A Bonds] to provide certain financial information and operating data and notices of certain events. See "CONTINUING DISCLOSURE" and APPENDIX E – "FORM OF CONTINUING DISCLOSURE CERTIFICATE."

Forward-Looking Statements

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "intend," "expect," "propose," "estimate," "project," "budget," "anticipate" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involves known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements that are described in this Official Statement to be materially different from any future results, performance or achievements that are expressed or implied by such forward-looking statements. No updates or revisions to these forward-looking statements will be issued if or when the expectations, events, conditions, or circumstances on which such statements are based change. The forward-looking statements in this Official Statement are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in or implied by such forward-looking statements. **READERS ARE CAUTIONED NOT TO PLACE UNDUE RELIANCE ON SUCH FORWARD-LOOKING STATEMENTS, WHICH SPEAK ONLY AS OF THE DATE HEREOF.**

Summaries Not Definitive

Brief descriptions of the Series 2025A Bonds, the Authority, the City, and the Property are included in this Official Statement, together with summaries of the Ground Lease, the Lease Agreement, and the Indenture. Such descriptions and summaries do not purport to be comprehensive or definitive. All references herein to the

Series 2025A Bonds, the Ground Lease, the Lease Agreement, and the Indenture are qualified in their entirety by reference to the actual documents, or with respect to the Series 2025A Bonds, the forms thereof included in the Indenture, copies of all of which and other documents are available, upon request, and upon payment to the City of a charge for copying, mailing and handling, from the City Clerk at the City of Goleta, 130 Cremona Drive, Suite B, Goleta, California 93117.

LEASED PROPERTY

The Property consists of that real property upon which is located the Goleta City Hall, at 130 Cremona Drive, Goleta, California 93117. The Property is part of two-story office complex of buildings, with shared parking and street access to Cremona Dive. The complex is zoned as an Industrial Research Park, suitable for office, research, and light industrial uses. The City has occupied the Property since March 2004 and, on November 7, 2019, the City purchased the land and building, which included the entire building's footprint, shared access rights to the parking lot under a reciprocal easement agreement, and adjacent landscaping. The City Hall serves as the central administrative headquarters for the City. The interior of the building includes a central lobby, City Council chambers, administrative office spaces, meeting rooms, and facilities for public services.

The building was constructed in 1988 and encompasses approximately 39,718 square feet of space and is situated on a 2.04-acre parcel of land. The site includes a dedicated parking lot with capacity for approximately 144 vehicles, including 7 ADA-compliant spaces. The parking area also supports 17 Level 2 electric vehicle charging ports as part of Southern California Edison's Charge Ready Program, contributing to the City's renewable energy and sustainability goals.

The exterior is constructed primarily of Class C tilt-up concrete with 75% stucco on masonry and 25% curtain wall glass, with energy-efficient features such as a microgrid-ready 210 kW solar photovoltaic (PV) system that powers approximately 84% of the building's electricity needs, and energy-efficient HVAC systems. The building's roof is a flat roof, supported by a heavy steel frame, and covered with a durable single-ply membrane material designed for weather resistance.

The City Hall has undergone various upgrades, including the installation of a solar photovoltaic system in 2022, which avoided 75.7 metric tons of CO2 emissions in its first year of operation. Additionally, EV-ready infrastructure has been installed to support future growth in electric vehicle usage. The facility is in good condition and is expected to serve the City's administrative needs for the foreseeable future.

The Property is utilized exclusively by the City for government operations, including City Council chambers, City Manager's Office, City Attorney's Office, City Clerk, Community Relations, Human Resources and Risk Management, Finance, Planning and Environmental Review, Building and Safety, Public Works, Neighborhood Services, and Police Services.

The City and the Authority have agreed and determined that based on the aggregate value of the land and improvements comprising the Property as of the date of delivery of the Series 2025A Bonds, that the annual fair rental value of the Property is not less than the maximum annual Rental Payments due in any year. In making such determination of fair rental value, consideration was given to the uses and purposes that may be served by the Property and the benefits therefrom which will accrue to the City and the general public. Payments of the Rental Payments for the Property during each Rental Period shall constitute the total rental for said Rental Period

The City will lease the Property to the Authority pursuant to the Ground Lease. The Authority will then sublease the Property to the City pursuant to the Lease Agreement.

As provided in the Lease Agreement, such Property may be substituted or released in accordance therewith. See APPENDIX A – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – LEASE

AGREEMENT – USE OF THE PROPERTY; SUBSTITUTION OR RELEASE – Substitution or Release of the Property."

THE PROJECTS AND ADDITIONAL PROJECTS

The Series 2025A Bonds are being issued to provide funds (i) to finance costs for the acquisition, installation and construction of certain transportation improvements located in the City, not financed with net proceeds of the Sales Tax Bonds as described herein, primarily including the Cathedral Oaks crib wall repair, the San Jose Creek multimodal path and Goleta Project Connect as described in detail below (the Projects as described herein); (ii) to purchase a municipal bond insurance policy with respect to the Insured Series 2025A Bonds (as defined herein); and (iii) to pay the incidental costs and expenses incurred in connection with issuance of the Series 2025A Bonds. See "ESTIMATED SOURCES AND USES OF BOND PROCEEDS."

The Projects

The City currently expects to apply proceeds of the Series 2025A Bonds to pay the costs for the acquisition, installation and construction of the Projects, more particularly described below, located in the City, not fully financed with net proceeds of the Sales Tax Bonds as described herein. Each component of the Projects, the Cathedral Oaks crib wall repair, the San Jose Creek multimodal path and Goleta Project Connect, have been identified by the City Council as priority health and safety projects in the City. Each of the Projects constitutes a Measure A Project (as defined below), the costs of which may be paid with and apportioned between net proceeds of the Sales Tax Bonds and proceeds of the Series 2025A Bonds.

The Sales Tax Bonds will be payable from certain Installment Sale Payments to be made by the City, payable from a first lien on certain special fund revenues of the City which generally consist of certain amounts received by the City from a 0.5% retail transactions and use tax that is collected in the County, for the period ending on March 31, 2040 ("**Measure A Receipts**"), for deposit in the Measure A Receipts Fund established and maintained by the City in accordance with the 2025 Installment Sale Agreement. The receipts of the transactions and use tax will only be available to pay Installment Sale Payments to the extent such Installment Sale Payments are attributable to a Measure A project ("**Measure A Project**"), which are projects to be funded by Measure A pursuant the Measure A Ordinance, including the Transportation Investment Plan (the "**Investment Plan**") attached thereto. The Investment Plan was originally approved by the voters as part of the Measure A Ordinance and is amended from time to time by the Santa Barbara County Local Transportation Authority. With the exception of the Goleta Train Depot and South La Patera Improvements, as described below, each component of the Project is included as eligible Measure A Projects in the Investment Plan and therefore constitute Measure A Projects.

Since the City's incorporation in 2002, improving City streets, increasing the network of bike, pedestrian, and alterative mode transportation paths, and enhancing connectivity within the City and to other parts of the County has been a high priority towards which the City has committed significant General Fund dollars.

Cathedral Oaks Crib Wall Repair (CIP Project No. 9053). The Cathedral Oaks Crib Wall Repair project includes repairing the crib walls and multi-purpose path along the north side of Cathedral Oaks Road, which was damaged during past storm events. A Geotechnical Engineering firm performed a comprehensive and systematic full-scale geotechnical investigation of the two crib walls along the northern side of Cathedral Oaks Road to determine the potential failure mechanisms related to the crib wall design and construction. Geotechnical engineers and other specialists evaluated soil samples and provided structural repair options and cost estimates. This project will be entering the design phase in _____ and construction is anticipated to begin in _____ and be completed in or around ______. The total cost of this project is estimated at approximately $_______ and is expected to be funded with proceeds of the Series 2025A Bonds, the Sales Tax Bonds, and grants as described below. [Describe status of design, procurement, and schedule for commencement and completion of construction.]

San Jose Creek Multimodal Path - Northern and Southern Segments (CIP Project No. 9006). The San Jose Creek Multimodal Path project extends approximately three miles alongside San Jose Creek from the California Coast Route path in the south to Cathedral Oaks Road and the Goleta Crosstown Bicycle Route in the north. The northern portion of the project begins north of Calle Real extending south along San Jose Creek to Armitos Avenue where it connects to the San Jose Creek Middle Extent project at Armitos Ave. The southern portion of the project then continues south from the Ekwill Street intersection at Kellogg Avenue, crosses over the San Jose Creek channel and continues along SR 217 to cross underneath SR 217 in a culvert/tunnel just north of the SR 217 bridge over San Jose Creek. The project lies within both the City and the County and within the California Coastal Zone. Project improvements include either an 8-foot-wide paved path with 2 foot graded shoulders or a 10-foot wide paved path, bicycle and pedestrian bridge over San Jose Creek channel, tunnel undercrossing at SR 217, retaining walls, concrete barriers, drainage features, crossing improvements, lighting, striping, and ADA accessibility. The total cost of this project is estimated at approximately $_______ and is expected to be funded with proceeds of the Series 2025A Bonds and the Sales Tax Bonds, as described below. [Describe status of design, procurement, and schedule for commencement and completion of construction.]

Goleta Project Connect. Goleta Project Connect ("**Project Connect**") includes the Ekwill Street and Fowler Road Extensions and the Hollister Avenue Old Town Interim Striping project, described below, and constitutes the City's largest capital improvement project. Project Connect is intended to enhance pedestrian access and safety, improving road conditions and building critical linkage through the City while increasing stormwater flow capacity in San Jose Creek under Hollister Bridge. Project Connect includes numerous public safety measures, including: pavement improvements, dedicated bicycle lanes, and reducing vehicle lanes to one lane in each direction. The Hollister Avenue Bridge component of Project Connect is intended to improve traffic circulation in Old Town Goleta by installing two roundabouts at the Hollister Avenue and State Route 217 ramp intersections. Additionally, a new bridge will replace the existing bridge over San Jose Creek to achieve 100-year storm flow capacity and link the recently completed downstream San Jose Creek Capacity Improvement & Fish Passage project. Project Connect also includes construction of a new road, the Ekwill Street extension, across Old Town Goleta from Kellogg Avenue to Fairview Avenue, and the extension of Technology Drive. Project Connect requires numerous right-of-way acquisitions and permits as well as close coordination with many local agencies including Caltrans, City of Santa Barbara, and the County of Santa Barbara. The total cost of this project is estimated at approximately $_______ and is expected to be funded with proceeds of the Series 2025A Bonds, the Sales Tax Bonds, other grant funds applied for by the City, and City general funds. [Describe status of design, procurement, and schedule for commencement and completion of construction.]

ESTIMATED SOURCES OF FUNDING FOR THE PROJECTS

The following table details the estimated cost of the Projects and the sources of funding the City anticipates using to fund the Projects.

	Cathedral Oaks Crib Wall Repair	***San Jose Creek Multimodal Path***	***Goleta Project Connect***
Estimated Project Costs:	$____________	$____________	$____________
Estimated Funding Sources:			
Sales Tax Bond Proceeds [(1)]			
Series 2025A Bond Proceeds [(2)]			
Grants			
General Fund			
Measure A Revenues [(3)]			
Total Estimated Funding Sources			

(1) Net proceeds of the Sales Tax Bonds.
(2) Net proceeds of the Series 2025A Bonds.
(3) [Measure A Revenues allocated to the City specifically for Goleta Project Connect.]

Source: City of Goleta Finance Department.

The Additional Projects

Additional Projects may include some of the following in addition to or in place of components of the Projects. [As provided in the Lease Agreement, if and to the extent the City determines that proceeds of the Series 2025A Bonds and the Sales Tax Bonds will not be used to pay the cost of the Projects, or if Series 2025A Bond proceeds are available after the Projects are completed or fully-funded, the City may spend a portion of the proceeds of the Series 2025A Bonds and the Sales Tax Bonds on any of the transportation-related projects described below (the "**Additional Projects**"). [The City believes that the Projects and the Additional Projects described below constitute eligible Measure A Projects, the costs of which may be paid by Measure A Receipts. While the City currently expects to spend proceeds of the Series 2025A Bonds on the Projects, the City could choose to spend a portion of proceeds of the Bonds on other capital projects of the City, potentially including the Additional Projects described below.]

Ekwill Street and Fowler Road Extensions (CIP Project No. 9002). This project (which constitutes part of Project Connect) will construct Ekwill Street across Goleta Old Town from Kellogg Avenue to Fairview Avenue and extend existing South Kellogg Avenue (to be renamed Fowler Road) from its terminus to the existing Technology Drive. The new streets will be two-lane roads and include Class II Bike Lanes and sidewalks/parkways. The project also includes three roundabouts: two at the Hollister Avenue/State Route 217 Interchange and one at the intersection of Pine Avenue and Ekwill Street. The project will improve traffic flow on Hollister Avenue and provide new east/west corridors in Old Town.

Hollister Avenue Old Town Interim Striping Project (CIP Project No. 9114- Now a part of Ekwill Street and Fowler Road Extensions - CIP Project No. 9002). The Hollister Avenue Old Town Interim Striping Project (which constitutes part of Project Connect) will design and construct an interim striping project consisting of implementing the two-lane alternative for Hollister Avenue developed as part of the Hollister Avenue Complete Streets Corridor project. The project consists of implementing a road diet by changing roadway striping, legends, and signage and adding Class II bike lanes where none currently exist. Other improvements identified in the Complete Streets Corridor Plan, such as sidewalk widening, new medians, landscaping, and other hardscape improvements, would be deferred. The project includes one vehicle and bike lane in each direction, a non-traversable painted median, back in angled 90-minute parking along the north side of the street, parallel 90-minute parking along the south side of the street, pavement restoration, traffic signal equipment and timing upgrades. The Hollister Avenue Old Town Interim Striping Project is listed as an Alternative Mode Project in the City's LPOP for Fiscal Years 2024-25 through 2028-29.

Hollister Avenue Bridge Replacement (CIP Project No. 9033). This is the second phase of the San Jose Creek Capacity and Fish-Passage Improvement project. This project (which constitutes part of Project Connect) includes the replacement of the Hollister Avenue Bridge over San Jose Creek and extends upstream the San Jose Creek Channel capacity and fish-passage improvements both under and downstream of Hollister Avenue. The new bridge will have a 100-year storm flow capacity. The total cost of this project is estimated at approximately $_______ and is expected to be funded through Measure A Revenues allocated to the City through the South Coast Subregion LSTI portion and ___________. [Describe status of design, procurement, and schedule for commencement and completion of construction.]

Goleta Train Depot and South La Patera Improvements (CIP Project No. 9079). The City is developing plans to construct a new multi-modal train station at the location of the existing Amtrak platform. The new Train Depot will include facilities for ticketing, passenger waiting, dining, meeting rooms, restrooms/showers, and bike storage. The project site is adjacent to the existing AMTRAK platform at the northern end of South La Patera Lane. The project will also include expanded parking, bus facilities, and on-site bicycle and pedestrian improvements. The total cost of this project is estimated at approximately $_______ and is expected to be funded through Measure A Revenues allocated to the City through the South Coast Subregion LSTI portion and ___________. [Describe status of design, procurement, and schedule for commencement and completion of construction.]] The Goleta Train Depot and South La Patera Improvements are not currently included in the SBCAG Program of Projects and therefore do not currently constitute Measure A Projects. The City plans to include the Goleta Train Depot and South La Patera Improvements to the Local Program of Projects for Fiscal Year 2025-26, which will be submitted to SBCAG in April or May, 2025. Further, SBCAG provided a letter to the City dated August 9, 2024, confirming that in SBCAG's opinion the Projects and the additional projects listed above are all eligible for Measure A funding . [The City expects that the Goleta Train Depot and South La Patera Improvements will be designated as Alternative Mode Projects.][confirm] notwithstanding such designation and the inclusion in the Program of Projects, the Goleta Train Depot and South La Patera Improvements are eligible to be funded by the Series 2025A Bonds.]

The City believes that each of the Additional Projects is a Measure A Project, the costs of which may be paid with net proceeds of the Sales Tax Bonds in addition to net proceeds of the Series 2025A Bonds, except for the Goleta Train Depot and South La Patera Improvements, which must be added to the Local Program of Projects to be an eligible Measure A Project. The City plans to include the Goleta Train Depot and South La Patera Improvements to the Local Program of Projects (the "**LPOP**") for Fiscal Year 2025-26, which will be submitted to SBCAG in [April or May, 2025]. Further, SBCAG provided a letter to the City dated August 9, 2024, confirming that in SBCAG's opinion the Projects are all eligible for Measure A funding. Further, SBCAG previously allocated Measure A Revenues other than Measure A Receipts to pay a portion of the costs of the Goleta Train Depot and South La Patera Improvements. The City therefore expects that each of the Additional Projects are or will be designated as Measure A Projects prior to use of Bond proceeds to pay costs of the particular Additional Project.

The issuance of, and expenditure of proceeds of, the Series 2025A Bonds is not dependent upon issuance of the Sales Tax Bonds.] The cost and timing of completion of Projects and any Additional Projects are subject to change due to changes in circumstances, events or developments as described herein.

[The City may add, delete or substitute other improvements for the Projects described above and listed in the Lease Agreement and/or 2025 Installment Sale Agreement, by filing with the Authority and Trustee a Certificate of the City, subject to the terms thereof.]

None of the Projects, Additional Projects, nor any component of the Projects constitutes Property and no proceeds of the Series 2025A Bonds will be expended on the Property. Only the real property upon which is located the Goleta City Hall and the improvements thereon, will constitute the Property to be leased under the Lease Agreement, subject to substitution and release thereof in accordance with the Lease Agreement. See APPENDIX A – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – LEASE AGREEMENT – USE OF THE PROPERTY; SUBSTITUTION OR RELEASE – Substitution or Release of the Property."

ESTIMATED SOURCES AND USES OF BOND PROCEEDS

The following table details the estimated sources and uses of Series 2025A Bond proceeds.

Estimated Sources[(1)]:	
Principal Amount of Series 2025A Bonds	
Plus: Net Original Issue Premium	
Less: Underwriter's Discount	
Total Sources	
Estimated Uses [(1)]:	
Deposit into the Project Fund [(2)]	
Costs of Issuance Fund [(3)]	
Total Uses	

(1) Rounded to nearest dollar. Totals may not add due to rounding.

(2) Amounts in the Project Fund [will be] applied to the acquisition and construction of the Projects or Additional Projects. See "THE PROJECTS AND ADDITIONAL PROJECTS."

(3) Includes fees and expenses of Bond Counsel, Disclosure Counsel, the Trustee, the Municipal Advisor and the rating agency, [the premium for the Policy,] costs of printing and other miscellaneous costs.

THE BONDS

Authorization and Registration of Series 2025A Bonds

The Series 2025A Bonds are being issued by the Authority pursuant to the Indenture and the Resolutions. The Series 2025A Bonds will be dated the date of their initial delivery and will mature on the dates and in the principal amounts set forth on the inside front cover page of this Official Statement. The Series 2025A Bonds will be initially registered in the name of Cede & Co., as nominee for DTC, which will act as securities depository for the Series 2025A Bonds. See "THE BONDS – Book-Entry Only System," APPENDIX A – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS" and APPENDIX F – "BOOK ENTRY PROVISIONS."

Payment of Series 2025A Bonds

Interest on the Series 2025A Bonds is payable on each Interest Payment Date and is payable by check mailed on the date that such interest is due to the Owner at such Owner's address as it appears on the registration books maintained by the Trustee. Interest on the Series 2025A Bonds shall be payable from the Interest Payment Date next preceding the date of authentication thereof unless (i) a Series 2025A Bond is authenticated on or before an Interest Payment Date and after the close of business on the preceding Record Date, in which event it shall bear interest from such Interest Payment Date, (ii) a Series 2025A Bond is authenticated on or before the first Record Date, in which event interest thereon shall be payable from the dated date thereof, or (iii) interest on any Series 2025A Bond is in default as of the date of authentication thereof, in which event interest thereon shall be payable from the date to which interest has been paid in full, payable on each Interest Payment Date. Interest shall be paid in lawful money of the United States on each Interest Payment Date to the Persons in whose names the ownership of the Series 2025A Bonds is registered on the Registration Books at the close of business on the immediately preceding Record Date, except as provided below. Interest shall be paid by check of the Trustee mailed by first class mail, postage prepaid, on each Interest Payment Date to the Series 2025A Bond Owners at their respective addresses shown on the Registration Books as of the close of business on the preceding Record Date. The term "Record Date" means the fifteenth day of the month next preceding an Interest Payment Date, whether or not such day is a Business Day.

The principal and premium, if any, of the Series 2025A Bonds shall be payable in lawful money of the United States of America upon presentation and surrender thereof upon maturity or earlier redemption at the Office of the Trustee.

Redemption of Series 2025A Bonds

Optional Redemption. The Series 2025A Bonds maturing on or after May 1, 20____, are subject to optional redemption, in whole or in part, on any date on or after May 1, 20____, in Authorized Denominations, from and to the extent of prepaid Base Rental Payments paid pursuant to the Lease Agreement, at a Redemption Price equal to the principal amount of the Series 2025A Bonds to be redeemed, plus accrued interest thereon to the date of redemption, without premium.

Extraordinary Redemption. The Series 2025A Bonds are subject to extraordinary redemption, in whole or in part, on any date, in Authorized Denominations, from and to the extent of any Net Insurance Proceeds (other than Net Insurance Proceeds of rental interruption insurance), including the proceeds of any self-insurance), received on account of any damage or destruction of the Property and deposited by the Trustee in the Redemption Fund in accordance with the Indenture, at a Redemption Price equal to the principal amount of the Series 2025A Bonds to be redeemed, plus accrued interest thereon to the date of redemption, without premium.

Sinking Fund Redemption. The Series 2025A Bonds maturing on May 1, 20____ are subject to mandatory sinking fund redemption in part (by lot) on each May 1 on and after May 1, 20____, in integral multiples of $5,000 at a Redemption Price of the principal amount thereof plus accrued interest to the date fixed for redemption, without premium, in accordance with the following schedule:

Redemption Date (May 1)	**Principal Amount**
20__*	

*Maturity

The Series 2025A Bonds maturing on May 1, 20____ are subject to mandatory sinking fund redemption in part (by lot) on each May 1 on and after May 1, 20____, in integral multiples of $5,000 at a Redemption Price of the principal amount thereof plus accrued interest to the date fixed for redemption, without premium, in accordance with the following schedule:

Redemption Date (May 1)	**Principal Amount**
20__*	

*Maturity

The Series 2025A Bonds maturing on May 1, 20____ are subject to mandatory sinking fund redemption in part (by lot) on each May 1 on and after May 1, 20____, in integral multiples of $5,000 at a Redemption Price of the principal amount thereof plus accrued interest to the date fixed for redemption, without premium, in accordance with the following schedule:

Redemption Date (May 1)	**Principal Amount**
20__*	

*Maturity

In the event of a partial extraordinary or optional redemption of the Series 2025A Bonds, the City shall provide the Trustee with a revised mandatory sinking fund schedule giving effect to the redemption so completed.

Selection of Series 2025A Bonds for Redemption

Whenever provision is made in the Indenture for the redemption of less than all of the Series 2025A Bonds, the Trustee will select the Series 2025A Bonds to be redeemed from all Series 2025A Bonds not previously called for redemption (a) with respect to any optional redemption of Series 2025A Bonds of a Series, among maturities of Series 2025A Bonds of such Series as directed in a Written Request of the Authority, (b) with respect to any extraordinary redemption from and to the extent of any Net Insurance Proceeds, among maturities of all Series of Series 2025A Bonds on a *pro rata* basis as nearly as practicable, and (c) with respect to any other redemption of Additional Bonds, among maturities as provided in the Supplemental Indenture pursuant to which such Additional Bonds are issued, and by lot among Series 2025A Bonds of the same Series with the same maturity in any manner which the Trustee in its sole discretion shall deem appropriate and fair. For purposes of such selection, all Series 2025A Bonds shall be deemed to be comprised of separate $5,000 denominations and such separate denominations will be treated as separate Series 2025A Bonds which may be separately redeemed.

Notice of Redemption or Purchase

So long as the Bonds are held in book-entry form, notices of redemption will be mailed by the Trustee only to DTC, and not to any Beneficial Owners, at least 20 but not more than 60 days prior to the date fixed for redemption. Such notice will state the date of the notice, the redemption date, the redemption place and the Redemption Price and will designate the CUSIP numbers, the Series 2025A Bond numbers and the maturity or maturities (except in the event of redemption of all of the Series 2025A Bonds of such maturity or maturities in whole) of the Series 2025A Bonds to be redeemed, and will require that such Series 2025A Bonds be then surrendered at the Office of the Trustee for redemption at the Redemption Price, giving notice also that further interest on such Series 2025A Bonds will not accrue from and after the date fixed for redemption. Such notice of redemption may also state that no representation is made as to the accuracy or correctness of the CUSIP numbers printed therein or on the Series 2025A Bonds. Neither the failure to receive any notice so mailed, nor any defect in such notice, shall affect the validity of the proceedings for the redemption of the Series 2025A Bonds or the cessation of accrual of interest thereon from and after the date fixed for redemption.

With respect to any notice of optional redemption of the Series 2025A Bonds, such notice may state that such redemption will be conditional upon the receipt by the Trustee, on or prior to the date fixed for such redemption, of moneys sufficient to pay the principal of, premium if any, and interest on the Series 2025A Bonds to be redeemed and upon other conditions set forth therein and that, if such money shall not have been so received or such other conditions shall not have been satisfied, said notice will be of no force and effect and the Trustee will not be required to redeem such Series 2025A Bonds. If sufficient moneys for redemption shall not have been received or any condition stated in the redemption notice for an optional redemption shall not have been satisfied on or prior to the redemption date: (i) the redemption notice will be of no force and effect, (ii) the Authority will not be required to redeem such Series 2025A Bonds, (iii) the redemption will not be made, and (iv) the Trustee will within a reasonable time thereafter give notice to the persons in the manner in which the conditional redemption notice was given that such condition or conditions were not met and that the redemption was canceled.

The Trustee shall not have any liability to any party in connection with any failure to timely file such notice of redemption with the Information Service and the sole remedy available shall be an action by the Owners of the Bonds in mandamus for specific performance or similar remedy to compel performance.

Effect of Redemption

Notice having been mailed as aforesaid, and moneys for the Redemption Price, and the interest to the applicable date fixed for redemption, having been set aside in the Redemption Fund, the Series 2025A Bonds will become due and payable on said date, and, upon presentation and surrender thereof at the Office of the Trustee, said Series 2025A Bonds will be paid at the Redemption Price thereof, together with interest accrued and unpaid to said date.

If, on said date fixed for redemption, moneys for the Redemption Price of all the Series 2025A Bonds to be redeemed, together with interest to said date, shall be held by the Trustee so as to be available therefor on such date, and, if notice of redemption thereof shall have been mailed as aforesaid and not canceled, then, from and after said date, interest on said Series 2025A Bonds will cease to accrue and become payable. All moneys held by or on behalf of the Trustee for the redemption of Series 2025A Bonds will be held in trust for the account of the Owners of the Series 2025A Bonds so to be redeemed without liability to such Owners for interest thereon.

All Series 2025A Bonds paid at maturity or redeemed prior to maturity in accordance with the Indenture will be canceled upon surrender thereof and destroyed.

Book-Entry Only System

DTC will act as securities depository for the Series 2025A Bonds. The Series 2025A Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Series 2025A Bond will be issued for each maturity of the Series 2025A Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. See APPENDIX F – "BOOK ENTRY PROVISIONS."

The Authority, the City and the Trustee cannot and do not give any assurances that DTC, DTC Participants or others will distribute payments of principal of or interest on the Series 2025A Bonds paid to DTC or its nominee as the registered owner, or will distribute any redemption notices or other notices, to the Beneficial Owners, or that they will do so on a timely basis or will serve and act in the manner described in this Official Statement or the Indenture. The Authority, 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 Series 2025A Bonds or an error or delay relating thereto.

Debt Service

The table below presents the annual debt service with respect to the Series 2025A Bonds, assuming that there are no optional redemptions or mandatory redemption, for the year ending on May 1 in the years shown below:

Debt Service Schedule

Date (May 1)	***Principal***	***Interest***	***Total***
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
2050			
2051			
2052			
2053			
2054			
2055			
Total			

Source: Underwriter.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

General

The Series 2025A Bonds are payable from and secured by Base Rental Payments and any other amounts held in the Base Rental Payment Fund, the Interest Fund or the Principal Fund established under the Indenture. The term "Base Rental Payments" means all Base Rental Payments payable by the City pursuant to the Lease Agreement, including any prepayments thereof, any Net Insurance Proceeds, and any amounts received by the

Trustee as a result of or in connection with the Trustee's pursuit of remedies under the Lease Agreement upon an event of default under the Lease Agreement. Base Rental Payments shall be paid by the City from any and all legally available funds.

The Trustee will establish and maintain a separate fund designated the “Base Rental Payment Fund” to be held in trust under and in accordance with the Indenture. Subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture, all of the Base Rental Payments and any other amounts (including proceeds of the sale of the Bonds) held in the Base Rental Payment Fund, the Interest Fund, the Principal Fund and the Redemption Fund are pledged under the Indenture to secure the payment of the principal of, premium, if any, and interest on the Bonds in accordance with their terms, the provisions of the Indenture and the Act. Said pledge shall constitute a first lien on such assets. Such pledge shall secure the payment of such Bonds and shall be effective, binding, and enforceable against the Authority, its successors, creditors and all others irrespective of whether those parties have notice of the pledge or grant and without the need of any physical delivery, recordation, filing, or further act. The pledge and grant is an agreement between the Authority and the Owners of Bonds to provide security for the Bonds in addition to any statutory lien that may exist.

As further provided in the Indenture, the Authority will assign to the Trustee for the benefit of the Owners all of the Authority's right, title and interest in and to the Lease Agreement, including, without limitation, its right to receive Base Rental Payments to be paid by the City under and pursuant to the Lease Agreement, as without recourse to the Trustee pursuant to an Assignment Agreement, dated as of March 1, 2025 (the “**Assignment Agreement**”), by and between the Authority and the Trustee; provided that, the Authority will retain the rights to indemnification and to payment of reimbursement of its reasonable costs and expenses under the Lease Agreement. The City will pay Base Rental Payments directly to the Trustee, as assignee of the Authority. See “– Base Rental Payments” below.

All obligations of the Authority under the Indenture are special obligations of the Authority, payable solely from Rental Payments and the other assets pledged therefor thereunder; provided, however, that all obligations of the Authority under the Bonds shall be special obligations of the Authority, payable solely from Base Rental Payments and the other assets pledged therefor under the Indenture. Subject to any provisions in the Indenture to the contrary, the Authority has no obligation or liability to the Owners of the Series 2025A Bonds with respect to the payment when due of the Base Rental Payments by the City or with respect to the performance by the City of other agreements and covenants required to be performed by the City under the Lease Agreement or the Indenture, or with respect to the performance by the Trustee of any of the Trustee’s rights or obligations under the Indenture.

Base Rental Payments

Pursuant to the Lease Agreement, the Authority will sublease the Property, obligating the City to make Base Rental Payments as required therein, subject to abatement. The term “Property” means that real property and improvements located thereon owned by the City and commonly referred to as the City of Goleta City Hall, located at 130 Cremona Drive, Goleta, California, as more specifically described in the Lease Agreement. As provided in the Lease Agreement, such Property may be substituted or released in accordance therewith. See APPENDIX A – “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – LEASE AGREEMENT” and “– USE OF THE PROPERTY; SUBSTITUTION OR RELEASE – Substitution or Release of the Property.”

Rental Payments, including Base Rental Payments, will be paid by the City to the Authority for and in consideration of the right to use and occupy the Property and in consideration of the continued right to the quiet use and enjoyment thereof during each Rental Period for which such Rental Payments are to be paid.

Each installment of Base Rental Payments payable under the Lease Agreement shall be paid in lawful money of the United States of America to or upon the order of the Authority at the principal office of the Trustee in Los Angeles, California, or such other place or entity as the Authority or Trustee shall designate. Each Base

Rental Payment shall be deposited with the Trustee no later than the fifth (5th) Business Day next preceding each Interest Payment Date (the "**Base Rental Deposit Date**") on which such Base Rental Payment is due. Any Base Rental Payment which shall not be paid by the City when due and payable under the terms of the Lease Agreement shall bear interest from the date when the same is due under the Lease Agreement until the same shall be paid at the rate equal to the highest rate of interest on any of the Outstanding Bonds. Notwithstanding any dispute between the Authority and the City, the City shall make all Rental Payments when due without deduction or offset of any kind and shall not withhold any Rental Payments pending the final resolution of such dispute. In the event of a determination that the City was not liable for said Rental Payments or any portion thereof, said payments or excess of payments, as the case may be, shall be credited against subsequent Rental Payments due under the Lease Agreement or refunded at the time of such determination. Amounts required to be deposited by the City with the Trustee pursuant to the Indenture as summarized under this caption on any date shall be reduced to the extent of available amounts on deposit in the Base Rental Payment Fund, the Interest Fund or the Principal Fund.

As provided in the Indenture, all Base Rental Payments received by the Trustee shall be deposited by the Trustee in the Base Rental Payment Fund. The Trustee shall transfer the amounts on deposit in the Base Rental Payment Fund, at the times and in the manner provided in the Indenture, to the following respective funds in the following order of priority:

(1) *Interest Fund*. On the Business Day immediately preceding each Interest Payment Date, the Trustee shall transfer from the Base Rental Payment Fund to the Interest Fund the amount, if any, necessary to cause the amount on deposit in the Interest Fund to be equal to the interest due on the Bonds on such Interest Payment Date. Moneys in the Interest Fund shall be used by the Trustee to pay interest due on the Bonds on each Interest Payment Date.

(2) *Principal Fund*. On the Business Day immediately preceding each May 1, commencing May 1, 2026, the Trustee shall transfer from the Base Rental Payment Fund to the Principal Fund the amount, if any, necessary to cause the amount on deposit in the Principal Fund to be equal to the principal amount of the Bonds due on such May 1 either as a result of the maturity thereof or mandatory sinking fund redemption payments required to be made with respect thereto. Moneys in the Principal Fund shall be used by the Trustee for the purpose of paying the principal of the Bonds when due and payable at their maturity dates or upon earlier mandatory sinking fund redemption.

(3) *Redemption Fund*. The Trustee, on the redemption date specified in the Written Request of the City filed with the Trustee at the time that any prepaid Base Rental Payment is paid to the Trustee pursuant to the Lease Agreement, shall deposit in the Redemption Fund that amount of moneys representing the portion of the Base Rental Payments designated as prepaid Base Rental Payments. Additionally, the Trustee shall deposit in the Redemption Fund any amounts constituting Net Insurance Proceeds or proceeds of any policy of title insurance received by the Trustee in respect of the Property required to be deposited therein pursuant to the Indenture. Moneys in the Redemption Fund shall be used by the Trustee for the purpose of paying the principal of and interest and premium, if any, on Series 2025A Bonds subject to optional or extraordinary redemption pursuant to the Indenture and Additional Bonds redeemed pursuant to the corresponding provisions of the Supplemental Indenture pursuant to which such Additional Bonds are issued.

See APPENDIX A – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – INDENTURE – SECURITY FOR BONDS; FLOW OF FUNDS; INVESTMENTS – Flow of Funds."

The obligation of the City to make Base Rental payments is an obligation payable solely from amounts legally available therefor, and does not constitute a debt of the City or of the State or of any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction or an obligation for which the City must levy or pledge, or has levied or pledged, any form of taxation.

Pursuant to the Lease Agreement, the City will covenant to take such action as may be necessary to include all Rental Payments due thereunder as a separate line item in its biennial budgets and to make necessary annual appropriations for all such Rental Payments and to deliver to the Authority and the Trustee a Certificate of the City stating that each final biennial budget includes all Base Rental Payments due in the fiscal years addressed in such budget within ten days after the filing or adoption thereof. Such covenants shall be deemed to be and shall be construed to be duties imposed by law and it shall be 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.

For a further description of the provisions of the Lease Agreement, including the terms thereof and a description of certain covenants therein, including construction, maintenance, utilities, taxes, assessments, insurance and events of default and available remedies, see APPENDIX A – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – LEASE AGREEMENT."

For financial and operation information regarding the City, see APPENDIX B – "THE CITY OF GOLETA: ECONOMIC, DEMOGRAPHIC AND FINANCIAL INFORMATION" and APPENDIX C – "CITY OF GOLETA ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2024." See also "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS."

Abatement

Base Rental Payments are paid by the City in each rental payment period for and in consideration of the right of use and occupancy of the Property during each such period for which said rental is to be paid. The Base Rental Payments and Additional Rental Payments are subject to abatement under the Lease Agreement. The amount of such abatement shall be agreed upon by the City and the Authority; provided, however, that the Rental Payments due for any Rental Period shall not exceed the annual fair rental value of that portion of the Property available for use and occupancy by the City during such Rental Period. The City and the Authority shall calculate such abatement and shall provide the Trustee with a certificate setting forth such calculation and the basis therefor. Such abatement shall continue for the period commencing with the date of interference resulting from such damage, destruction, condemnation or title defect and, with respect to damage to or destruction of the Property, ending with the substantial completion of the work of repair or replacement of the Property, or the portion thereof so damaged or destroyed; except that the term shall in no event be extended more than ten years beyond the Termination Date, such extended date being the "Maximum Lease Term." Notwithstanding the foregoing, to the extent that moneys are available for the payment of Rental Payments in any of the funds and accounts established under the Indenture or proceeds of the rental interruption insurance required by the Lease Agreement are available, Rental Payments shall not be abated as provided above but, rather, shall be payable by the City as a special obligation payable solely from said funds, accounts, and proceeds.

See "RISK FACTORS – Limitations on Base Rental Payments; Abatement Risk."

In the event of any such damage or destruction, the Lease Agreement shall continue in full force and effect and the City waives any right to terminate the Lease Agreement by virtue of any such damage or destruction. In the event the Property cannot be repaired during the period of time that proceeds of the City's rental interruption insurance will be available in lieu of Base Rental Payments (a period of two years), or in the event that casualty insurance proceeds are insufficient to provide for complete repair of the Property, there could be insufficient funds to cover payments to Owners of the Series 2025A Bonds in full. See APPENDIX A – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – LEASE AGREEMENT – RENTAL PAYMENTS – Rental Abatement" and "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Insurance."

Reserve Fund

No reserve fund is being established for the Series 2025A Bonds.

Insurance

The Lease Agreement requires the City to maintain or cause to be maintained throughout the term of the Lease Agreement a standard commercial general liability insurance policy or policies in protection of the City, the Authority and their respective members, officers, agents and employees. Said policy or policies shall 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 use or ownership of the Property. Said policy or policies shall provide coverage in the minimum liability limits of $1,000,000 for personal injury or death of each person and $3,000,000 for personal injury or deaths of two or more persons in a single accident or event, and in a minimum amount of $500,000 for damage to property (subject to a deductible clause of not to exceed $100,000) resulting from a single accident or event. Such commercial general liability and property damage insurance may, however, be in the form of a single limit policy in the amount of $3,000,000 covering all such risks. Such liability insurance may be maintained as part of or in conjunction with any other liability insurance coverage carried or required to be carried by the City, and may be maintained in whole or in part in the form of self-insurance by the City provided such self-insurance complies with the provisions summarized below for self-insurance. The Net Insurance Proceeds of such liability insurance shall be applied toward extinguishment or satisfaction of the liability with respect to which the Net Insurance Proceeds of such insurance shall have been paid.

The City shall maintain or cause to be maintained, throughout the term of the Lease Agreement, workers' compensation insurance issued by a responsible carrier authorized under the laws of the State of California to insure employers against liability for compensation under the California Labor Code, or any act enacted as an amendment or supplement thereto or in lieu thereof, such workers' compensation insurance to cover all persons employed by the City in connection with the Property and to cover full liability for compensation under any such act; provided, however, that the City's obligations under the Lease Agreement as summarized in this paragraph may be satisfied by self-insurance, provided such self-insurance complies with the provisions summarized below for self-insurance.

The City shall maintain or cause to be maintained, fire, lightning and special extended coverage insurance (which shall include coverage for vandalism and malicious mischief, but need not include coverage for earthquake damage) on all improvements constituting any part of the Property in an amount equal to the greater of 100% of the replacement cost of such improvements or 100% of the outstanding principal amount of the Bonds. The City has an insurance policy which provides replacement cost coverage. All insurance required to be maintained pursuant to the Lease Agreement as summarized in this paragraph may be subject to a deductible in an amount not to exceed $500,000. The City's obligations under the Lease Agreement as summarized in this paragraph may be satisfied by self-insurance, provided such self-insurance complies with the provisions summarized below for self-insurance. The City shall maintain rental interruption insurance to cover the Authority's loss, total or partial, of Base Rental Payments resulting from the loss, total or partial, of the use of any part of the Property as a result of any of the hazards required to be covered pursuant to this paragraph in an amount sufficient at all times to pay an amount not less than the product of two times the maximum amount of Base Rental Payments scheduled to be paid during any Rental Period. The City's obligations under the Lease Agreement as summarized in this paragraph may be satisfied by self-insurance, provided such self-insurance complies with the provisions summarized below for self-insurance.

The insurance required by the Lease Agreement as summarized above shall be provided by reputable insurance companies with claims paying abilities determined, in the reasonable opinion of a professionally certified risk manager or an independent insurance consultant, to be adequate for the purposes summarized above.

The City shall pay or cause to be paid when due the premiums for all insurance policies required by the Lease Agreement, and shall promptly furnish or cause to be furnished evidence of such payments to the Trustee. All such policies shall provide that the Trustee shall be given 30 days' notice of the expiration thereof or any intended cancellation thereof. The Trustee shall be fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss agreed to by the Trustee.

Insurance provided through a California joint powers authority of which the City is a member or with which the City contracts for insurance shall be deemed to be self-insurance for purposes summarized above. Any self-insurance maintained by the City in satisfaction of the terms above shall comply with the following terms:

(a) the self-insurance program shall be approved in writing by the City's Risk Manager, a professionally certified risk manager, or an independent insurance consultant;

(b) the self-insurance program shall include an actuarially sound claims reserve fund out of which each self-insured claim shall be paid, the adequacy of each such fund shall be evaluated on an annual basis by the City's Risk Management Department, a professionally certified risk manager or an independent insurance consultant and any deficiencies in any self-insured claims reserve fund shall be remedied in accordance with the recommendation of the City's Risk Management Department, a professionally certified risk manager or an independent insurance consultant, as applicable; and

(c) in the event that the self-insurance program shall be discontinued, the actuarial soundness of its claims reserve fund, as determined by a professionally certified risk manager or by an independent insurance consultant, shall be maintained.

The City is required under the Lease Agreement to provide, at its own expense, a CLTA or ALTA title insurance policy for the Property, in the aggregate amount of not less than the initial aggregate principal amount of the Series 2025A Bonds and, thereafter, the initial aggregate principal amount of any Additional Bonds, if any, issued after the date of issuance of the Series 2025A Bonds, insuring (a) the fee interest of the City in the Property (b) the Authority's ground leasehold estate in the Property under the Ground Lease, and (c) the City's leasehold estate in the Property under the Lease Agreement, subject only to Permitted Encumbrances, and providing that all proceeds thereunder are payable to the Trustee for the benefit of the Owners. See APPENDIX A – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – LEASE AGREEMENT – INSURANCE – Commercial General Liability and Property Damage Insurance; Workers' Compensation Insurance." All Net Insurance Proceeds received under said policy or policies shall be deposited with the Trustee and applied as provided the Indenture.

See APPENDIX A – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – LEASE AGREEMENT – INSURANCE – Commercial General Liability and Property Damage Insurance; Workers' Compensation Insurance."

Damage or Destruction of the Property

If the Property or any portion thereof is damaged or destroyed, the City shall, as expeditiously as possible, continuously and diligently prosecute or cause to be prosecuted the repair or replacement thereof, unless the City elects not to repair or replace the Property or the affected portion thereof in accordance with the provisions of the Indenture and the Lease Agreement.

The Net Insurance Proceeds (other than Net Insurance Proceeds of rental interruption insurance), including the proceeds of any self-insurance, received on account of any damage or destruction of the Property or a portion thereof shall as soon as possible be deposited with the Trustee and be held by the Trustee in a special account and made available for and, to the extent necessary, shall be applied to the cost of repair or replacement of the Property or the affected portion thereof upon receipt of a Written Request of the City, together with invoices therefor. Pending such application, such proceeds may be invested by the Trustee as directed by the City in Permitted Investments that mature not later than such times moneys are expected to be needed to pay such costs of repair or replacement.

Notwithstanding the foregoing, the City shall, within 60 days of the occurrence of the event of damage or destruction, notify the Trustee in writing as to whether the City intends to replace or repair the Property or the portions of the Property which were damaged or destroyed. If the City does intend to replace or repair the Property or portions thereof, the City shall deposit with the Trustee the full amount of any insurance deductible to be credited to the special account.

In the event of any damage to or destruction of the Property caused by one of the perils covered by that fire, lightning and special extended coverage insurance (which shall include coverage for vandalism and malicious mischief, but need not include coverage for earthquake damage) on all improvements constituting any part of the Property as required under the Lease Agreement and summarized above under the caption "Insurance" which would result in an abatement of rental payments or any portion thereof under the Lease Agreement as summarized in this Official Statement, then the City shall apply the Net Insurance Proceeds (other than Net Insurance Proceeds of rental interruption insurance), together with other legally available funds that the City elects to contribute, to the repair, reconstruction or replacement of the damaged or destroyed portions of the Property; provided, however, that the City shall not be required to repair or replace any portion of the Property pursuant to the Lease Agreement if such Net Insurance Proceeds, together with any other amounts held under the Indenture and any other legally available funds made available by the City at its election, are sufficient to prepay (i) all of the Outstanding Bonds, or (ii) a portion of the Outstanding Bonds such that the resulting Base Rental Payments in any Rental Period following an extraordinary redemption of Bonds, in whole or in part, from and to the extent of any Net Insurance Proceeds, are sufficient to pay in such Rental Period the principal of and interest on all Bonds to remain Outstanding immediately after such partial redemption. If the City is not required to replace or repair the Property, or the affected portion thereof, or to use such amounts to redeem Bonds, in each case as set forth in the Lease Agreement, then such proceeds (and rental interruption insurance proceeds not applied pursuant to the next paragraph) shall, if there is first delivered to the Trustee a Written Certificate of the City to the effect that the annual fair rental value of the Property after such damage or destruction, and after any repairs or replacements made as a result of such damage or destruction, is at least equal to 100% of the maximum amount of Base Rental Payments becoming due under the Lease Agreement in the then current Rental Period or any subsequent Rental Period and the fair replacement value of the Property after such damage or destruction is at least equal to the principal amount of the Outstanding Bonds, be paid to the City to be used for any lawful purpose.

As provided in the Lease Agreement and the Indenture, proceeds of rental interruption insurance shall be deposited to the Base Rental Payment Fund and applied to the payment of Base Rental Payments to the extent of any abatement thereof pursuant to the Lease Agreement, and otherwise as directed by the City, and proceeds of any award of eminent domain received in respect to the Property shall be deposited by the Trustee in the Redemption Fund and applied to the extraordinary redemption of Bonds, in whole or in part, from and to the extent of any Net Insurance Proceeds in accordance with the Indenture and the corresponding provisions of any Supplemental Indenture pursuant to which Additional Bonds are issued.

The proceeds of any policy of title insurance received by the Trustee in respect of the Property shall be applied and disbursed by the Trustee as follows:

(a) if the City determines that the title defect giving rise to such proceeds has not substantially interfered with its use and occupancy of the Property and will not result in an abatement of Rental Payments payable by the City under the Lease Agreement, such proceeds shall be remitted to the City and used for any lawful purpose thereof; or

(b) if the City determines that the title defect giving rise to such proceeds has substantially interfered with its use and occupancy of the Property and will result in an abatement of Rental Payments payable by the City under the Lease Agreement, then the Trustee shall immediately deposit such proceeds in the Redemption Fund and such proceeds shall be applied to the extraordinary redemption of Bonds, in whole or in part, from and to the extent of any Net Insurance Proceeds in accordance with the Indenture and the corresponding provisions of any Supplemental Indenture pursuant to which Additional Bonds are issued.

See APPENDIX A – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – INDENTURE – ECURITY FOR BONDS; FLOW OF FUNDS; INVESTMENTS – Application of Net Insurance Proceeds."

Defaults and Remedies

As provided in the Indenture, if an event of default (as described in the Lease Agreement and summarized below) shall happen, then such event of default shall constitute an event of default under the Indenture. In each and every case during the continuance of an event of default, the Trustee may and, at the discretion of the Insurer and upon being indemnified to its reasonable satisfaction therefor, shall, upon notice in writing to the Insurer, the City and the Authority, exercise any of the remedies granted to the Authority under the Lease Agreement and, in addition, take whatever action at law or in equity may appear necessary or desirable to enforce its rights or to protect and enforce any of the rights vested in the Trustee, the Insurer or the Owners by the Indenture or by the Bonds, either at law or in equity or in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement or for the enforcement of any other legal or equitable right, including any one or more of the remedies set forth in the Indenture. See APPENDIX A – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – INDENTURE – DEFAULT AND LIMITATIONS OF LIABILITY."

As provided in the Lease Agreement, (i) If the City shall fail (A) to pay any Rental Payment payable under the Lease Agreement when the same becomes due and payable, time being expressly declared to be of the essence in the Lease Agreement, or (B) to keep, observe or perform any other term, covenant or condition contained in the Lease Agreement or in the Indenture to be kept or performed by the City, or (ii) upon the happening of any of the events specified, the City shall be deemed to be in default under the Lease Agreement and it shall be lawful for the Authority, upon the direction of the Insurer, to exercise any and all remedies available pursuant to law or granted pursuant to the Lease Agreement. The City shall in no event be in default in the observance or performance of any covenant, condition or agreement in the Lease Agreement on its part to be observed or performed, other than as referred to in clause (i)(A) or (ii) of the preceding sentence, unless the City shall have failed, for a period of 30 days or, with the prior written consent of the Insurer, such additional time as is reasonably required to correct any such default after notice by the Authority to the Insurer and the City properly specifying wherein the City has failed to perform any such covenant, condition or agreement. See APPENDIX A – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – LEASE AGREEMENT – DEFAULTS AND REMEDIES."

As provide in the Lease Agreement, upon any default, the Authority, in addition to all other rights and remedies it may have at law, shall have the option to do any of the following:

(1) To terminate the Lease Agreement in the manner hereinafter provided on account of default by the City, notwithstanding any re-entry or re-letting of the Property as hereinafter provided for in subparagraph (2) hereof, and to re-enter the Property and remove all persons in possession thereof and all personal property whatsoever situated upon the Property and place such personal property in storage in any warehouse or other suitable place, for the account of and at the expense of the City.

(2) Without terminating the Lease Agreement, (x) to collect each installment of Rental Payments as the same become due and enforce any other terms or provisions of the Lease Agreement to be kept or performed by the City, regardless of whether or not the City has abandoned the Property, or (y) to exercise any and all rights of entry and re-entry upon the Property.

In the event the Authority, at the direction of the Insurer, does not elect to terminate the Lease Agreement in the manner provided for in subparagraph (1) of the Lease Agreement, the City shall remain liable and agrees to keep or perform all covenants and conditions contained in the Lease Agreement to be kept or performed by the City and, if the Property is not re-let, to pay the full amount of the Rental Payments to the end of the term of the Lease Agreement or, in the event that the Property is re-let, to pay any deficiency in Rental Payments that results therefrom; and further agrees to pay said Rental Payments and/or Rental Payment deficiency punctually at the same time and in the same manner as hereinabove provided for the payment of Rental Payments under the Lease Agreement, notwithstanding the fact that the Authority may have received in previous years or may receive thereafter in subsequent years Rental Payments in excess of the Rental Payments in the Lease Agreement specified, and notwithstanding any entry or re-entry by the Authority or suit in unlawful detainer, or otherwise, brought by the Authority for the purpose of effecting such re-entry or obtaining possession of the Property.

The City shall be deemed to be in default under the Lease Agreement, if (i) the City's interest in the Lease Agreement or any part thereof is assigned or transferred, either voluntarily or by operation of law or otherwise, without the written consent of the Authority and, as hereinafter provided for, or (ii) the City or any assignee shall file any petition or institute any proceeding under any act or acts, state or federal, dealing with or relating to the subject or subjects of bankruptcy or insolvency, or under any amendment of such act or acts, either as a bankrupt or as an insolvent, or as a debtor, or in any similar capacity, wherein or whereby the City asks or seeks or prays to be adjudicated a bankrupt, or is to be discharged from any or all of the City's debts or obligations, or offers to the City's creditors to elect a composition or extension of time to pay the City's debts or asks, seeks or prays for reorganization or to effect a plan of reorganization, or for a readjustment of the City's debts, or for any other similar relief, or if any such petition or any such proceedings of the same or similar kind or character be filed or be instituted or taken against the City, or if a receiver of the business or of the property or assets of the City shall be appointed by any court, except a receiver appointed at the instance or request of the Authority, or if the City shall make a general assignment for the benefit of the City's creditors, or (iii) the City shall abandon or vacate the Property.

In addition to the other remedies set forth above, upon the occurrence of an event of default, the Authority and its assignee shall be entitled to proceed to protect and enforce the rights vested in the Authority and its assignee by the Lease Agreement or by law. The provisions of the Lease Agreement and the duties of the City and of its City Council, officers or employees shall be enforceable by the Authority or its assignee by mandamus or other appropriate suit, action or proceeding in any court of competent jurisdiction. Without limiting the generality of the foregoing, the Authority and its assignee shall have the right to bring the following actions:

(i) *Accounting*. By action or suit in equity to require the City and its City Council, officers and employees and its assigns to account as the trustee of an express trust.

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

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

Each and all of the remedies given to the Authority under the Lease Agreement or by any law now or hereafter enacted are cumulative and the single or partial exercise of any right, power or privilege under the Lease Agreement shall not impair the right of the Authority to the further exercise thereof or the exercise of any or all other rights, powers or privileges. The term "re-let" or "re-letting" as used in this section shall include, but not be limited to, re-letting by means of the operation by the Authority of the Property. If any statute or rule of law validly shall limit the remedies given to the Authority under the Lease Agreement, the Authority nevertheless shall be entitled to whatever remedies are allowable under any statute or rule of law.

See APPENDIX A – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – LEASE AGREEMENT – DEFAULTS AND REMEDIES."

The enforcement of any remedies provided in the Lease Agreement and the Indenture could prove both expensive and time consuming. Upon the occurrence of an event of default under the Lease Agreement, the Authority or its assignee may be limited in their abilities to see remedies against the City and otherwise subject to a limitation on enforcement against funds that are otherwise needed to serve the public welfare and interest as discussed herein. See "RISK FACTORS – Limitations on Remedies; Bankruptcy."

Additional Bonds

The Authority may at any time issue one or more Series of Additional Bonds payable from Base Rental Payments, as provided under the Indenture, on a parity with the Series 2025A Bonds and all other Bonds theretofore issued thereunder, but only subject to the conditions set in the Indenture and the Lease Agreement, which are thereby made conditions precedent to the issuance of such Additional Bonds, and which are further described in APPENDIX A – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – INDENTURE – Additional Bonds." As provided in the Indenture, conditions for the issuance of Additional Bonds will require that (i) the serial Bonds of such Series of Additional Bonds shall be payable as to principal annually on May 1 of each year in which principal falls due, and the term Bonds of such Series of Additional Bonds shall have annual mandatory sinking fund redemptions on May 1, (ii) the Additional Bonds shall be payable as to interest semiannually on May 1 and November 1 of each year, (iii) each of the Authority and the City shall be in compliance with all agreements, conditions, covenants and terms contained in the Indenture, in the Lease Agreement and in the Ground Lease required to be observed or performed by it; and (iv) the Lease Agreement shall have been amended so as to increase the Base Rental Payments payable by the City thereunder by an aggregate amount equal to the principal of and interest on such Additional Bonds, payable at such times and in such manner as may be necessary to provide for the timely payment of the principal of and interest on such Additional Bonds; provided, however, that no such amendment shall be made such that the sum of Base Rental Payments, including any increase in the Base Rental Payments as a result of such amendment, plus Additional Rental Payments, in any Rental Period shall be in excess of the annual fair rental value of the Property (not otherwise supplemented) after taking into account the use of the proceeds of any Additional Bonds issued in connection therewith (evidence of the satisfaction of such condition shall be made by a Written Certificate of the City). See also, APPENDIX A – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – LEASE AGREEMENT – USE OF THE PROPERTY; SUBSTITUTION OR RELEASE – Substitution or Release of the Property."

Other than the Series 2025A Bonds, the City does not have any current plans for additional General Fund lease finance obligations in the next three years. For additional information, see "RISK FACTORS – No Limitation on Incurring Additional Obligations" and "Prospective Additional Long Term Obligations" in APPENDIX B – "THE CITY OF GOLETA: ECONOMIC, DEMOGRAPHIC AND FINANCIAL INFORMATION."

Investment of Series 2025A Bond Funds

Pursuant to the Indenture, all money held by the Trustee in any of the funds or accounts established pursuant to the Indenture are required to be invested only in "Permitted Investments" as defined in the Indenture. See APPENDIX A – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – DEFINITIONS." See also, "Investment of Funds; City's Pooled Operating Investment Fund" in APPENDIX B – "THE CITY OF GOLETA: ECONOMIC, DEMOGRAPHIC AND FINANCIAL INFORMATION."

Sales Tax Bonds

Concurrently with the delivery of the Series 2025A Bonds, the Authority expects to issue the Sales Tax Bonds. A portion of the proceeds of the Sales Tax Bonds are expected to finance a portion of the cost of the

Projects and/or the Additional Projects. The Sales Tax Bonds will be payable from certain installment sale payments to be made by the City and will be secured by a first lien on all Measure A Receipts, which generally consist of certain amounts received by the City from a 0.5% retail transactions and use tax that is collected in the County.

The Series 2025A Bonds are not secured by a pledge of or lien on the Measure A Receipts but Base Rental Payments may be payable, at the City's discretion, from Measure A Receipts remaining on an annual basis after prior payment of scheduled Installment Sale Payments and other administrative costs related to the Sales Tax Bonds.

CITY OF GOLETA

The Base Rental Payments to be made by the City pursuant to the Lease Agreement are payable by the City from legally available funds of the City, as annual Base Rental Payments being payable semi-annually, subject only to abatement, in accordance with the Lease Agreement. The table below details the principal sources of the City's General Fund tax revenues. The General Fund reported a Fiscal Year 2023-24 ending fund balance of approximately $44.79 million, an increase of $5.26 million from the $39.53 million ending fund balance for Fiscal Year 2022-23. The increase was due to total revenues exceeding expenditures. The $44.79 million fund balance for Fiscal Year 2023-24 includes committed funds of $17.47 million, including the 33% contingency reserve; the assigned fund balance of $20.36 million; and $6.86 million remaining as an unassigned fund balance.

All of the City's basic services are governmental activities, including General Government, Public Safety, Public Works, Library, Planning and Environmental Review, and Neighborhood Services. Property Tax, Sales Tax, Transient Occupancy Tax, Franchise Fees, and Cannabis Business Tax finance approximately 65% of these activities. The City does not have business-type activities and related enterprise or proprietary funds.

CITY OF GOLETA
GENERAL FUND TAX REVENUES BY SOURCE
LAST FIVE FISCAL YEARS

Source	Fiscal Years Ending 2019	2020	2021	2022	2023	2024
Transient Occupancy Tax [1]	$11,564,512	$9,197,440	$9,239,079	$14,341,129	$13,884,890	$14,234,251
Sales Tax	6,994,204	6,735,609	7,585,649	8,572,807	8,726,058	8,652,089
Transaction and Use Tax	0	0	0	0	0	5,069,832
Property Tax	7,415,052	7,668,328	8,220,675	8,639,411	9,316,851	9,683,318
Cannabis Tax [2]	0	391,342	2,083,171	1,738,534	1,021,742	762,455
Franchise Fees	1,337,267	1,361,348	1,410,787	1,513,730	1,636,443	1,678,956
Total	27,311,035	25,354,066	28,539,361	34,805,609	34,585,984	40,080,901
All Other Revenues[3]	2,690,113	3,302,966	2,434,769	2,793,171	3,752,969	5,388,649
Total	30,001,148	28,657,032	30,974,130	37,598,780	38,338,953	45,469,550

(1) Transient occupancy tax revenues decreased by $0.45 million, or 3.2%, to $13.89 million in Fiscal Year 2022-23 and increased by $349,361, or 2.51%, to $14.23 million in in Fiscal Year 2023-24. The decrease was due to tourism activity (occupancy rates) and average daily rates trending in this period.

(2) The Cannabis business tax revenues for the City have experienced volatility. They decreased by $716,792 million, or 41.2%, to $1.02 million in Fiscal Year 2022-23 and by $259,287, or 25.4%, to $762,455 in Fiscal Year 2023-24. In discussions with local operators, cannabis tax revenue activity continues to be impacted by increased competition and oversupply statewide, including black market across the state and supply and demand being affected by limited access to legalized cannabis.

(3) [Other revenues consist substantially of __________]. Note, the City does not impose any utility users tax, real property transfer tax, or business license tax, but does impose a documentary transfer tax included as part of Property Tax, and has a regulatory business license program for which fees are assessed.

Note: Numbers may not sum due to rounding.
Sources: City of Goleta Finance Department and City of Goleta Annual Comprehensive Financial Report for the Fiscal Year ended June 30, 2024.

The City's total revenues were $51.2 million for Fiscal Year 2022-23, a decrease of approximately $1.5 million or 2.8% when compared to Fiscal Year 2021-22. The City's total revenues for Fiscal Year 2023-24 from all governmental activities equaled $75.4 million, an increase of $24.2 million or approximately 47.2% compared to $51.2 million from Fiscal Year 2022-23. The increase is primarily related to grants and the new transaction and use tax, reflected as part of the sales and use taxes revenue category. The City's total expenditures on all programs for Fiscal Year 2023-24 totaled approximately $50.77 million, a decrease of 2.1%, or approximately $1.07 million, compared to the previous fiscal year's $51.84 million. The overall decrease is largely attributable to expenditures in public works related to capital improvement projects, which was significant enough to offset the increases in the other departments by $1.07 million.

For more complete financial and operation information regarding the City, see APPENDIX B – "THE CITY OF GOLETA: ECONOMIC, DEMOGRAPHIC AND FINANCIAL INFORMATION" and APPENDIX C – "CITY OF GOLETA ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2024." See also "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS."

THE AUTHORITY

The Goleta Facilities Financing Authority was organized pursuant to the provisions of the Act and a Joint Exercise of Powers Agreement, dated as of November 1, 2024, by and between the City and the California Statewide Communities Development Authority, a joint exercise of powers authority organized and existing under and by virtue of the laws of the State (CSCDA). The Authority was organized for the purpose of providing an entity which can assist in providing financing for purposes which are authorized under the Joint Powers Act. The Authority has no financial liability to the Owners of the Series 2025A Bonds with respect to the payment the Base Rental Payments by the City or with respect to the performance by the City of the other agreements and covenants it is required to perform.

The Authority functions as an independent entity and its policies are determined by its Governing Board, which is comprised of the members of the City Council. The Authority has no employees and all staff work is done by the City staff or by consultants to the Authority. The City Administrator of the City has been designated as Executive Director of the Authority and the Finance Director of the City has been designated as Treasurer of the Authority. The Treasurer of the Authority has charge of, handles, and has access to any property of the Authority, has custody of all the money of the Authority from whatever source, and is required to perform the other functions of Treasurer of the Authority as set forth in the Act.

The Authority, the City and CSCDA are each separate and distinct legal entities, and the debts and obligations of any one such entity are not debts or obligations of the other entity.

All obligations of the Authority under the Indenture are special obligations of the Authority, payable solely from Rental Payments and the other assets pledged therefor thereunder; provided, however, that all obligations of the Authority under the Bonds shall be special obligations of the Authority, payable solely from Base Rental Payments and the other assets pledged therefor under the Indenture. Subject to any provisions in the Indenture to the contrary, the Authority has no obligation or liability to the Owners of the Series 2025A Bonds with respect to the payment when due of the Base Rental Payments by the City or with respect to the performance by the City of other agreements and covenants required to be performed by the City under the Lease Agreement or the Indenture, or with respect to the performance by the Trustee of any of the Trustee's rights or obligations under the Indenture.

[BOND INSURANCE]

[To come]

RISK FACTORS

The following information should be considered by prospective investors in evaluating the Series 2025A Bonds. However, the following does not purport to be an exhaustive listing of risks and other considerations may be relevant to making an investment decisions with respect to the Series 2025A Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such risks.

General

The Series 2025A Bonds are payable solely from the Base Rental Payments of the Authority under the Indenture consisting primarily of the Base Rental Payments payable by the City pursuant to the Lease Agreement for the beneficial use and occupancy of the Property.

The practical realization of any rights upon default by the City under the Lease Agreement will depend upon the exercise of various remedies specified therein, as restricted by State and federal law. The federal bankruptcy laws may have an adverse effect on the ability of the Trustee to enforce its rights under the Indenture and of the Authority to enforce its rights under the Lease Agreement. See "– Limitation on Remedies" below.

In certain situations, with the consent of the Owners of a majority in aggregate principal amount of the Outstanding Series 2025A Bonds, certain amendments to the Indenture and/or the Lease Agreement may be made. Such amendments could affect the security of Owners of the Series 2025A Bonds.

Future economic and other conditions may adversely affect the value or essential nature of the Property and, consequently, the value of the Property to the Authority in exercising available remedies upon default by the City. In addition, there are certain other factors discussed herein as a result of which certain remedies available to the Trustee or the Authority may not be a viable option.

Limited Obligation

The Series 2025A Bonds are special obligations of the Authority, payable, as provided in the Indenture, solely from Base Rental Payments and the other assets pledged therefor thereunder. Neither the faith and credit nor the taxing power of the Authority, the City or the State of California, or any political subdivision thereof, is pledged to the payment of the Series 2025A Bonds. The Authority shall not be required to advance any money derived from any source other than the Base Rental Payments as provided in the Indenture for the payment of the interest on, principal of, or redemption premiums, if any, on the Series 2025A Bonds or for the performance of any agreements or covenants in the contained in the Indenture. Nothing contained in the Indenture, expressed or implied, is intended to give to any person other than the Authority, the Trustee, and Owners of the Series 2025A Bonds any right, remedy or claim under or by reason thereof. Any agreement or covenant required in the Indenture to be performed by or on behalf of the Authority or any member, officer or employee thereof shall be for the sole and exclusive benefit of the Authority, the Trustee, and Owners of the Series 2025A Bonds. The Authority has no taxing power.

Limitations on Base Rental Payments; Abatement Risk

General. The Base Rental Payments and Additional Rental Payments due under the Lease Agreement (including insurance, payment of costs of repair and maintenance of the Property, taxes and other governmental charges and assessments levied against the Property) are not secured by any pledge of taxes or other revenues of the City but are payable from any funds lawfully available to the City. The City will incur other obligations in the future payable from the same sources as the Base Rental Payments. In the event the City's revenue sources are less than its total obligations, the City could choose to fund other City services before making Base Rental Payments. The same result could occur if, because of State Constitutional limits on expenditures, the City is not permitted to appropriate and spend all of its available revenues. The City's appropriations, however, have never exceeded the limitation on appropriations under Article XIIIB of the California Constitution. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS – Article XIIIB of the State Constitution."

Covenant to Budget and Appropriate. Pursuant to the Lease Agreement, the City will covenant to take such action as may be necessary to include all Rental Payments due thereunder as a separate line item in its biennial budgets and to make necessary annual appropriations for all such Rental Payments. Such covenants shall be deemed to be and shall be construed to be duties imposed by law and it shall be 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. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Base Rental Payments." Upon issuance of the Series 2025A Bonds, Bond Counsel will render its opinion (substantially in the form of Appendix D attached hereto) to the effect that, subject to the limitations and qualifications described therein, the Lease Agreement constitutes a valid and binding obligation of the City. As to the Trustee's or the Authority's practical realization of remedies upon default by the City, see "– Limitations on Remedies" below.

Abatement Risk. During any period in which, by reason of material damage or destruction, there is substantial interference with the use and occupancy by the City of any portion of the Property, Rental Payments due under the Lease Agreement with respect to the Property will be abated proportionately, in the proportion in which the annual fair rental value of that portion of the Property rendered unusable bears to the annual fair rental value of the whole of the Property, and the City waives any and all rights to terminate the Lease Agreement by virtue of any such interference and the Lease Agreement shall continue in full force and effect. Such abatement shall continue for the period commencing with the date of interference resulting from such damage, destruction, condemnation or title defect and, with respect to damage to or destruction of the Property, ending with the substantial completion of the work of repair or replacement of the Property, or the portion thereof so damaged or destroyed; and the term of the Lease Agreement shall be extended as provided therein. Notwithstanding the foregoing, to the extent that moneys are available for the payment of Rental Payments in any of the funds and accounts established under the Indenture or proceeds of the rental interruption insurance required by the Lease Agreement are available, Rental Payments shall not be abated as provided above but, rather, shall be payable by the City as a special obligation payable solely from said funds, accounts, and proceeds. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Abatement."

Project Completion Risk. Completion of the Projects, any Additional Projects, and/or components thereof may be delayed as a result of any number of causes, including but not limited to, shortages of or other supply problems relating to labor and materials, unavailability of subcontractors, delays in obtaining governmental or agency approvals and permits, and increases in costs due to inflation (each including as may result from global health concerns), design or construction defects, construction contract difficulties or disputes, adverse weather conditions, negligence on the part of subcontractors or materials, labor disputes, litigation, unexpected subterranean archaeological or environmental conditions, and unanticipated or increased costs of construction. Any of these events or occurrences, separately or in combination, could have a material adverse effect on the ability to complete the Projects, any Additional Projects, and/or components thereof, or to complete as planned within the expected budgets. See "THE PROJECTS AND ADDITIONAL PROJECTS" above.

No Acceleration Upon Default

In the event of a default, there is no remedy of acceleration of the total Base Rental Payments due over the term of the Lease Agreement, and the Trustee is not empowered to sell a fee simple interest in the Property and use the proceeds of such sale to prepay the Series 2025A Bonds or pay debt service thereon. Any suit for money damages would be subject to limitations on legal remedies against public agencies in the State, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest as described below.

Limitations on Remedies

The enforcement of any remedies provided in the Lease Agreement and the Indenture could prove both expensive and time consuming. Although the Lease Agreement provides that if the City defaults the Trustee may exercise any and all remedies available or granted to it pursuant to law or thereunder, upon the occurrence of an event of default under the Lease Agreement, the Authority or its assignee may be limited in their abilities to see remedies against the City and otherwise subject to a limitation on enforcement against funds that are otherwise needed to serve the public welfare and interest as discussed herein. Such limitations notwithstanding, as provide in the Lease Agreement, upon any default, the Authority, in addition to all other rights and remedies it may have at law, shall have the option to act with respect to the City's sublease under the Lease Agreement as summarized above under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Defaults and Remedies" and in See APPENDIX C – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – INDENTURE – DEFAULT AND LIMITATIONS OF LIABILITY" and "– LEASE AGREEMENT – DEFAULTS AND REMEDIES."

The rights of the Owners of the Series 2025A Bonds are subject to certain limitations on legal remedies against cities and other governmental entities in the State, including but not limited to a limitation on enforcement against funds that are otherwise needed to serve the public welfare and interest. Additionally, the rights of the Owners of the Series 2025A Bonds may be subject to (i) bankruptcy, insolvency, reorganization, moratorium, or similar laws limiting or otherwise affecting the enforcement of creditors' rights generally (as such laws are now or hereafter may be in effect), (ii) equity principles (including but not limited to concepts of materiality, reasonableness, good faith and fair dealing) and the possible unavailability of specific performance or injunctive relief, regardless of whether considered in a proceeding in equity or law, (iii) the exercise by the United States of America of the powers delegated to it by the Constitution, and (iv) the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose. Under Chapter 9 of the Bankruptcy Code (Title 11, United States Code), which governs bankruptcy proceedings for public agencies, there are no involuntary petitions in bankruptcy. If the City were to file a petition under Chapter 9 of the Bankruptcy Code, the Owners, the Trustee, and the Authority could be prohibited or severely restricted from taking any steps to enforce their rights under the Lease Agreement and from taking any steps to collect amounts due from the City under the Lease Agreement.

As provided in the Lease Agreement, neither the City nor the Authority shall be in default in the performance of any of its obligations thereunder (except for the obligation to make timely Base Rental Payments) unless and until it shall have failed to perform such obligation within 30 days after notice by the City of the Authority, as the case may be, to the other party properly specifying wherein it has failed to perform such obligation.

Bankruptcy of the City

In addition to the limitation on remedies contained in the Indenture, the rights and remedies provided in the Indenture and the Lease Agreement may be limited by and are subject to the provisions of federal bankruptcy laws and to other laws or equitable principles that may affect the enforcement of creditors' rights. The City is a unit of State government and therefore is not subject to the involuntary procedures of the United States Bankruptcy Code (the "Bankruptcy Code"). However, pursuant to Chapter 9 of the Bankruptcy Code, the City may seek voluntary protection from its creditors for purposes of adjusting its debts. In the event the City were to become a debtor under the Bankruptcy Code, the City would be entitled to all of the protective provisions of the Bankruptcy Code as applicable in a Chapter 9 proceeding. Among the adverse effects of such a bankruptcy might be: (i) the application of the automatic stay provisions of the Bankruptcy Code, which, until relief is granted, would prevent collection of payments from the City or the commencement of any judicial or other action for the purpose of recovering or collecting a claim against the City; (ii) the avoidance of preferential transfers occurring during the relevant period prior to the filing of a bankruptcy petition; (iii) the existence of unsecured or court-approved secured debt which may have a priority of payment superior to that of Owners of Series 2025A Bonds; and (iv) the possibility of the adoption of a plan for the adjustment of the City's debt (a "Plan") without the consent of the Trustee or all of the Owners of Series 2025A Bonds, which Plan may restructure, delay, compromise or reduce the amount of any claim of the Owners if the Bankruptcy Court finds that the Plan is fair and equitable.

In addition, the City could either reject the Lease Agreement or assume the Lease Agreement despite any provision of the Lease Agreement which makes the bankruptcy or insolvency of the City an event of default thereunder. In the event the City rejects the Lease Agreement, the Trustee, on behalf of the Owners of the Series 2025A Bonds, would have a pre-petition claim that may be limited under the Bankruptcy Code and treated in a manner under a Plan over the objections of the Trustee or Owners of the Series 2025A Bonds. Moreover, such rejection would terminate the Lease Agreement and the City's obligations to make payments thereunder.

The Authority is a public agency and, like the City, is not subject to the involuntary procedures of the Bankruptcy Code. The Authority may also seek voluntary protection under Chapter 9 of the Bankruptcy Code. In the event the Authority were to become a debtor under the Bankruptcy Code, the Authority would be entitled to all of the protective provisions of the Bankruptcy Code as applicable in a Chapter 9 proceeding. Such a bankruptcy could adversely affect the payments under the Indenture. Among the adverse effects might be: (i) the application of the automatic stay provisions of the Bankruptcy Code, which, until relief is granted, would prevent collection of payments from the Authority or the commencement of any judicial or other action for the purpose of recovering or collecting a claim against the Authority; (ii) the avoidance of preferential transfers occurring during the relevant period prior to the filing of a bankruptcy petition; (iii) the existence of unsecured or court-approved secured debt which may have priority of payment superior to that of the Owners of the Series 2025A Bonds; and (iv) the possibility of the adoption of a plan for the adjustment of the Authority's debt without the consent of the Trustee or all of the Owners of the Series 2025A Bonds, which plan may restructure, delay, compromise or reduce the amount of any claim of the Owners if the Bankruptcy Court finds that the Plan is fair and equitable. However, the bankruptcy of the Authority, and not the City, should not affect the Trustee's rights under the Lease Agreement. The Authority could still challenge the assignment, and the Trustee and/or the Owners of the Series 2025A Bonds could be required to litigate these issues in order to protect their interests.

Bond Counsel has limited its opinion as to the validity and enforceability of the Lease Agreement and the Indenture to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium, or other similar laws affecting generally the enforcement of creditor's rights, by equitable principles and by the exercise of judicial discretion. The lack of availability of certain remedies or the limitation of remedies may entail risks of delay, limitation, or modification of the rights of the Owners.

No Limitation on Incurring Additional Obligations

Neither the Lease Agreement nor the Indenture contains any limitations on the ability of the City to enter into other obligations that may constitute additional claims against its General Fund revenues. To the extent that the City incurs additional obligations, the funds available to make Base Rental Payments may be decreased. The City is currently liable on other obligations payable from General Fund revenues.

The City maintains a schedule of capital improvement needs, however, other than the Series 2025A Bonds, the City does not have any current plans for additional General Fund lease finance obligations in the next three years.

Bond Insurance

[In the event of default of the payment of the scheduled principal of or interest on the Insured Series 2025A Bonds when all or some becomes due, the Trustee on behalf of any owner of the Insured Series 2025A Bonds shall have a claim under the Policy for such payments. The Insurer may direct and must consent to any remedies with respect to the Insured Series 2025A Bonds and the Insurer's consent may be required in connection with amendments to any applicable documents relating to the Series 2025A Bonds. See Appendix A – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS."

The Insurer is [expected to insure a majority of the Series 2025A Bonds] and will therefore have the ability to direct the actions of the Trustee give consents and waivers and take other actions without regard to the views of the Owners of the Series 2025A Bonds. As a result, Owners of the Series 2025A Bonds may be limited in the rights and remedies they are able to exercise in the event of a default by the City under the Lease Agreement. The Insurer may have different business and other interests than the Owners of the Series 2025A Bonds.

The long-term ratings on the Insured Series 2025A Bonds are dependent in part on the financial strength of the Insurer and its claims paying ability. The Insurer's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the Insurer and the ratings on the Insured Series 2025A Bonds will not be subject to downgrade and such event could adversely affect the market price of the Insured Series 2025A Bonds or the marketability (liquidity) for the Insured Series 2025A Bonds. See "RATINGS" herein.

The obligations of the Insurer are unsecured contractual obligations and in an event of default by the Insurer, the remedies available may be limited by applicable bankruptcy law or state law related to insolvency of insurance companies.

None of the Authority, the City, or the Underwriter has made independent investigation into the claims paying ability of the Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the City to make Base Rental Payments when due under the Base Rental Agreement and the claims paying ability of the Insurer, particularly over the life of the investment. See "BOND INSURANCE" herein for further information regarding the Insurer and the Policy, which includes further instructions for obtaining current financial information concerning the Insurer.]

Economic and Tourism Factors

The City, nearby Santa Barbara, and the central coast of California are tourist destinations, and the City's economy is directly affected by the number of visitors to the City. Numerous factors, many of which are beyond the control of the City, could have an adverse impact on the number of visitors to the City, including but not limited to, the national economy and levels of tourism, terrorist attacks, natural disasters, competition from other vacation and convention center destinations, sales taxes, energy costs and airline fares.

Geologic, Topographic and Climatic Conditions

The obligation to pay Base Rental Payments may be adversely affected if the Property is damaged or destroyed by natural disasters such as earthquake, flood, or wildfire. While the City currently maintains both earthquake insurance and flood insurance over City-owned facilities, [City-wide, which include the Property], there can be no assurance that any such proceeds will be sufficient to cover any or all claims, and the City has no obligation to continue either form of insurance through the remainder of the term of the Lease Agreement. Damage or destruction to the Property caused by earthquake or flood could result in abatement of Base Rental Payments. Pursuant to and under the circumstances described in the Lease Agreement, the City is required to maintain or is permitted to self-insure for casualty, workers' compensation, and standard comprehensive public entity liability. However, no assurance can be given that such insurance or self-insurance at the time of any casualty or loss will be adequate to cover any claims that might arise. Portions of the City may be at risk of damage or destruction from floods or wildfires or may be subject to unpredictable seismic activity.

The property within the in the City and in the vicinity of the Property may also be at risk from other events of force majeure, such as damaging storms, fires and explosions, strikes, sabotage, riots and spills of hazardous substances, among other events. Some commentators believe that climate change will lead to even more frequent and more damaging wildfires, floods, and storm events in the future. The City cannot predict what force majeure events may occur in the future. The following is a summary of information available to the City.

Seismic Risks. Generally, seismic activity occurs on a regular basis in the State. Periodically, the magnitude of a single seismic event can cause significant ground shaking and potential damage to property located at or near the center of such seismic activity. The Property is located in a seismically active area of southern California. Significant ground shaking as a result of a local or regional earthquake is likely to occur during the term of the Lease Agreement. Due to the presence of groundwater and loose to medium dense silty sand, the site is considered to be susceptible to liquefaction in the event of a strong earthquake.

According to the Safety Element of the City's General Plan, faults near or within the City include the More Ranch Fault, the Glen Annie Fault and the Carneros Fault. The proximity of these faults makes the City, including in the vicinity of the Property, subject to the hazards associated with ground shaking, surface rupture, and soil instability. In the case of surface rupture, properties along the rupture could be red-tagged and may not be rebuilt. If an earthquake were to substantially damage or destroy taxable property within the City and in the vicinity of the Property, the assessed valuation of such property would be reduced.

In addition, the City is susceptible to tsunami and seiche hazards. A tsunami is a sea wave generated by a submarine earthquake, landslide, or volcanic eruption. A seiche is another form of earthquake– or landslide-induced wave or oscillation that can be generated in an enclosed body of water such as a lagoon or harbor.

The City is not obligated under the Lease Agreement to maintain earthquake insurance on the Property. In the event of damage or destruction to the Property caused by perils for which the City does not provide insurance and is not required to provide insurance under the Lease Agreement, the City is not obligated to repair, replace, or reconstruct the Property. If an earthquake were to cause serious damage to the Property during any period when such facilities were not insured for earthquake damage, or if the proceeds of any earthquake insurance were insufficient to replace or repair the damaged Property, the City would be limited to its General Fund, reserves, and emergency grants, if any, in seeking to make appropriate repairs. Pending such repairs, the City's obligation to make Base Rental Payments would be subject to abatement and rental interruption insurance proceeds likely would not cover losses caused by earthquakes. The City will not be obligated to repair or restore the Property in the event of uninsured damage caused by an earthquake. See "RISK FACTORS – Limitations on Base Rental Payments; Abatement Risk."

Both the City and the County have a program requiring the retrofitting of certain property to meet higher standards of earthquake safety. Implementation of this program is ongoing and will continue for some years. There has been no major earthquake with an epicenter located in the County since August 1978; however, a number of faults located both within and outside of the County could become the site of quake activity impacting the County. The 1994 earthquake in Los Angeles County, which was centered in Northridge and was felt in the City, did not result in any deaths, injuries, or property damage in the County according to the County Office of Emergency Services. In December 2003, an earthquake registering 6.5 on the Richter scale occurred with an epicenter 11 miles northeast of San Simeon. In December 2024, an earthquake registering 7.0- on the Richter scale struck off the coast of Humboldt County in Northern California, prompting a tsunami warning for part of the North Coast.

Flood Risks. According to the Safety Element of the City's General Plan, there are approximately 640 acres within Federal Emergency Management Agency-designated 100-year floodplains within the City, which is approximately twelve percent of the entire area of the City. About 168 of these acres, or one quarter of the total, are in the Old Town area east of Fairview Avenue, generally in the vicinity of the Property. Stream flooding is exacerbated by inadequately sized culverts under U.S. Highway 101, Hollister Avenue and the Union Pacific Railroad. A notable area subject to flooding is the floodplain associated with San Jose Creek and San Pedro/Las Vegas Creeks. This area is notable in that it includes two of the City's three major commercial areas: the Calle Real Center and the Goleta Old Town area. While the Property is in or near an area of low hazard of flooding, as part of a coastal floodplain, the City may experience additional hazards associated with storm waves and wind.

Flood zones are identified by FEMA. FEMA designates land located in a low– to moderate-risk flood zone (i.e., not in a floodplain) and has less than a 1% chance of flooding each year as being within a Non-Special Flood Hazard Area (a "NSFHA"). [The Property is located in an area designated by FEMA as subject to low to moderate flood risk. FEMA has issued a preliminary Flood Insurance Rate Map (FIRM) and a Flood Insurance Study (FIS) report reflecting proposed flood hazard determinations within the County and certain cities therein, including the City.] Before the revised FIRM panels become effective, there is a 90-day appeal period from September 19 to December 18, 2024, during which time residents or businesses with supporting technical and scientific information can appeal the revised flood risk information on the preliminary maps. The City can make no representation that future maps will not be revised to include the Property within an area deemed subject to flooding.

The City lies withing the Goleta Valley, which is bordered on the south by the coastal plateaus that encompass the Ellwood Mesa, Isla Vista, the University of California, Santa Barbara (UCSB), and the More Mesa areas. The northern limit of the Goleta Valley is defined by the foothills of the Santa Ynez Mountains. To the east, the Goleta Valley extends to the hills near the western edge of the City. Most of the valley drains into the Goleta Slough, a coastal salt marsh located south of the City. Several flat-floored stream valleys, including Glen Annie Creek, San Pedro Creek, Las Vegas Creek, San Jose Creek, and Maria Ygnacio Creek, convey water through the slough from the Santa Ynez Mountains.

[The City most recently experienced severe flooding and mudslides in 2017 and 2018 and 2023. In 2017, heavy rains caused flooding, mud and debris slides, and downed trees.]

[To update: In 2015 the County, in concert with Caltrans and the City, completed capacity improvements to San Pedro and Las Vegas Creeks at Calle Real, Highway 101 and Union Pacific Railroad which reduced the potential for flooding adjacent to Calle Real. In addition, in 2014 the City completed the first phase of the San Jose Creek Capacity Improvement project. The second and final phase of the project is scheduled to commence construction in 2021 and be completed in 2023. Once complete and upon approval from the Federal Emergency Management Agency, this project will eliminate portions of the project from the 100-year floodplain.]

The City is obligated under the Lease Agreement to maintain flood insurance on the Property. The occurrence of flooding to the Property could result in an abatement of Base Rental Payments and could have an adverse effect on the ability of the City to make timely Base Rental Payments.

Wildfire Risks. According to the Safety Element of the City's General Plan, certain areas within and adjacent to the City have been designated as high wildland fire hazard areas, including areas north of Cathedral Oaks Road, portions of the Winchester Commons subdivision and the Ritz-Carlton Bacara Resort property. Areas susceptible to high-fire hazards generally include lands with steep slopes and ample vegetation, or fuel load. The Property is situated in an urban area, and is not located within a high wildland fire hazard area.

The City is exposed to a variety of wildfire hazard conditions ranging from very low levels of risk along the coastal portions of the County, to extreme hazards in the inland and chaparral covered hillsides of the Santa Ynez Mountains and the Los Padres National Forest. Currently, fire hazard severity is a function of fuel conditions, historic climate, and topography.

Neither the Property nor other structures within the City have been affected by a recent or current California wildfire. The California State Fire Marshal is mandated to classify lands within State Responsibility Areas into Fire Hazard Severity Zones (FHSZ). The Property is located outside of designated State Responsibility Areas. Designations are based on the factors that influence fire likelihood and fire behavior. Many factors are considered such as fire history, existing and potential fuel (natural vegetation), predicted flame length, blowing embers, terrain, and typical fire weather for the area. Areas outside of designated State Responsibility Areas (including the area in and around the Property) are designated Local Responsibility Areas. Local government, the City and the Santa Barbara County Fire Department through the Santa Barbara County Fire Protection District, which has a service area that includes the City, has the responsibility to provide fire protection in this Local Responsibility Area and may provide structural and supplemental wildland fire protection in State Responsibility Areas. There can be no assurances that wildfires will not affect the Property or other City properties.

Population density or the number of structures in a particular region are not currently used to determine the fire hazard severity for a particular region. Areas throughout the County have been designated as having a "Very High Severity Hazard," "High Hazard," or "Moderate Hazard." In the County, most of the area that has been designated as having a "Very High Severity Hazard" are located in the Santa Ynez Mountains and the Los Padres National Forest. These areas exhibit the combination of vegetative fuel, topography, and human proximity that contribute to an extreme fire hazard potential. The fact that an area is in a Moderate Hazard designation does not mean it cannot experience a damaging fire; it means only that the probability is reduced, generally because the number of days a year that the area has "fire weather" is less. Since 1990, 13 significant fires burned the southern parts of the County close to the City, Santa Barbara, and Carpinteria.

Santa Barbara has recently been impacted by wildfires in and around the City and County areas. In November 2008, a wildfire consumed approximately 1,940 acres in nearby Montecito. As is often the case with Southern California wildfires, the wind caused the fire to hopscotch in places, sparing some homes while igniting others. The Montecito fire was relatively smaller than many of the wildfires that have occurred in Southern

California in recent years, but its speed and ferocity took its toll in property damage, racing through the populated slopes of the Santa Ynez Mountains, exacerbated by 70 mph winds, combustible brush and narrow roads. The Montecito fire destroyed 151 residences in the City and 80 residences in the County and damaged others. At that time, Governor Schwarzenegger declared a state of emergency for Santa Barbara County.

On May 5, 2009, a wildfire immediately exacerbated by high winds which frequent the County, referred to as Santa Barbara Jesusita Fire, burned for over a week, blackened approximately 8,733 acres, destroyed 80 homes, 1 commercial building and 79 outbuildings, damaged 15 homes and 2 outbuildings and injured 30 firefighters. Approximately 30,000 people were forced from their homes.

Containment efforts often succeed in limiting damage suffered by structures and persons. In May 2013, a wildfire originated in the Los Padres National Forest. The fire, referred to as the White Fire burned approximately 1,984 acres of recreational areas. In July 2016, a wildfire originated in the Los Padres National Forest. The fire, referred to as the Sherpa Fire was fully contained after having burned approximately 7,474 acres. In August 2016, a wildfire originated in an area southeast of Lake Cachuma in the range above the Santa Ynez River. The fire, referred to as the Rey Fire was fully contained on September 16, after having burned approximately 32,606 acres. In September 2016, a wildfire originated in a canyon at the southern half of Vandenberg Air Force Base in the County. The fire, referred to as the Canyon Fire was fully contained on September 24, after having burned approximately 12,742 acres.

In July 2017, the Whittier Fire originated as a wildfire in the Santa Ynez Mountains, south of Lake Cachuma. Upon containment on July 28, the fire had burned approximately 18,430 acres and destroyed 16 homes. In December 2017, one of the largest Southern California wildfires which had originated in Ventura County spread into Santa Barbara County. The fire, referred to as Thomas Fire included mandatory evacuation orders for large swaths of the County, including Montecito and some parts of the City, with approximately 95,000 placed under mandatory evacuation. Upon containment on January 12, 2018, approximately 281,893 acres had burned. In July 2024, the Lake Fire grew to more than 37,000 acres (59 square miles) northeast of Santa Ynez. Six structures were damaged by the blaze, including an outbuilding on forest land and some recreational residences.

As in this case, the Fire Management Assistance declaration process is initiated when a state submits a request for assistance to the FEMA Regional Director at the time a "threat of major disaster" exists. The entire process is accomplished on an expedited basis and a FEMA decision is rendered in a matter of hours. The Fire Management Assistance Grant Program (FMAGP) provides a 75 percent Federal cost share and the State pays the remaining 25 percent for actual costs. Typically costs accrue to public safety, with fire suppression costs being the most significant. Eligible firefighting costs may include expenses for field camps; equipment use, repair and replacement; tools, materials, and supplies; and mobilization and demobilization activities. The recent fires have not caused material negative impacts on tax receipts to the City.

When wildfires scorch thousands of acres in Southern California, they destroy all vegetation on mountains and hillsides. As a result, when heavy rain falls in the winter, there is nothing to stop the rain from penetrating directly into the soil. In addition, waxy compounds in plants and soil that are released during fires create a natural barrier in the soil that prevents rain water from seeping deep into the ground. The result is erosion, mudslides, and excess water running off the hillsides often causing flash flooding as described below.

Climate Change. The State has historically been susceptible to wildfires and hydrologic variability. As greenhouse gas emissions continue to accumulate in the atmosphere, 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, its finances, and the economy in the City and the County is difficult to predict, but it could be significant and it could have a material adverse effect on the City's finances by requiring greater expenditures to counteract the effects of climate change and a material adverse effect on the economy in the City and the County by causing more severe and frequent storm events, wildfires, and other natural disasters.

The City recognizes the importance of addressing climate change and its potential impacts on the community. The City has demonstrated this commitment through a variety of plans, policies, and initiatives aimed at reducing greenhouse gas emissions, adapting to climate change, and promoting sustainability. Among key initiatives and policy statements, the City has adopted a Strategic Energy Plan (2019) which sets forth the City's goal of achieving 100% renewable electricity for municipal operations and the community by 2030, a Climate Action Plan (2014) designed to reduce greenhouse gas emissions, and a Community Wildfire Protection Plan (2012) which outlines strategies for wildfire prevention, mitigation, and response. This includes measures such as vegetation management, public education, and emergency preparedness. In addition, the City commissioned a Coastal Hazards Vulnerability Assessment and Fiscal Impact Report (2015): This report assesses the City's vulnerability to sea level rise, coastal erosion, and other climate-related hazards. It identifies potential impacts on infrastructure, property values, and the local economy, and outlines strategies for adaptation and resilience. This proactive approach helps to mitigate potential financial risks associated with climate change.

The Strategic Energy Plan sets forth the City's goal of achieving 100% renewable electricity for municipal operations and the community by 2030. Key strategies include:

- Expanding renewable energy generation: Actively pursuing opportunities to install solar panels on city facilities and supporting community-based renewable energy projects.

- Improving energy efficiency: Implementing energy efficiency measures in municipal buildings and encouraging residents and businesses to adopt energy-saving practices.

- Promoting electric vehicles: Installing electric vehicle charging stations and supporting the adoption of electric vehicles through incentives and outreach programs.

The Climate Action Plan provides a comprehensive framework for reducing greenhouse gas emissions across various sectors, including:

- Transportation: Encouraging alternative modes of transportation, such as walking, biking, and public transit, and supporting the development of electric vehicle infrastructure.

- Land Use: Promoting compact, mixed-use development and preserving open space to reduce urban sprawl and vehicle miles traveled.

- Energy: Improving energy efficiency in buildings and promoting the use of renewable energy sources.

- Waste Management: Implementing programs to reduce waste generation, increase recycling rates, and promote composting.

The Coastal Hazards Vulnerability Assessment and Fiscal Impact Report assesses the City's vulnerability to sea level rise, coastal erosion, and other climate-related hazards and impacts:

As described herein, a portion of the proceeds of the Series 2025A Bonds are expected to be allocated to fund improvements to the City's transportation infrastructure, including the expansion of bike lanes and pedestrian pathways. These investments will promote alternative modes of transportation, reduce reliance on single-occupancy vehicles, and contribute to the City's climate action goals.

Hazardous Substances

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

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

Other Financial Matters

Due to economic changes in the State and the United States as may be attributable to terrorist attacks, military movements, and responses thereto, it is possible that the general revenues of the City will decline, particularly those based on tourism. Such a reduction in revenues may include, but may not be limited to, a decline in transient occupancy tax and sales tax revenues, and the loss of vehicle license fee revenue. Such financial matters may have a detrimental impact on the City's General Fund. See APPENDIX B – "THE CITY OF GOLETA: ECONOMIC, DEMOGRAPHIC AND FINANCIAL INFORMATION" for additional information.

Loss of Tax Exemption

As discussed under the caption "TAX MATTERS," certain acts or omissions of the City in violation of its covenants in the Indenture and the Lease Agreement could result in the interest on the Series 2025A Bonds being includable in gross income for purposes of federal income taxation retroactive to the date of delivery of the Series 2025A Bonds. Should such an event of taxability occur, the Series 2025A Bonds would not be subject to a special redemption or an increase in interest rates and would remain outstanding.

Cyber Security

The City, like other public and private entities, relies on a large and complex technology environment to conduct its operations, and consequently faces the threat of cybersecurity incidents. Such incidents can result from unintentional events, or from deliberate attacks by unauthorized entities or individuals attempting to gain access to the City's information technology systems to misappropriate assets or information or to cause operational disruption and damage. The City and its departments face cyber threats from time to time, including but not limited to hacking, viruses, malware, phishing, distributed denial-of-service, and other attacks on computers, networks, and systems.

The City contracts with Acorn Technology Services as its managed IT service provider, ensuring comprehensive IT support across desktops, servers, networks, and mobile devices, with a priority focus on cybersecurity. Acorn Technology Services implements advanced cybersecurity measures, including 24/7 network monitoring, quarterly vulnerability scans, penetration testing, and Payment Card Industry (PCI) compliance testing for secure credit card transactions.

Acorn Technology Services collaborates with the City to develop and implement IT governance frameworks and ensures compliance with industry standards such as the National Institute of Standards and Technology (NIST) cybersecurity framework and Payment Card Industry Data Security Standard (PCI DSS). These efforts include the creation of comprehensive documentation for IT assets and standardized policies and procedures, all aimed at strengthening the City's governance and cybersecurity posture.

The City also prioritizes business continuity and operational resilience as part of its IT strategy. Together with Acorn Technology Services, the City is implementing network redundancy and enhanced recovery protocols to mitigate potential disruptions from cyber and non-cyber incidents. These measures are supported by ongoing evaluations of IT systems and infrastructure, enabling the City to adapt to evolving cybersecurity threats and optimize technology resources.

As part of its commitment to fostering a culture of security, the City mandates regular cybersecurity awareness training for all employees. These training sessions include focused and ongoing education to equip employees with the knowledge and tools needed to identify and respond to emerging cyber threats effectively.

Although the City takes extensive precautions to protect its information systems, no cybersecurity measures can entirely eliminate the risk of unauthorized access, service disruptions, or data breaches. The City has not experienced any material cybersecurity incidents to date but acknowledges the potential for future incidents that could impact operations or result in financial or legal implications. The City currently purchases cyber insurance coverage.

IRS Audit of Tax-Exempt Bond Issues

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 Series 2025A Bonds will be selected for audit by the Internal Revenue Service. It is also possible that the market value of the Series 2025A Bonds might be affected as a result of such an audit of the Series 2025A Bonds (or by an audit of similar municipal obligations).

Loss of Tax Exemption

As discussed under the caption "TAX MATTERS," certain acts or omissions of the City in violation of its covenants in the Indenture and the Lease Agreement could result in the interest on the Series 2025A Bonds being includable in gross income for purposes of federal income taxation retroactive to the date of delivery of the Series 2025A Bonds. Should such an event of taxability occur, the Series 2025A Bonds would not be subject to a special redemption or an increase in interest rates and would remain outstanding.

Constitutional Limitations on Appropriations

State law imposes various taxing, revenue and appropriations limitations on public agencies such as the City. See "CONSTITUTIONAL PROVISIONS AFFECTING CITY REVENUES AND APPROPRIATIONS" for a discussion of these limitations.

No Liability of Authority to Owners

Subject to any provisions in the Indenture to the contrary, the Authority has no obligation or liability to the Owners of the Series 2025A Bonds with respect to the payment when due of the Base Rental Payments by the City or with respect to the performance by the City of other agreements and covenants required to be performed by the City under the Lease Agreement or the Indenture, or with respect to the performance by the Trustee of any of the Trustee's rights or obligations under the Indenture.

Secondary Market

There can be no guarantee that there will be a secondary market for the Series 2025A Bonds or, if a secondary market exists, that the Series 2025A Bonds can be sold for any particular price. Occasionally, because of general market conditions, adverse history or economic prospects connected with a particular issue, secondary marketing practices are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price.

CONSTITUTIONAL PROVISIONS AFFECTING CITY REVENUES AND APPROPRIATIONS

Article XIIIB of the California Constitution – Limitations on Appropriations

On November 6, 1979, State voters approved Proposition 4, the so-called Gann Initiative, which added Article XIIIB to the State Constitution ("**Article XIIIB**"). In June 1990, Article XIIIB was amended by the voters through their approval of Proposition 111. Article XIIIB limits the annual appropriations of the State and of any city, county, school district, authority or other political subdivision of the State to the level of appropriations for the prior fiscal year, as adjusted annually for changes in the cost of living, population and cost of services rendered by the governmental entity. The "base year" for establishing such appropriation limit is State fiscal year 1978-79 and the limit is to be adjusted annually to reflect changes in population and consumer prices. Adjustments in the appropriations limit of an entity may also be made if: (i) the financial responsibility for a service is transferred to another public entity or to a private entity; (ii) the financial source for the provision of services is transferred from taxes to other revenues; or (iii) the voters of the entity approve a change in the limit for a period of time not to exceed four years.

Appropriations of an entity of local government that are subject to Article XIIIB include generally any authorization to expend during the fiscal year the proceeds of taxes levied by the State or other entity of local government, exclusive of certain State subventions, refunds of taxes, benefit payments from retirement, unemployment insurance and disability insurance funds. Appropriations that are subject to limitation pursuant to Article XIIIB do not include debt service on indebtedness existing or legally authorized as of January 1, 1979 or on bonded indebtedness thereafter approved according to law by a vote of the electors of the issuing entity voting in an election for such purpose, appropriations required to comply with mandates of courts or the federal government, appropriations for qualified capital outlay projects and appropriations by the State of revenues derived from any increase in gasoline taxes and motor vehicle weight fees above January 1, 1990, levels. "Proceeds of taxes" include, but are not limited to, all tax revenues and the proceeds to any entity of government from: (i) regulatory licenses, user charges, and user fees to the extent such proceeds exceed the cost of providing the service or regulation; (ii) the investment of tax revenues; and (iii) certain State subventions received by local governments. Article XIIIB includes a requirement that if an entity's revenues in any year exceed the amount permitted to be spent, the excess must be returned by revising tax rates or fee schedules over the subsequent two fiscal years.

Article XIIIB allows voters to approve a temporary waiver of a government's Article XIIIB limit. Such a waiver is often referred to as a "Gann limit waiver." The length of any such waiver is limited to four years. The Gann limit waiver does not provide any additional revenues to a local government or allow a local government to finance additional services.

Base Rental Payments are subject to the Article XIIIB appropriations limitations. The City reports that it has never made appropriations that exceeded the limitation on appropriations under Article XIIIB. The impact of the appropriations limit on the financial needs of the City in the future is unknown.

For Fiscal Year 2023-24, permitted appropriations of "proceeds of taxes" were limited to $75,864,694, and the City's budgeted appropriations from the proceeds of taxes for Fiscal Year 2023-24 were within such limit. The City has estimated that for Fiscal Year 2024-25, permitted appropriations of "proceeds of taxes" are limited to $78,831,106, and the City's budgeted appropriations from the proceeds of taxes for Fiscal Year 2024-25 Fiscal Year are expected to be within such limit.

Articles XIIIC and XIIID of the California Constitution – The Right to Vote on Taxes

On November 5, 1996, the voters of the State approved Proposition 218, entitled the "Right to Vote on Taxes Act" ("**Proposition 218**"). Proposition 218 added Article XIIIC ("**Article XIIIC**") and Article XIIID ("**Article XIIID**") to the State Constitution, which Articles contain a number of provisions affecting the ability of local governments to levy and collect both existing and future taxes, assessments, fees and charges. The interpretation and application of certain provisions of Proposition 218 will ultimately be determined by the courts with respect to some of the matters discussed below. It is not possible at this time to predict with certainty the future impact of such interpretations. The provisions of Proposition 218, as so interpreted and applied, may affect the ability of the City to meet certain obligations.

Article XIIIC requires that all new local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes require a majority vote and taxes for specific purposes (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 local governments to deal with fiscal problems by raising revenue through new, extended, or increased taxes. No assurance can be given that the City will be able to raise taxes in the future to meet increased expenditure requirements.

Article XIIIC also expressly extends the initiative power to give voters the power to reduce or repeal local taxes, assessments, fees and charges, regardless of the date that such taxes, assessments, fees and charges were imposed. Article XIIIC expands the initiative power to include reducing or repealing assessments, fees and charges, which had previously been considered administrative rather than legislative matters and therefore beyond the initiative power. This extension of the initiative power is not limited by the terms of Article XIIIC to fees imposed after November 6, 1996, and absent other legal authority could result in the retroactive reduction in any existing taxes, assessments, fees, or charges. No assurance can be given that the voters within the jurisdiction of the City will not, in the future, approve initiatives that reduce, repeal or prohibit the future imposition or increase of, local taxes, assessments, fees or charges that currently comprise a substantial part of the City's general fund. The terms "local tax," "assessments," "fees" and "charges" are not defined in Article XIIIC, and it is unclear whether these terms are intended to have the same meanings for purposes of Article XIIIC as for Article XIIID described below. If not, the scope of the initiative power under Article XIIIC potentially could include any general fund local tax, assessment, or fee that is not received from or imposed by the federal or State government or derived from investment income. The City does not believe that it currently levies any property related "fees" or "charges" that it considers to be subject to challenge under Article XIIIC.

The voter approval requirements of Proposition 218 reduce the flexibility of a local government to raise revenues for its general fund, and no assurance can be given that the City will be able to impose, extend, or increase taxes in the future to meet increased expenditure needs.

Article XIIID contains several provisions making it generally more difficult for local agencies, such as the City, to levy and maintain "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 the assessment must confer a "special benefit," as defined in Article XIIID, over and above any general benefits conferred; and (iii) a majority protest procedure that involves the mailing of a 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. The term "Assessment" in Article XIIID is defined to mean any levy or charge upon real property for a special benefit conferred upon the real property and applies to landscape and maintenance assessments for open space areas, street medians, street lights, and parks.

In addition, Article XIIID added several provisions affecting "fees" and "charges," defined for purposes of Article XIIID to mean "any levy other than an *ad valorem* tax, a special tax, or an assessment, imposed by [a local government] upon a parcel or upon a person as an incident of property ownership, including a user fee or charge for a property related service." All new and existing property related fees and charges must conform to requirements prohibiting, among other things, fees and charges that: (i) generate revenues exceeding the funds required to provide the property related service; (ii) are used for any purpose other than those for which the fees and charges are imposed; (iii) are for a service not actually used by, or immediately available to, the owner of the property in question; or (iv) are used for general governmental services, including police, fire, ambulance or library services, where the service is available to the public at large in substantially the same manner as it is to property owners. Depending on the interpretation of what constitutes a "property related fee" under Article XIIID, there could be future restrictions on the ability of the City to charge its respective enterprise funds for various services provided. Further, before any property related fee or charge may be imposed or increased, written notice must be given to the record owner of each parcel of land affected by such fee or charge. The City must then hold a hearing upon the proposed imposition or increase and, if written protests against the proposal are presented by a majority of the owners of the identified parcels, the City may not impose or increase the fee or charge. Except for fees or charges for sewer, water and refuse collection services (or fees for electrical and gas service, which are not treated as "property related" for purposes of Article XIIID), no property related fee or charge may be imposed or increased without majority approval by the property owners subject to the fee or charge, or, at the option of the local agency, two-thirds voter approval by the electorate residing in the affected area.

Proposition 26

Proposition 26, a State ballot initiative aimed at restricting regulatory fees and charges, was approved by the California voters on November 2, 2010. Proposition 26 broadens the definition of "tax" in Article XIIIC of the California Constitution to include levies, charges and exactions imposed by local governments, except for charges imposed for benefits or privileges or for services or products granted to the payor (and not provided to those not charged) that do not exceed their reasonable cost; regulatory fees that do not exceed the cost of regulation; fees for the use of local governmental property; fines and penalties imposed for violations of law; real property development fees; and assessments and property-related fees imposed under Article XIIID of the California Constitution. California local taxes are subject to approval by two-thirds of the voters voting on the ballot measure for authorization. Proposition 26 applies to charges imposed or increased by local governments after the date of its approval.

Proposition 1A of 2004

City services are funded with money from local taxes, fees and user charges, State aid and other sources. Property tax, sales taxes, transient occupancy tax, a transaction and use tax, and development-related fees constitute the majority of City revenue sources. Note, the City does not impose any utility users tax, real property transfer tax, or business license tax, but does impose a documentary transfer tax included as part of Property Tax, and has a regulatory business license program for which fees are assessed.

On November 3, 2004, the voters of the State approved Proposition 1A ("Proposition 1A of 2004"). Proposition 1A of 2004 amended the State Constitution to, among other things, reduce the Legislature's authority over local government revenue sources by placing restrictions on the State's access to local governments' property, sales, and vehicle license fee (VLF) revenues as of November 3, 2004. Pursuant to Proposition 1A of 2004, the State is able to borrow up to 8% of local property tax revenues but only if the Governor proclaims such action is necessary due to a severe State fiscal hardship and two-thirds of both houses of the State Legislature approve the borrowing. Any amounts borrowed are required to be repaid within three years. Proposition 1A of 2004 also permits the State to borrow from local property tax revenues for no more than two fiscal years within a period of 10 fiscal years, and only if previous borrowings have been repaid. In addition, the State cannot reduce the local sales tax rate or restrict the authority of the local governments to impose or change the distribution of the Statewide local sales tax. Proposition 1A of 2004 generally prohibits the State from mandating activities on cities, counties, or special districts without providing the funding needed to comply with the mandates, and if the State does not provide funding for the activity that has been determined to be mandated, the requirement on cities, counties, or special districts to abide by the mandate is suspended. Proposition 1A of 2004 also expanded the definition of what constitutes a mandate to encompass State action that transfers to cities, counties, and special districts financial responsibility for a required program for which the State previously had partial or complete responsibility. The State mandate provisions of Proposition 1A of 2004 do not apply to schools or community colleges or to mandates relating to employee rights.

Proposition 22

On November 2, 2010, California voters approved Proposition 22, a ballot initiative for a constitutional amendment to eliminate the State's ability to borrow or shift local revenues and certain State revenues that fund transportation programs ("**Proposition 22**"). Proposition 22 restricts the State's authority over a broad range of tax revenues, including property taxes allocated to cities (including the City), counties, special districts and redevelopment agencies, VLF, State excise taxes on gasoline and diesel fuel, the State sales tax on diesel fuel, and the former State sales tax on gasoline. It also makes a number of significant other changes, including restricting the State's ability to use motor vehicle fuel tax revenues to pay debt service on voter-approved transportation bonds.

Proposition 22 supersedes certain provisions of Proposition 1A of 2004. See "– Proposition 1A of 2004" above. In addition, Proposition 22 generally eliminates the State's authority to temporarily shift property taxes from cities, counties, and special districts to schools, temporarily increase school and community college district's share of property tax revenues, prohibits the State from borrowing or redirecting redevelopment property tax revenues or requiring increased pass-through payments thereof, and prohibits the State from reallocating VLF revenues to pay for State imposed mandates. In addition, Proposition 22 requires a two-thirds vote of each house of the State Legislature and a public hearing process to be conducted in order to change the amount of fuel excise tax revenues shared with cities and counties.

Proposition 22 prohibits the State from borrowing sales taxes or excise taxes on motor vehicle fuels or changing the allocations of those taxes among local government except pursuant to specified procedures involving public notices and hearings. In addition, Proposition 22 requires that the State apply the formula setting forth the allocation of State fuel tax revenues to local agencies revert to the formula in effect on June 30, 2009.

Future Initiatives

Under the State Constitution, the voters of the State have the ability to initiate legislation and require a public vote on legislation passed by the State Legislature through the powers of initiative and referendum, respectively. For example, Article XIIIA, Article XIIIB and Articles XIIIC and XIIID and Proposition 22 and Proposition 26 were adopted pursuant to the State's constitutional initiative process. From time to time, other initiative measures could be adopted or legislative measures could be approved by the Legislature, which may place limitations on the ability of the City to increase revenues or to increase appropriations. Such measures may further affect the City's ability to collect taxes, assessments or fees and charges, which could have an effect on revenues. The City is unable to predict whether any such initiatives might be submitted to or approved by the voters, the nature of such initiatives or their potential impact on the City.

TAX MATTERS

In the opinion of Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Series 2025A Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. However, it should be noted that for tax years beginning after December 31, 2022, with respect to applicable corporations as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the "**Code**"), generally certain corporations with more than $1,000,000,000 of average annual adjusted financial statement income, interest (and original issue discount) with respect to the Series 2025A Bonds might be taken into account in determining adjusted financial statement income for purposes of computing the alternative minimum tax imposed by Section 55 of the Code on such corporations. In the further opinion of Bond Counsel, interest (and original issue discount) on the Series 2025A Bonds is exempt from State of California personal income tax.

Bond Counsel's opinion as to the exclusion from gross income for federal income tax purposes of interest (and original issue discount) on the Series 2025A Bonds is based upon certain representations of fact and certifications made by the Authority and others and is subject to the condition that the Authority comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2025A Bonds to assure that interest (and original issue discount) on the Series 2025A Bonds will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest (and original issue discount) on the Series 2025A Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2025A Bonds. The Authority has covenanted to comply with all such requirements.

In the opinion of Bond Counsel, the difference between the issue price of a Series 2025A Bond (the first price at which a substantial amount of the Series 2025A Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity of such Series 2025A Bond constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Beneficial Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Beneficial Owner will increase the Beneficial Owner's basis in the applicable Series 2025A Bond. The amount of original issue discount that accrues to the Beneficial Owner of a Series 2025A Bond is excluded from the gross income of such Beneficial Owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, and is exempt from State of California personal income tax.

The amount by which a Series 2025A Bond Owner's original basis for determining loss on sale or exchange in the applicable Series 2025A Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium, which must be amortized under Section 171 of the Code; such amortizable bond premium reduces the Series 2025A Bond Owner's basis in the applicable Series 2025A Bond (and the amount of tax-exempt interest received with respect to the Series 2025A Bonds), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of bond premium may result in a Series 2025A Bond Owner realizing a taxable gain when a Series 2025A Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the Series 2025A Bond to the Owner. Purchasers of the Series 2025A Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable bond premium.

The IRS has initiated an expanded program for the auditing of tax exempt bond issues, including both random and targeted audits. It is possible that the Series 2025A Bonds will be selected for audit by the IRS. It is also possible that the market value of the Series 2025A Bonds might be affected as a result of such an audit of the Series 2025A Bonds (or by an audit of similar municipal obligations). No assurance can be given that in the course of an audit, as a result of an audit, or otherwise, Congress or the IRS might not change the Code (or interpretation thereof) subsequent to the issuance of the Series 2025A Bonds to the extent that it adversely affects the exclusion from gross income of interest (and original issue discount) on the Series 2025A Bonds or their market value.

SUBSEQUENT TO THE ISSUANCE OF THE SERIES 2025A BONDS THERE MIGHT BE FEDERAL, STATE OR LOCAL STATUTORY CHANGES (OR JUDICIAL OR REGULATORY CHANGES TO OR INTERPRETATIONS OF FEDERAL, STATE OR LOCAL LAW) THAT AFFECT THE FEDERAL, STATE OR LOCAL TAX TREATMENT OF THE SERIES 2025A BONDS, INCLUDING THE IMPOSITION OF ADDITIONAL FEDERAL INCOME OR STATE TAXES ON OWNERS OF TAX-EXEMPT STATE OR LOCAL OBLIGATIONS, SUCH AS THE SERIES 2025A BONDS. THESE CHANGES COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE SERIES 2025A BONDS. NO ASSURANCE CAN BE GIVEN THAT SUBSEQUENT TO THE ISSUANCE OF THE SERIES 2025A BONDS STATUTORY CHANGES WILL NOT BE INTRODUCED OR ENACTED OR JUDICIAL OR REGULATORY INTERPRETATIONS WILL NOT OCCUR HAVING THE EFFECTS DESCRIBED ABOVE. BEFORE PURCHASING ANY OF THE SERIES 2025A BONDS, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING POSSIBLE STATUTORY

CHANGES OR JUDICIAL OR REGULATORY CHANGES OR INTERPRETATIONS, AND THEIR COLLATERAL TAX CONSEQUENCES RELATING TO THE SERIES 2025A BONDS.

Bond Counsel's opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. Bond Counsel has not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Indenture and the Tax Certificate relating to the Series 2025A Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. Bond Counsel expresses no opinion as to the effect on the exclusion from gross income of interest (and original issue discount) for federal income tax purposes with respect to any Series 2025A Bond if any such action is taken or omitted based upon the advice of counsel other than Stradling Yocca Carlson & Rauth LLP.

Although Bond Counsel has rendered an opinion that interest (and original issue discount) on the Series 2025A Bonds is excluded from gross income for federal income tax purposes provided that the Authority continues to comply with certain requirements of the Code, the ownership of the Series 2025A Bonds and the accrual or receipt of interest (and original issue discount) on the Series 2025A Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. Accordingly, before purchasing any of Series 2025A Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the Series 2025A Bonds.

Should interest (and original issue discount) on the Series 2025A Bonds become includable in gross income for federal income tax purposes, the Series 2025A Bonds are not subject to early redemption and will remain outstanding until maturity or until redeemed in accordance with the Indenture.

A complete copy of the proposed form of opinion of Bond Counsel is attached hereto as APPENDIX D – "PROPOSED FORM OF BOND COUNSEL OPINION."

RATINGS

S&P Global Ratings, a division of Standard & Poor's Financial Services LLC ("**S&P**") is expected to assign the rating of "__" to the Insured Series 2025A Bonds based upon the delivery of the Policy by the Insurer at the time of issuance of the Series 2025A Bonds. See "BOND INSURANCE" herein.

In addition, S&P is expected to assign the Series 2025A Bonds the rating of "__," independent of the delivery of the Policy.

There is no assurance that any credit rating given to the Series 2025A Bonds will be maintained for any period of time or that a rating may not be lowered or withdrawn entirely by S&P if, in the judgment of S&P, circumstances so warrant. Any downward revision or withdrawal of such rating may have an adverse effect on the market price of the Series 2025A Bonds. The rating reflects only the views of S&P, and an explanation of the significance of such rating may be obtained from S&P. Generally, rating agencies base their ratings on information and materials furnished to them (which may include information and material from the City that is not included in this Official Statement) and on investigations, studies and assumptions by the rating agencies.

In providing a rating on the Series 2025A Bonds, S&P may have performed independent calculations of coverage ratios using its own internal formulas and methodology, which may not reflect the provisions of the Indenture or the Lease Agreement. Neither the City nor the Authority makes any representations as to any such calculations, and such calculations should not be construed as a representation by the City or the Authority as to past or future compliance with any financial covenants, the availability of particular revenues for the payment of debt service or for any other purpose.

CONTINUING DISCLOSURE

The City has covenanted in its continuing disclosure certificate (the "**Continuing Disclosure Certificate**") for the benefit of the holders and beneficial owners of the Series 2025A Bonds to provide certain financial information and other operating data on an annual basis no later than 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), commencing with the annual report for the Fiscal Year ended June 30, 2024 due no later than March 31, [2025], and to provide notice of certain enumerated events as required by Securities and Exchange Commission Rule 15c2-12(b)(5) under the Securities Exchange Act of 1934, as amended (the "**Rule**"). [This Official Statement constitutes the annual report for the Fiscal Year ended June 30, 2024.] The specific nature of the information to be contained in the annual report or the notices of enumerated events is summarized under the caption APPENDIX E – "FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the Underwriter in complying with the Rule.

Although the City has covenanted in the Continuing Disclosure Certificate to provide notice of rating changes with respect to the Series 2025A Bonds, information relating to rating changes may be publicly available from the rating agencies prior to such information being provided to the City and prior to the date by which the City is obligated to file a notice of rating change. Owners of the Series 2025A Bonds are directed to the rating agencies and official media outlets for the most current rating information with respect to the Series 2025A Bonds.

The City believes that it and its affiliated entities are currently in compliance with their respective outstanding continuing disclosure undertakings. [Certain continuing disclosure filings during the past five years, were made after the required filing date.] [To be updated]

Except as set forth in the previous paragraph, the City and its affiliated entities have not failed to comply in all material respects with their respective prior continuing disclosure undertakings in the last five years. The City has engaged Urban Futures, Inc., Walnut Creek, California, as dissemination agent (in such capacity, the "**Dissemination Agent**") to ensure compliance with its continuing disclosure undertakings in the future.

MUNICIPAL ADVISOR

The City has retained Urban Futures, Inc., Walnut Creek, California, as municipal advisor (in such capacity, the "**Municipal Advisor**") in connection with the execution and delivery of the Series 2025A Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume any responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

The Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal or other public securities. Compensation for the Municipal Advisor's services with respect to the Series 2025A Bonds is entirely contingent upon the sale and delivery of the Series 2025A Bonds.

UNDERWRITING

The Series 2025A Bonds will be purchased by Stifel, Nicolaus & Company, Incorporated (the "**Underwriter**") pursuant to a Bond Purchase Agreement, dated the date of this Official Statement (the "**Purchase Contract**"), by and among the Authority, the City and the Underwriter. Under the Purchase Contract, the Underwriter has agreed to purchase all, but not less than all, of the Series 2025A Bonds for an aggregate purchase price of $________ (being the principal amount of the Series 2025A Bonds, less Underwriter's discount of $________, plus a [net] original issue premium of $________). The Purchase Contract provides that the Underwriter will purchase all of the Series 2025A Bonds if any are purchased, the obligation to make such a purchase being subject to certain terms and conditions set forth in the Purchase Contract, the approval of certain legal matters by counsel and certain other conditions.

The initial public offering prices stated on the inside cover page of this Official Statement may be changed from time to time by the Underwriter. The Underwriter may offer and sell the Series 2025A Bonds to certain dealers (including dealers depositing Series 2025A Bonds into investment trusts), dealer banks, banks acting as agents and others at prices lower than said public offering prices.

NO LITIGATION

The Authority

Concurrently with the delivery of the Series 2025A Bonds, the Authority will certify that, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending or, to the knowledge of the Authority, threatened against the Authority seeking to restrain or enjoin the issuance or sale of the Series 2025A Bonds, or in any way contesting or affecting any proceedings of the Authority taken concerning the sale thereof, the pledge or application of any moneys or security provided for the payment of the Series 2025A Bonds, the validity or enforceability of the documents executed by the Authority in connection with the Series 2025A Bonds, the completeness or accuracy of this Official Statement, or the existence or powers of the Authority relating to the sale of the Series 2025A Bonds.

The City

Concurrently with the delivery of the Series 2025A Bonds, the City will certify that, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending of which the City has received service of process or, to the knowledge of the City, threatened against the City, seeking to restrain or enjoin the execution and delivery or issuance of the Series 2025A Bonds, the Trust Agreement or the 2025 Installment Sale Agreement, or in any way contesting or affecting the validity of the foregoing or any proceeding of the City taken with respect to any of the foregoing or that will materially affect the ability of the City to pay its Installment Sale Payments when due. [Various claims and suits are filed against the City in the normal course of business. Although the outcome of pending matters is not presently determinable in the opinion of legal counsel, the resolutions of these matters will not have a material adverse effect on the financial condition of the City.]

CERTAIN LEGAL MATTERS

The validity and enforceability of the Lease Agreement and the Indenture and certain other legal matters are subject to the approving opinion of Stradling Yocca Carlson & Rauth LLP, Bond Counsel to the City. A complete copy of the proposed form of Bond Counsel opinion is set forth in Appendix D. Certain legal matters will be passed upon for the Authority and the City by Orrick, Herrington & Sutcliffe LLP, Los Angeles, California, as Disclosure Counsel, for the City by Best Best & Krieger LLP, Riverside, California, as City Attorney, for the Underwriter by Anzel Galvan LLP, San Francisco, California, as Underwriter's Counsel and for the Trustee by its counsel. Bond Counsel, Disclosure Counsel and Underwriter's Counsel will receive compensation for their legal services provided in connection with the Series 2025A Bonds contingent upon the sale and delivery of the Series 2025A Bonds. From time to time, Bond Counsel and Disclosure Counsel each represent the Underwriter on matters unrelated to the Series 2025A Bonds.

AUDITED FINANCIAL STATEMENTS OF THE CITY

The City's Annual Comprehensive Financial Report for the Fiscal Year ending June 30, 2024 is included as Appendix C and contains the audited financial statements of the City, has been audited by Rogers, Anderson, Malody, & Scott LLP, certified public accountants (the "**Auditor**"), together with the Auditor's report thereon dated December 20, 2024. Such audited financial statements have been included herein in reliance upon the report of the Auditor. The City's financial statements are public documents and are included within this Official Statement without the prior approval of the Auditor. Accordingly, the Auditor has not performed any post-audit review of the financial condition of the City and also has not performed any procedures relating to this Official Statement. The Auditor has not undertaken to update the audited financial statements of the City or its report, or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by the Auditor with respect to any event subsequent to its report dated December 20, 2024. See APPENDIX C – "CITY OF GOLETA ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2024."

MISCELLANEOUS

The purpose of this Official Statement is to supply information to prospective buyers of the Bonds. References are made herein to certain documents and reports which are brief summaries thereof which do not purport to be complete or definitive and reference is made to such documents and reports for full and complete statements of the contents thereof. Copies of the Indenture, Lease Agreement, and other documents are available, upon request, and upon payment to the City of a charge for copying, mailing and handling, from the City Clerk at the City of Goleta, 130 Cremona Drive, Suite B, Goleta, California 93117.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Authority or the City and the purchasers or Owners of any of the Bonds.

This Official Statement and its distribution have been duly authorized and approved by Authority and the City.

GOLETA FACILITIES FINANCING AUTHORITY

By: /s/
Executive Director

CITY OF GOLETA

By: /s/
City Manager

APPENDIX A

SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

[To Come]

APPENDIX B

THE CITY OF GOLETA: ECONOMIC, DEMOGRAPHIC, AND FINANCIAL INFORMATION

This Appendix B includes certain financial and demographic information with respect to the City as well as demographic information with respect to the County of Santa Barbara and the State of California. The Series 2025A Bonds are payable solely from Base Rental Payments to be made by the City. The County of Santa Barbara and the State of California have no obligation to make any payments with respect to the Series 2025A Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" herein for a description of the security for the Series 2025A Bonds.

The City

The City is located in the County of Santa Barbara (the "**County**"), approximately 90 miles northwest of the City of Los Angeles. The City comprises approximately 28 square miles. Incorporated in 2002, the City operates as a general law city under the council-manager form of municipal government, with council members elected by-district for four-year terms. As of January 1, 2024, the population of the City is estimated to be approximately 32,515.

The City has an elected five-person City Council, including a directly elected Mayor, and is divided into four districts. Registered voters in those districts have the opportunity to elect City Councilmembers from the District in which they live. In 2022 the City held its first By-District Election for Districts 1 and 2; the two western districts, Districts 3 and 4, were first decided in the election on November 5, 2024. The Mayor's seat will continue to be elected at-large and was also on the November 5, 2024 ballot.

The City provides a wide range of municipal services, including by contract arrangements with local jurisdictions. The City contracts with the Santa Barbara County Sheriff's Department for law enforcement services. Fire protection services are provided by the Santa Barbara County Fire Department through the Santa Barbara County Fire Protection District, which has a service area that includes the City. The City employs staff for certain functions including General Government, General Services, Library, Administrative Services, Finance, Planning and Environmental Services, Neighborhood Services and Public Safety, and Public Works, and supplements these staff positions with contracts for such services as street, park, landscape and public infrastructure maintenance, animal services, building permit and inspection, graffiti abatement, street sweeping, traffic signal maintenance and municipal code compliance. Water is provided by the Goleta Water District and wastewater services are provided by either the Goleta Sanitary District or the Goleta West Sanitary District, each a public agency not controlled by the City.

There are approximately 550 acres of parks and open space within City limits. The City owns the Goleta Public Library and assumed direct management and operation of the Goleta Library in Fiscal Year 2018-19 and created a new Library Zone 4 on behalf of the County of Santa Barbara. On July 1, 2019, the City also began providing direct management and operations of the libraries in the City of Buellton and City of Solvang. On January 1, 2023, the City assumed direct management and operations of the Goleta Valley Community Center.

The County

The County covers approximately 2,734 square miles located approximately 100 miles north of the City of Los Angeles and 300 miles south of the City of San Francisco. The County is bordered by San Luis Obispo County to the north, Ventura County to the east, and the Pacific Ocean to the west and south. The

County contains eight incorporated cities including the City. The City of Santa Barbara to the immediate south of the City is the County seat.

The County is characterized by its diverse economy that includes farming, tourism, public education, private education and health services, energy and technology and leisure and hospitality. The region is known for its vineyards and wineries, citrus and berry production. The University of California, Santa Barbara (UC Santa Barbara or UCSB) is a significant university in the University of California system with a current enrollment of approximately 26,000 students. There are approximately 110 miles of coastline in the County. The Los Padres National Forest constitutes approximately one-third of the County's land area.

Population

The following table presents population statistics for the City for the past five years and as of January 1.

CITY OF GOLETA
POPULATION
FOR CALENDAR YEARS 2020 THROUGH 2024

Year (as of January 1)	City of Goleta
2020	32,661
2021	32,995
2022	32,296
2023	32,503
2024	32,515

Source: State Department of Finance.

Personal Income

The following table shows the per capita personal income for the City, the County, the State of California, and the United States for the past ten years.

PER CAPITA PERSONAL INCOME
CITY OF GOLETA, SANTA BARBARA COUNTY, THE STATE OF CALIFORNIA, AND THE UNITED STATES
2014 THROUGH 2023

Year	City of Goleta	Santa Barbara County	State of California	United States
2014	$33,469	$29,833	$30,441	$28,889
2015	35,549	31,311	31,587	29,979
2016	36,215	31,217	33,389	31,128
2017	37,887	35,090	35,046	32,397
2018	39,538	37,172	37,124	33,831
2019	40,365	38,805	39,393	35,672
2020	42,052	38,141	38,576	35,384
2021	44,410	41,636	42,396	38,332
2022	49,259	44,769	46,661	41,804
2023	(1)	43,604	48,013	43,313

(1) Information not yet available for 2023.
(Note: Per capita personal income is the total personal income divided by the total mid-year population estimates of the U.S. Bureau of the Census. All dollar estimates are in current dollars (not adjusted for inflation)).

(Note: Per capita personal income is the total personal income divided by the total mid-year population estimates of the U.S. Bureau of the Census. All dollar estimates are in current dollars (not adjusted for inflation)).
Source: City data sourced from City of Goleta Annual Comprehensive Financial Report for the Fiscal Year ended June 30, 2024, which is sourced to California Department of Finance, Demographic Research Unit; County and United States statistics sourced from U.S Department of Commerce Bureau of Economic Analysis (last updated November 16, 2023 for County and March 29, 2024 for State).

Employment

As of April 2024, the overall number of persons employed within the City was 49,200. Unemployment in the City was 2.9% as of April 2024 as compared with the County level of unemployment of 4.2% and the State of California level of unemployment is 4.8%. The following table presents annual labor force, employment and unemployment data for the City, the County of Santa Barbara, and the State for the years 2019 through 2023.

CITY OF GOLETA, COUNTY OF GOLETA
AND STATE OF CALIFORNIA
LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
YEARLY AVERAGE FOR CALENDAR YEARS 2019 THROUGH 2023

Year and Area	Civilian Labor Force	Employment	Unemployment	Unemployment Rate
2019				
City of Goleta	51,600	50,400	1,200	2.3%
County of Santa Barbara	222,400	214,300	8,100	3.6%
State of California	19,385,300	18,589,600	795,700	4.1%
2020				
City of Goleta	50,400	46,800	3,600	7.1%
County of Santa Barbara	218,500	200,700	17,800	8.1%
State of California	18,758,400	17,351,300	1,407,100	7.5%
2021				
City of Goleta	50,400	48,200	2,200	4.3%
County of Santa Barbara	219,400	206,700	12,700	5.8%
State of California	18,896,500	17,724,800	1,171,700	6.2%
2022				
City of Goleta	49,800	48,700	1,200	2.4%
County of Santa Barbara	216,400	208,500	7,900	3.7%
State of California	19,169,300	18,348,900	820,400	4.3%
2023				
City of Goleta	50,300	48,800	1,500	3.0%
County of Santa Barbara	218,200	209,300	9,000	4.1%
State of California	19,308,300	18,388,300	920,000	4.8%

Source: California Employment Development Department.

Major Employers

The following table provides a listing of principal employers and their employment levels.

PRINCIPAL EMPLOYERS
AS OF JUNE 30, 2024

Employer	Number of Employees	Percentage of Total Population
University of California, Santa Barbara [(1)]	6,613	20.45
AppFolio	1,700	5.26
Raytheon	1,400	4.33
Sansum Clinic	1,200	3.71
The Ritz-Carlton Bacara	650	2.01
Deckers Brands	600	1.86
Goleta Union School District	529	1.64
Teledyne FLIR LLC	514	1.59
Karl Storz Imaging	400	1.24
Jordano's	350	1.08
Bruker Nano	300	0.93
Inogen	270	0.83
CommUnify	268	0.83
Total	**14,794**	**45.99**

[(1)] University of California, Santa Barbara is outside of Goleta city limits, but is within close proximity.
Note: Employment data is intended for use as a general guide only. The City does not warrant the accuracy of this data. Inquiries should be directed to the respective employer. Note: Numbers may not sum due to rounding.
Source: City of Goleta Annual Comprehensive Financial Report for the Fiscal Year ended June 30, 2024.

Commercial Activity

Commercial activity is an important contributor to the City's economy. The following table estimates the City's commercial activity between calendar years 2019 and 2023.

CITY OF GOLETA
TAXABLE TRANSACTIONS BY TYPE OF BUSINESS
FOR CALENDAR YEARS 2019 THROUGH 2023
($000s)

Business	2019	2020	2021	2022	2023
Retail and Food Services					
Motor Vehicle and Parts Dealers	$ 89,569	$ 84,04	$ 98,193	$ 81,802	$ [59,133]
Home Furnishings & Appliance Stores	63,441	51,018	62,725	60,400	[45,295]
Building Material & Garden Equipment & Supplies Dealers	82,488	102,352	110,267	112,149	110,914
Food and Beverage Stores	44,617	44,758	44,469	45,593	44,774
Gasoline Stations	55,626	40,049	62,047	90,372	75,889
Clothing & Clothing Accessories Stores	14,652	10,869	16,078	15,005	15,598
General Merchandise Stores	95,263	129,361	142,850	151,997	152,166
Food Services and Drinking Places	121,476	83,423	112,030	142,613	148,624
Other Retail Group	55,658	57,320	61,415	69,607	68,232
Total Retail and Food Services	622,793	603,199	710,080	769,542	720,629
All Other Outlets	200,427	178,245	222,906	257,949	305,887
Total All Outlets	823,221	781,445	932,986	1,027,492	1,026,517

Note: Numbers may not sum due to rounding.
Source: California Department of Tax and Fee Administration.

Assessed Valuation, Property Tax Levies and Collections

The table below sets forth a ten-year history of the City's assessed valuation as included in the City of Goleta Annual Comprehensive Financial Report for the Fiscal Year ended June 30, 2024. Assessed values include secured and unsecured properties. Total net taxable assessed value has grown by an average annual rate of approximately 7.3% over this ten-year period.

CITY OF GOLETA
ASSESSED VALUATIONS OF SECURED AND UNSECURED PROPERTY
($000s)

Fiscal Year	Secured and Unsecured Property	Less Exemptions	Net Taxable Assessed Value	Total Direct Tax Rate
2015	$5,635,342,590	$215,724,563	$5,419,618,027	1.04159%
2016	6,089,379,285	218,841,848	5,870,537,437	1.03768
2017	6,399,862,393	241,333,422	6,158,528,971	1.03373
2018	6,840,489,088	310,162,712	6,530,326,376	1.04378
2019	7,443,733,341	343,551,969	7,100,181,372	1.04055
2020	7,765,046,350	326,660,076	7,438,386,274	1.04010
2021	8,248,711,546	357,716,937	7,890,994,609	1.03921
2022	8,495,241,471	329,120,264	8,166,121,207	1.05745
2023	9,035,530,759	324,635,677	8,710,895,082	1.05429
2024	9,735,794,333	362,999,526	9,372,794,807	1.05155

Notes:

(1) In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only reassessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above. This 1% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values of the Debt Service payment of Goleta Unified School District, Santa Barbara High School District, and Santa Barbara City College.

(2) Exempt values are not included in total.

(3) *Source: City of Goleta Annual Comprehensive Financial Report for the Fiscal Year ended June 30, 2024.*

The table below shows total property tax levies and collections for the ten-year period fiscal year 2014-15 through fiscal year 2023-24. Data in this table includes the basic and supplemental City property taxes and subventions. Santa Barbara County assesses properties and it bills, collects, and distributes property taxes to all taxing entities, including the City. Under State law, known as the Teeter Plan (as described below), the County remits the entire amount levied and handles all delinquencies, retaining interest and penalties. Generally, the Teeter Plan provides for a tax distribution procedure in which secured roll taxes are distributed to taxing agencies within the County on the basis of the tax levy, rather than on the basis of actual tax collections. The County has established a Teeter Plan and may determine to discontinue the plan at its discretion, whereupon taxing entities, such as the City, would be paid as taxes are collected. [The City has participated in the County's Teeter Plan since its incorporation in 2002.]

CITY OF GOLETA
PROPERTY TAX LEVIES AND COLLECTIONS:
FISCAL YEAR 2014-15 THROUGH FISCAL YEAR 2023-24

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy	
		Amount	Percentage of Levy
2015	$2,538,700	$2,538,700	100%
2016	2,752,953	2,752,953	100
2017	2,904,565	2,904,565	100
2018	3,093,044	3,093,044	100
2019	3,375,135	3,375,135	100
2020	3,545,819	3,545,819	100
2021	3,790,194	3,790,194	100
2022	3,922,347	3,922,347	100
2023	4,189,395	4,189,395	100
2024	4,503,412	4,503,412	100

Source: City of Goleta Annual Comprehensive Financial Report for the Fiscal Year ended June 30, 2024.

In 1949, the California Legislature enacted an alternative method for the distribution of secured property taxes to local agencies. This method, known as the Teeter Plan, is now set forth in Sections 4701-4717 of the California Revenue and Taxation Code. Upon adoption and implementation of the Teeter Plan by a county board of supervisors, local agencies for which the county acts as "bank" and certain other public agencies and taxing areas located in the county receive annually the full amount of their share of property taxes on the secured roll, including delinquent property taxes which have yet to be collected. While a county benefits from the penalties associated with these delinquent taxes when they are paid, the Teeter Plan provides participating local agencies with stable cash flow and the elimination of collection risk.

To implement a Teeter Plan, the board of supervisors of a county generally must elect to do so by July 15 of the fiscal year in which it is to apply. Once adopted, a county's Teeter Plan will remain in effect in perpetuity unless the board of supervisors orders its discontinuance or unless prior to the commencement of a fiscal year a petition for discontinuance is received and joined in by resolutions of the governing bodies of not less than two-thirds of the participating districts in the county. An electing county may, however, opt to discontinue the Teeter Plan with respect to any levying agency in the county if the board of supervisors, by action taken not later than July 15 of a fiscal year, elects to discontinue the procedure with respect to such levying agency and the rate of secured tax delinquencies in that agency in any year exceeds 3% of the total of all taxes and assessments levied on the secured roll by that agency. See "RISK FACTORS – Teeter Plan Termination." The County has never discontinued the Teeter Plan with respect to any levying agency.

If any tax or assessment which was distributed to a Teeter Plan participant is subsequently changed by correction, cancellation or refund, a *pro rata* adjustment for the amount of the change is made on the records of the treasurer and auditor of the county. Such adjustment for a decrease in the tax or assessment is treated by the County as an interest-free offset against future advances of tax levies under the Teeter Plan.

To the extent that the County's Teeter Plan continues in existence and is carried out as adopted, the County's Teeter Plan may help protect the Owners of the Series 2025A Bonds from the risk of delinquencies in the payment of property taxes allocable to the City.

Construction Activity and Permitting

[To come]

CITY OF GOLETA
PRIVATE BUILDING CONSTRUCTION BY CATEGORY

Category
New Housing Units
Single Family Units
Multi Family Units:
2-4 Units
5 Or More Units
Total Multi Family
Total New Housing Units
Building Permit Valuations
Residential Building
Single Family Structures
2-4 Unit Structures
5 Or More Unit Structures
Total Residential Building
Private Non-Residential Building
New Industrial Buildings
New Commercial Buildings:
Office Buildings
Store & Other Mercantile
Hotels & Motels
Amusement & Recreation
Parking Garages
Service Stations & Repair Garages
Other Non-Residential Buildings
Alterations & Additions
Total Residential Building
Total Building Construction

Source: Construction Industry Research Board.

[Among other pending projects, the City Council approved a proposed residential project at its March 7, 2023, meeting. The 332-unit apartment project, which is expected to include 102 affordable housing units, two manager units, and 228 market-rate rental units, is the third and final phase of the adjacent Willow Springs residential development and will be located on the north side of Camino Vista Drive adjacent to Los Carneros Road.]

Principal Property Tax Payers

A table of the ten largest property tax payers in the City as of June 30, 2024, is set forth below, by order of taxable assessed valuation.

CITY OF GOLETA
PRINCIPAL PROPERTY TAX PAYERS
AS OF JUNE 30, 2024

Taxpayer	Primary Use	Taxable Net Assessed Value	Percent of Total Taxable Assessed Value
Ruby SB Hotel LLC [(1)]	Commercial	$ 513,135,502	5.47%
Goleta Hollister Apartments LLC	Residential	134,362,219	1.43
SP Maravilla LLC	Institutional	131,919,996	1.41
Deckers Cabrillo LLC	Commercial	131,591,112	1.40
Camino Real II Limited Liability Company	Commercial	107,178,425	1.14
Raytheon Company	Unsecured	104,746,262	1.12
Soraa Laser Diode Inc.	Unsecured	104,587,130	1.12
FLIR Commercial Vision Systems Inc.	Industrial	84,684,298	0.90
Willow Springs LP	Residential	78,193,248	0.83
Google Inc.	Commercial	76,705,888	0.82
Top Ten Total		$1,467,104,080	15.65%

(1) Ownership entity of the Ritz-Carlton Bacara Resort.
Note: The amounts shown above include assessed value data for both the City and the Redevelopment Agency.
Sources: City of Goleta Annual Comprehensive Financial Report for the Fiscal Year ended June 30, 2024 and Santa Barbara County Assessor.

Principal Sources of the City's General Fund Tax Revenues

The table below details the principal sources of the City's General Fund tax revenues for the last five Fiscal Years. As described herein, effective January 1, 2024, the City began to receive revenues from a 1% increase in the City's transaction and use tax, providing approximately $5 million of new General Fund revenues. That tax increase, approved by voters voting in the November 2022 election, increased the total sales and use tax rate from 7.750% to 8.750%.

The following table shows revenues payable to the City. The City has a tax-sharing agreement with County, agreed in connection with the City's incorporation, pursuant to which the City sends 30% of its sales tax and 50% of its property tax revenues to the County.

CITY OF GOLETA
GENERAL FUND TAX REVENUES BY SOURCE
LAST FIVE FISCAL YEARS

	Fiscal Years Ending					
Source	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Transient Occupancy Tax [(1)]	$11,564,512	$9,197,440	$9,239,079	$14,341,129	$13,884,890	$14,234,251
Sales Tax	6,994,204	6,735,609	7,585,649	8,572,807	8,726,058	8,652,089
Transaction and Use Tax	--	--	--	--	--	5,069,832
Property Tax	7,415,052	7,668,328	8,220,675	8,639,411	9,316,851	9,683,318
Cannabis Tax [(2)]	0	391,342	2,083,171	1,738,534	1,021,742	762,455
Franchise Fees	1,337,267	1,361,348	1,410,787	1,513,730	1,636,443	1,678,956
Total	27,311,035	25,354,066	28,539,361	34,805,609	34,585,984	40,080,901
All Other Revenues [(3)]	2,690,113	3,302,966	2,434,769	2,793,171	3,752,969	5,388,649
Total	30,001,148	28,657,032	30,974,130	37,598,780	38,338,953	45,469,550
Lease Proceeds [(4)]	--	--	10,000,000	--	--	--
Transfers In	23,182	29,983	33,316	24,704	28,558	160,157
Grand Total	30,024,330	28,687,014	41,007,446	37,623,480	38,357,365	45,613,120

(1) Transient occupancy tax revenues decreased by $0.45 million, or 3.2%, to $13.89 million in Fiscal Year 2022-23 and increased by $349,361, or 2.51%, to $14.23 million in in Fiscal Year 2023-24. The decrease was due to tourism activity (occupancy rates) and average daily rates trending in this period.

(2) The Cannabis business tax revenues for the City have experienced volatility. They decreased by $716,792 million, or 41.2%, to $1.02 million in Fiscal Year 2022-23 and by $259,287, or 25.4%, to $762,455 in Fiscal Year 2023-24. In discussions with local operators, cannabis tax revenue activity continues to be impacted by increased competition and oversupply statewide, including black market across the state and supply and demand being affected by limited access to legalized cannabis.

(3) [Other revenues consist substantially of __________]. Note, the City does not impose any utility users tax, real property transfer tax, or business license tax, but does impose a documentary transfer tax included as part of Property Tax, and has a regulatory business license program for which fees are assessed.

(4) Fiscal Year 2019-20 and 2020-21 capital outlay and other financing sources include expenditures and their reimbursement from lease revenue bond proceeds attributed to the California Infrastructure and Economic Development Bank lease revenue financing for the acquisition of City Hall that was completed in August 2020. Net proceeds of this lease revenue financing reimbursed the City $10,000,000 of the $11,500,000 acquisition costs for the City Hall.

Note: Numbers may not sum due to rounding.

Sources: City of Goleta Finance Department and City of Goleta Annual Comprehensive Financial Report for the Fiscal Year ended June 30, 2024.

Sales Tax Revenues

Sales tax collections constitute the City's third-largest revenue source and account for nearly 25% of the City's general fund revenues. Sales taxes consist of the 1% "Bradley Burns" sales and use tax and the City's recent implementation of a transaction and use tax. Effective January 1, 2024, the City began to receive revenues from a 1% increase in the City's transaction and use tax, providing approximately $5 million of new General Fund revenues. That tax increase, approved by voters voting in the November 2022 election, increased the total sales and use tax rate from 7.750% to 8.750%, increasing sales and use tax revenues approximately 45.3% to $15.98 million.

Sales tax revenues (not including transaction and use tax) experienced slight growth in Fiscal Year 2023-24, with the General Fund receiving $8.7 million in Fiscal Year 2023-24, a slight decrease of 0.8% when compared to Fiscal Year 2022-23. Sales tax is supported by eight major industry groups, with general consumer goods accounting for about 20% of total sales tax revenues. Going forward, sales tax revenue growth is anticipated to remain flat in Fiscal Year 2023-24.

A table of the City's sales tax revenues for the last ten fiscal years is set forth below.

The table above under the caption "Principal Sources of the City's General Fund Tax Revenues" shows sales tax revenues allocated to the City's General Fund.

CITY OF GOLETA
SALES TAX REVENUES
FISCAL YEAR 2014-15 THROUGH FISCAL YEAR 2023-24

Fiscal Year Ended June 30,	Sales Taxes for the Fiscal Year
2015	$
2016	
2017	
2018	
2019	
2020	
2021	
2022	
2023	
2024	

Sources: City of Goleta Finance Department.

Transient Occupancy Tax Revenues

A table of the revenue and rate of transient occupancy tax collections for the last ten fiscal years is set forth below. Transient occupancy tax revenues increased in Fiscal Year 2023-24 by approximately $350,000, or 2.5%, to $14.23 million. The minimal increase was due to tourism activity (occupancy rates) and average daily rates performing slightly better. As of June 30, 2024, principal transient occupancy tax payers include: Ritz Carlton Bacara, Hilton Garden Inn, Residence Inn by Marriott, The Leta (Goodland), Courtyard by Marriott, South Coast Inn (Best Western), Goleta Hampton Inn, Pacifica Suites (The Steward), and Motel 6. The table above under the caption "Principal Sources of the City's General Fund Tax Revenues" shows transient occupancy tax revenues allocated to the City's General Fund.

CITY OF GOLETA
REVENUE AND RATE OF TRANSIENT OCCUPANCY TAX
FISCAL YEAR 2014-15 THROUGH FISCAL YEAR 2023-24

Fiscal Year Ended June 30,	Transient Occupancy Taxes for the Fiscal Year	Transient Occupancy Tax Rate
2015	$ 7,807,830	12.0%
2016	8,175,456	12.0
2017	8,615,207	12.0
2018	10,117,460	12.0
2019	11,564,512	12.0
2020	9,197,440	12.0
2021	9,239,079	12.0
2022	14,341,129	12.0
2023	13,884,890	12.0
2024	14,234,251	12.0

Sources: City of Goleta Finance Department; City of Goleta Annual Comprehensive Financial Report for the Fiscal Year ended June 30, 2024.

City Budget Process

The City Council adopts a two-year budget plan at the beginning of each two-year cycle in conjunction with a two-year strategic plan, which includes adopting an annual operating and capital budget prior to July 1st of each year in conjunction with annual work programs of each department. As such, the adopted two-year budget plan includes the operating and capital budget for the first year of the two-year plan. The operating and capital budget for the second year is adopted the following year as part of the mid-cycle budget review and is known as the Mid-Cycle Budget. The adopted budget is the foundation for the City financial planning and control system.

Department appropriation requests are submitted to the City Manager, who then formulates a proposed budget. The proposed budget undergoes public workshops conducted by the City Council and then ultimately adopts a formal budget at a public hearing. The budget is adopted by fund, department, program, and line-item.

The Council regularly reviews the City's financial activity in relationship to the original budget. Adjustments are made as necessary to ensure expenditures align with anticipated revenues. Budgetary control (the level at which expenditures cannot legally exceed the appropriation amount) is managed at the fund and department level with stricter control over capital assets and fund balance categories at the line-item level. The City Council must approve amendments or transfers of appropriations between funds or departments as well as items related to capital assets or fund balances. The City Council has delegated authority to the City Manager to approve transfers of appropriations within departments, between programs, and among various appropriation units (e.g., salaries and benefits, services and supplies, and capital outlay) within programs, except for special designation or project appropriations.

Unexpended appropriation balances for capital projects, one-time special projects, and grant programs adopted on a "project-length" basis that lapse at the end of the fiscal year are then recommended to be carried forward to the next fiscal year, subject to City Manager review and City Council approval.

During the course of each Fiscal Year, the budget is amended and revised as necessary by the City Council.

Long-Term Financial Planning

The City incorporates long-term financial planning into its budget process in several ways. Each year, during the budget process, the City Council receives an updated General Fund Five-Year Forecast and Five-Year Forecast for its capital improvement program ("CIP") that includes all special revenue funds associated with each project. The forecast model used for the General Fund and CIP looks forward five years, rather than ten years, because of the volatile nature of tax revenues in a tourist-based economy and various one-time special revenue funds associated with development activity, making it difficult to predict revenues with any certainty beyond five years. The forecast is used as a tool and maintained by Finance staff. These projections allow management to see what the future could look like given a set of assumptions and are evaluated in the context of whether decisions are sustainable over the long term. In December 2020, Finance staff prepared a long-range financial forecast for the General Fund going out twenty years. The long-range financial forecast is a tool for strategic decision-making, presents a further context for balancing short-term and long-term goals, and provides an "order of magnitude" feel for the General Fund's ability to continue services and preserve fiscal sustainability. In Fiscal Year 2021-22, staff also started preliminary work in developing a CIP, Capital Maintenance, and Other Priorities Funding Plan that provides a pathway to help close the funding gaps in future years, which will continue as an ongoing work effort as information becomes updated and known. [Update.]

City Financial Policies

The City has adopted a comprehensive set of financial policies to provide guidance for all fiscal activities and resource allocation decisions. Some of the major financial policies the City has adopted include the Debt Management Policy, City's Investment Policy, Purchasing Policy, Capitalization Policy, and Fund Balance Reserve Policies.

Debt Management Policy. The City's Debt Management Policy contains general guidelines and parameters for issuing and refunding debt, including guiding decisions related to future debt to ensure adequate financial resources are available to support the City's long-term capital needs.

Investment Policy. The City's Investment Policy establishes guidelines, strategies, practices, and procedures to be used in the investment of public funds in accordance with California Government Code sections 53600-53610, which establish legally permitted investments for local governments statewide. The policy is reviewed, updated if needed, and adopted annually.

Capitalization Policy. The City's Capitalization Policy sets thresholds at $5,000 for assets with a minimal useful life of three years while identifying fixed asset categories as land, buildings and improvements, infrastructure, furniture and equipment, motorized vehicles, and construction in progress.

Additional information can be found in Note 1 – Summary of Significant Accounting Policies in the Notes to the Basic Financial Statements document.

Fund Balance Reserve Policies. The City recognizes the importance of long-range planning in managing the City's fiscal affairs to provide for stable operations and ensure the City's long-term financial health. The reserves contained in the General Fund play a pivotal role in this strategy. The reserve policies require a contingency reserve balance of at least 33% of the General Fund's ongoing expenditures budget. Additionally, other reserve categories have been established for capital equipment, compensated leave, risk management, litigation defense, sustainability, CalPERS pension, and Other Post Employee Benefits (OPEB) for retiree health unfunded accrued liability. In Fiscal Year 2021-22, the City set up Section 115 Trusts for both pensions and retiree health care liabilities and has transferred reserves held to these trusts. Future funding policies will be considered and implemented in the next few fiscal years. Based upon final Fiscal Year 2023-24 budgeted General Fund expenditures and transfers, the Contingency Reserve is $14.47 million. Additionally, the City Manager and City Council have approved the continuing designation of unexpended funds of $19.6 million assigned for special projects into Fiscal Year 2024-25. Per Council direction, all remaining fund balance is to be placed in the unassigned fund balance.

GFOA Financial Reporting Certificate of Achievement

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its annual comprehensive financial report for the fiscal year ended June 30, 2023. This was the 20th time in the City's 22-year history that the City received this award. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report.

GFOA Budget Presentation Award

The GFOA also awarded a Certificate of Achievement for Distinguished Budget Presentation to the City for its Operating and Capital Budgets for the City's two-year budget plan for fiscal years 2023-24 and 2024-25. This was the 4th time that the City received this award. To earn this recognition, budget documents must meet nationally recognized guidelines, serving as a policy document, financial plan, operations guide, and communications device. The budget documents are reviewed by an impartial panel and must be rated "proficient" in all four categories and in the fourteen mandatory criteria within those categories to receive the award.

Recent Financial Performance

All of the City's basic services are governmental activities. The Statement of Net Position and the Statement of Activities included in APPENDIX C – "CITY OF GOLETA ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2024" report on the City as a whole, and the General Fund Balance Sheet and General Fund Statement of Revenues, Expenditures and Changes in Fund Balance, recent year excerpts of which are set forth in the tables below, report on the City's General Fund revenues and expenditures, present information about these Governmental activities, including General Government, Public Safety, Public Works, Library, Planning and Environmental Review, and Neighborhood Services. Property Tax, Sales Tax, Transient Occupancy Tax, Franchise Fees, and Cannabis Business Tax finance approximately 65% of these activities. It should be noted that the City does not have business-type activities.

The General Fund reported a Fiscal Year 2023-24 ending fund balance of approximately $44.79 million, an increase of $5.26 million from the $39.53 million ending fund balance for Fiscal Year 2022-23. The increase was due to total revenues exceeding expenditures. The $44.79 million fund balance for Fiscal

Year 2023-24 includes committed funds of $17.47 million, including the 33% contingency reserve; the assigned fund balance of $20.36 million; and $6.86 million remaining as an unassigned fund balance.

The City's total revenues were $51.2 million for Fiscal Year 2022-23, a decrease of approximately $1.5 million or 2.8% when compared to Fiscal Year 2021-22. The City's total revenues for Fiscal Year 2023-24 from all governmental activities equaled $75.4 million, an increase of $24.2 million or approximately 47.2% compared to $51.2 million from Fiscal Year 2022-23. The increase is primarily related to grants and the new transaction and use tax, reflected as part of the sales and use taxes revenue category. The City's total expenditures on all programs for Fiscal Year 2023-24 totaled approximately $50.77 million, a decrease of 2.1%, or approximately $1.07 million, compared to the previous fiscal year's $51.84 million. The overall decrease is largely attributable to expenditures in public works related to capital improvement projects, which was significant enough to offset the increases in the other departments by $1.07 million.

Expenses include a wide range of services such as general government administration, public safety (police protection services), public works, library, planning and environment review, neighborhood services, and interest on long-term debt related to the California Infrastructure and Economic Development Bank lease revenue financing that the City completed in August 2020 to reimburse itself for $10,000,000 of the $11,500,000 acquisition costs for City Hall. The $51.84 million total cost of all programs for the fiscal year ended June 30, 2023 was an increase of $10.7 million or 25.9% when compared to Fiscal Year 2021-22. The increase in expenditures was largely due to increases in general government, public safety, and public works spending. Public works had an increase of $6.0 million or 36.4%, primarily related to pavement maintenance projects and capital improvement program spending. In addition, many vacancies were filled in the Public Works department.

Current economic indicators reveal consistent growth and resilience in the City's economy, though ongoing challenges remain. These include: operating and capital expenditure costs remaining elevated, supply chain disruptions, rising energy and fuel costs, and increasing labor costs. These factors collectively contribute to higher costs for essential City services and infrastructure projects. Rapid inflation in prior years has particularly impacted building and construction costs, complicating efforts to address deferred maintenance items, such as pavement maintenance, facility upgrades, and park improvements, fund priority capital improvement projects, and comply with future unfunded mandates.

In the tourism sector, TOT revenues for Fiscal Year 2023-24 generated $14.1 million due to continued elevated average daily rates and occupancy levels. Looking ahead, TOT revenue is expected to remain flat, influenced by economic uncertainties, including inflation.

Property tax revenues showed stability and growth with an inflation adjustment of 2% and ongoing property transfer activity. The real estate market saw significant price increases during the pandemic as mortgage rates dropped to historic lows, and demand for housing remained high with low supply, driving the average and median price of detached single-family homes to historic highs. The average price for calendar year 2023 continued to remain elevated and was $1.4 million and the median price was $1.4 million. Pre-pandemic, for calendar year 2019, the average price was $937,760 and the median was $898,000. Going forward, it is anticipated that prices and values will remain high, though the high-interest rate environment will slow the pace of real estate transactions, but property values are expected to remain elevated.

Sales tax revenues (not including transaction and use tax) also experienced slight growth, with the General Fund receiving $8.7 million in Fiscal Year 2023-24, a slight decrease of 0.8% when compared to Fiscal Year 2022-23. Sales tax is supported by eight major industry groups, with general consumer goods accounting for about 20% of total sales tax revenues. Going forward, sales tax revenue growth is anticipated to remain flat in the next fiscal year.

While the City's economic foundation remains strong, elevated costs in building and construction, alongside expenditure pressures and potential economic slowdowns, necessitate continued financial planning. The City's proactive fiscal strategies, supported by the new transaction and use tax, position it to address fiscal challenges, maintain essential services, and support long-term community growth and well-being.

The following tables provide recent summary General Fund financial data of the City, and have been prepared from the City's audited financial statements and General Fund budget information. Reference is made to APPENDIX C – "CITY OF GOLETA ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2024."

[As of June 30, 2024, the City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by $290.45 million (net position). Of this amount, $34.15 million is unrestricted and available to meet the City's ongoing obligations. The remaining amount is invested in capital assets or otherwise restricted and, therefore, not immediately available for the City's obligations. The City's the total net position as of June 30, 2024 increased by $24.6 million or 9.3%, indicating that the City's financial health is relatively stronger as compared to the fiscal year ended June 30, 2023.] See APPENDIX C – "CITY OF GOLETA ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2024."]

CITY OF GOLETA
GENERAL FUND BALANCE SHEET

	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2021-22	Fiscal Year 2022-23	Fiscal Year 2023-24
Assets:					
Cash and Investments	$12,729,688	$25,859,805	$36,520,237	$39,009,456	$37,418,727
Receivables					
Accounts	4,751,126	4,448,881	4,429,597	3,022,093	5,224,690
Interest	35,123	11,390	36,604	176,555	267,990
Loans	--	--	--	382,701	367,378
Deposits	---	--	50,000	50,065	50,000
Prepaid Items	74,711	25,674	26,176	15,049	92,635
Due from Other Funds	1,475,929	5,397,105	2,544,997	3,260,738	8,050,311
Total Assets	19,066,577	35,742,855	43,607,611	45,916,657	$51,471,731
Liabilities:					
Accounts Payable	880,409	1,185,834	2,613,177	3,625,348	$4,442,432
Accrued Salaries and Benefits	196,070	269,982	363,825	523,590	575,825
Retentions Payable	--	4,635	34,053	86,109	101,887
Deposits Payable	678,960	1,457,040	1,295,392	2,036,662	1,453,738
Unearned Revenue	33,188	32,706	32,224	112,898	103,657
Due to Other Funds	--	--	--	--	--
Total Liabilities	1,788,627	2,950,197	4,338,671	6,384,607	6,677,539
Fund Balances:					
Nonspendable	74,711	25,674	26,176	15,049	92,635
Restricted	--	--	--	--	--
Committed[(1)]	11,087,037	12,617,011	12,753,580	14,180,140	17,472,816
Assigned	3,269,986	2,517,302	7,006,229	13,033,030	20,366,170
Unassigned	2,846,216	17,632,671	19,482,955	12,303,831	6,862,571
Total Fund Balances	17,277,950	32,792,658	39,268,940	39,532,050	44,794,192
Total Liabilities and Fund Balances	$19,066,577	$35,742,855	$43,607,611	$45,916,657	$51,471,731

(1) [Discuss]

This statement is a summary statement only. The City's Annual Comprehensive Financial Report, including the notes to the Audited Financial Statements, are an integral part of and necessary to a complete understanding of this summary table. See APPENDIX C – "CITY OF GOLETA ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2024."

Source: City of Goleta Annual Comprehensive Financial Report for the Fiscal Year ended June 30, 2024.

CITY OF GOLETA
GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2021-22	Fiscal Year 2022-23	Fiscal Year 2023-24
Revenues:					
Taxes	$25,354,067	$28,539,361	$34,805,610	$32,949,541	$38,401,945
Franchise Fees	--	--	--	1,636,443	1,678,956
Intergovernmental	42,292	39,992	53,470	49,251	55,952
Charges for Services	1,478,593	1,270,903	1,412,413	1,830,703	2,324,775
Licenses and Permits	340,718	374,896	515,712	549,197	525,476
Fines and Forfeitures	166,011	118,873	168,350	170,039	159,358
Use of Money and Property	565,849	209,018	(105,800)	1,006,241	2,087,471
Developer Fees	--	--	--	--	--
Donations (1)	67,173	48,283	61,948	68,977	93,897
Other Revenues	642,329	372,804	687,077	78,561	141,720
Total revenues	28,657,032	30,974,130	37,598,780	38,338,953	45,469,550
Expenditures:					
Current:					
General Government	6,974,660	6,871,119	8,920,270	11,753,629	11,091,149
Public Safety	7,452,279	6,959,079	8,470,638	9,157,530	10,733,668
Public Works	4,435,487	4,435,672	7,525,226	9,267,171	8,861,564
Library (2)	307,436	98,525	106,184	369,363	192,615
Planning and Environmental Review (2)	5,549,584	5,731,229	5,289,443	3,717,494	4,418,650
Neighborhood Services (2)	--	--	--	2,240,820	2,085,987
Capital Outlay (3)	10,781,717	1,279,781	251,641	1,144,183	2,077,239
Debt Service:					
Principal	--	--	222,740	228,620	234,655
Interest	--	117,333	261,060	284,434	277,633
Total expenditures	35,501,163	25,492,738	31,047,202	38,163,244	39,973,160
Excess of Revenues Over (Under) Expenditures	(6,844,131)	5,481,392	6,551,578	175,709	5,496,390
Other Financing Sources (Uses):					
Lease Proceeds (3)	--	10,000,000	--	--	--
Transfers In	29,983	33,316	24,704	28,558	160,157
Transfers Out	--	--	(100,000)	(213,906)	(432,950)
Subscription/Lease Acquisition (4)	--	--	--	119,201	38,545
Total Other Financing Sources (Uses)	29,983	10,033,316	(75,296)	(66,147)	(234,248)
Net Change in Fund Balances	(6,814,148)	15,514,708	6,476,282	109,562	5,262,142
Fund Balances:					
Beginning of Year	24,092,098	17,277,950	32,792,658	39,422,488	39,532,050
End of Year	$17,277,950	$32,792,658	$39,268,940	$39,532,050	$44,794,192

(1) The City regularly receives contributions for various operating and infrastructure expenses from individuals and civic organizations.

(2) What was previously reported under community development and community services is, [beginning with Fiscal Year 2022-23], reflected as Library, Planning and Environmental Review, and Neighborhood Services. Neighborhood Services include homelessness program services, emergency services, and parks and recreation services, including the Goleta community center.

(3) Fiscal Year 2019-20 and 2020-21 capital outlay and other financing sources include expenditures and their reimbursement from lease revenue bond proceeds attributed to the California Infrastructure and Economic Development Bank lease revenue financing for the acquisition of City Hall that was completed in August 2020. Net proceeds of this lease revenue financing reimbursed the City $10,000,000 of the $11,500,000 acquisition costs for the City Hall.

(4) The City has entered into a lease (as the lessee) for equipment and certain subscription liabilities for the use of software packages. The lease term range is for 60 months with monthly payments from $839 to $2,141 with an interest rate of 3.01%. The subscription term is 29 months with monthly payments from $2,751 to $2,916 with an interest rate of 22.42%.

This statement is a summary statement only. The City's Annual Comprehensive Financial Report, including the notes to the Audited Financial Statements, are an integral part of and necessary to a complete understanding of this summary table. See APPENDIX C – "CITY OF GOLETA ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2024."
Source: City of Goleta Annual Comprehensive Financial Report for the Fiscal Year ended June 30, 2024.

CITY OF GOLETA
GENERAL FUND ADOPTED BUDGETS

	Fiscal Year 2020-21	Fiscal Year 2021-22	Fiscal Year 2022-23	Fiscal Year 2023-24	Fiscal Year 2024-25
Revenues:					
Taxes	$26,485,600	$32,769,400	$31,047,887	$37,463,614	$44,252,300
Franchise Fees	--	--	1,592,100	1,601,000	1,681,050
Intergovernmental	30,000	56,000	56,000	56,400	56,000
Charges for Services	1,326,600	1,394,300	1,885,700	2,181,512	2,283,100
Licenses and Permits	406,000	475,900	452,100	476,500	347,800
Fines and Forfeitures	103,100	140,600	141,000	127,788	157,500
Use of Money and Property	217,600	355,500	334,000	1,492,000	1,012,000
Donations (1)	63,000	65,000	64,991	370,350	80,000
Other Revenues	382,800	546,000	14,231	500	500
Total Revenues	29,014,700	35,802,700	35,588,009	43,769,664	49,870,250
Expenditures:					
Current:					
General Government	7,716,536	9,658,719	13,585,229	13,198,084	13,502,538
Public Safety	7,762,900	8,639,819	9,766,000	10,734,592	11,548,800
Public Works	5,667,274	11,974,418	15,385,619	15,332,085	14,344,100
Library (2)	--	--	434,591	343,511	629,400
Planning and Environmental Review (2)	158,000	483,178	4,954,561	5,311,942	5,319,300
Neighborhood Services (2)	6,901,411	7,683,980	2,627,159	2,586,921	2,775,400
Capital Outlay (3)	2,029,750	3,417,402	8,316,733	16,137,552	2,001,900
Debt Service:					
Principal	--	222,740	228,620	234,655	240,850
Interest	--	261,060	284,434	277,633	270,652
Total Expenditures	30,235,871	42,341,316	55,583,036	64,156,975	50,632,940
Excess of Revenues Over (Under) Expenditures	(1,221,171)	(6,538,616)	(19,995,027)	(20,387,311)	(762,690)
Other Financing Sources (Uses):					
Lease Proceeds (4)	10,000,000	--	--	--	--
Transfers In	37,200	43,800	43,800	178,919	54100
Transfers Out	--	(603,500)	(99,474)	(668,300)	(808,200)
Subscription/Lease Acquisition (5)	--	--	119,201	--	--
Total Other Financing Sources (Uses)	10,037,200	(559,700)	63,527	(489,381)	(754,100)
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	8,816,029	(7,098,316)	(19,931,500)	(20,876,692)	(1,516,790)
Fund Balances:					
Beginning of Year	17,277,950	32,792,658	39,422,488	39,532,050	44,615,788
End of Year	$26,093,979	$25,694,342	$19,490,988	$18,655,358	$43,098,998

(1) The City regularly receives contributions for various operating and infrastructure expenses from individuals and civic organizations.

(2) What was previously reported under community development and community services is, [beginning with Fiscal Year 2022-23], reflected as Library, Planning and Environmental Review, and Neighborhood Services. Neighborhood Services include homelessness program services, emergency services, and parks and recreation services, including the Goleta community center.

(3) [Capital outlays in Fiscal Year 2023-24 consist of _____________].

(4) Fiscal Year 2019-20 and 2020-21 capital outlay and other financing sources include expenditures and their reimbursement from lease revenue bond proceeds attributed to the California Infrastructure and Economic Development Bank lease revenue financing for the acquisition of City Hall that was completed in August 2020. Net proceeds of this lease revenue financing reimbursed the City $10,000,000 of the $11,500,000 acquisition costs for the City Hall.

(5) The City has entered into a lease (as the lessee) for equipment and certain subscription liabilities for the use of software packages. The lease term range is for 60 months with monthly payments from $839 to $2,141 with an interest rate of 3.01%. The subscription term is 29 months with monthly payments from $2,751 to $2,916 with an interest rate of 22.42%.

Note: During the course of each Fiscal Year, the budget is amended and revised as necessary by the City Council. The adopted budget for each fiscal year shown below is the final adopted budget as adjusted by the City Council. Numbers may not sum due to rounding.

Sources: City of Goleta Finance Department and City of Goleta Annual Comprehensive Financial Report for the Fiscal Year ended June 30, 2024.

CITY OF GOLETA
GENERAL FUND ADOPTED BUDGETS AND AUDITED RESULTS

	Fiscal Year 2022-23 Final Budget	Fiscal Year 2022-23 Audited	Fiscal Year 2023-24 Final Budget	Fiscal Year 2023-24 Audited	Fiscal Year 2024-25 Adopted Budget
Revenues:					
Taxes	$31,047,887	$32,949,541	$37,463,614	$38,401,945	$44,252,300
Franchise Fees	1,592,100	1,636,443	1,601,000	1,678,956	1,681,050
Intergovernmental	56,000	49,251	56,400	55,952	56,000
Charges for Services	1,885,700	1,830,703	2,181,512	2,324,775	2,283,100
Licenses and Permits	452,100	549,197	476,500	525,476	347,800
Fines and Forfeitures	141,000	170,039	127,788	159,358	157,500
Use of Money and Property	334,000	1,006,241	1,492,000	2,087,471	1,012,000
Donations [(1)]	64,991	68,977	370,350	93,897	80,000
Other Revenues	14,231	78,561	500	141,720	500
Total Revenues	35,588,009	38,338,953	43,769,664	45,469,550	49,870,250
Expenditures:					
Current:					
General Government	13,585,229	11,753,629	13,198,084	11,091,149	13,502,538
Public Safety	9,766,000	9,157,530	10,734,592	10,733,668	11,548,800
Public Works	15,385,619	9,267,171	15,332,085	8,861,564	14,344,100
Library [(2)]	434,591	369,363	343,511	192,615	629,400
Planning and Environmental Review [(2)]	4,954,561	3,717,494	5,311,942	4,418,650	5,319,300
Neighborhood Services [(2)]	2,627,159	2,240,820	2,586,921	2,085,987	2,775,400
Capital Outlay [(3)]	8,316,733	1,144,183	16,137,552	2,077,239	2,001,900
Debt Service:					
Principal	228,620	228,620	234,655	234,655	240,850
Interest	284,434	284,434	277,633	277,633	270,652
Total Expenditures	55,583,036	38,163,244	64,156,975	39,973,160	50,632,940
Excess of Revenues Over (Under) Expenditures	(19,995,027)	175,709	(20,387,311)	5,496,390	(762,690)
Other Financing Sources (Uses):					
Lease Proceeds [(4)]	--	--	--	--	--
Transfers In	43,800	28,558	178,919	160,157	54100
Transfers Out	(99,474)	(213,906)	(668,300)	(432,950)	(808,200)
Subscription/Lease Acquisition [(5)]	119,201	119,201	--	38,545	--
Total Other Financing Sources (Uses)	63,527	(66,147)	(489,381)	(234,249)	(754,100)
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(19,931,500)	109,562	(20,876,692)	5,262,142	(1,516,790)
Fund Balances:					
Beginning of Year	39,422,488	39,422,488	39,532,050	39,532,050	44,615,788
End of Year	$19,490,988	$39,532,050	$18,655,358	$44,794,192	$43,098,998

(1) The City regularly receives contributions for various operating and infrastructure expenses from individuals and civic organizations.

(2) What was previously reported under community development and community services is, [beginning with Fiscal Year 2022-23], reflected as Library, Planning and Environmental Review, and Neighborhood Services. Neighborhood Services include homelessness program services, emergency services, and parks and recreation services, including the Goleta community center.

(3) [Capital outlays in Fiscal Year 2023-24 consist of _____________].

(4) Fiscal Year 2019-20 and 2020-21 capital outlay and other financing sources include expenditures and their reimbursement from lease revenue bond proceeds attributed to the California Infrastructure and Economic Development Bank lease revenue financing for the acquisition of City Hall that was completed in August 2020. Net proceeds of this lease revenue financing reimbursed the City $10,000,000 of the $11,500,000 acquisition costs for the City Hall.

(5) The City has entered into a lease (as the lessee) for equipment and certain subscription liabilities for the use of software packages. The lease term range is for 60 months with monthly payments from $839 to $2,141 with an interest rate of 3.01%. The subscription term is 29 months with monthly payments from $2,751 to $2,916 with an interest rate of 22.42%.

Note: During the course of each Fiscal Year, the budget is amended and revised as necessary by the City Council. The adopted budget for each fiscal year shown below is the final adopted budget as adjusted by the City Council. Numbers may not sum due to rounding.

Sources: City of Goleta Finance Department and City of Goleta Annual Comprehensive Financial Report for the Fiscal Year ended June 30, 2024.

Management Discussion

[For discussion: The City, like other government agencies across California, faces increasing annual operating costs and rising retirement-related liabilities. Significant challenges for the City include increased ongoing funding needs for deferred maintenance items, such as pavement maintenance, facility upgrades, and park improvements. Additionally, implementing major management and master plan documents, such as the Homelessness Strategic Plan, the Bicycle and Pedestrian Master Plan, the Stowe Grove Master Plan, and the Creeks and Watershed Management Plan, requires sustained financial commitments. Rising contract service costs add another layer of complexity to these efforts. As described herein, other than the Series 2025A Bonds, the City does not have any current plans for additional General Fund lease finance obligations in the next three years.

Major CIP projects are projected to remain underfunded and face the risk of increased funding gaps due to escalating construction costs. Key infrastructure projects addressing transportation, drainage, and public facilities risk delays, complicating the City's ability to meet long-term goals.

Despite these challenges, the City has historically mitigated financial pressures through the strategic use of contract services and one-time savings. Anticipated cost increases and revenue uncertainties in future years, particularly in TOT and sales tax revenues, present additional hurdles. Inflation, Federal Reserve actions, and broader economic conditions further complicate fiscal planning efforts. The City is actively exploring strategies to address these challenges, including evaluating operational efficiencies, renegotiating service contracts, and leveraging advanced financial management tools.]

Fiscal Year 2024-25 General Fund Budget Overview

[To Discuss 2025 trends]

Outstanding Obligations

The City's outstanding obligations as of June 30, 2024 payable from General Fund revenues, like the Base Rental Payments are shown in detail in the table below. The City has one lease obligation outstanding payable from General Fund revenues, like the Base Rental Payments.

CITY OF GOLETA
SUMMARY OF OUTSTANDING INDEBTEDNESS AS OF JUNE 30, 2023 AND 2024

	Ending Balance June 30, 2023	Additions	Deletions	Ending Balance June 30, 2024	Due Within One Year
Governmental Activities					
Compensated absences [(1)]	$ 857,251	$897,853	$ 724,766	$ 1,030,338	$ 206,068
Successor Agency Settlement [(2)]	1,551,882	--	775,941	775,941	775,941
IBank Lease Payable	9,548,640	--	234,655	9,313,985	240,850
Lease Liabilities [(3)]	38,051	--	7,567	30,484	7,797
Subscription Liabilities [(4)]	65,201	38,545	37,951	65,795	46,653
Claims Liability [(5)]	--	--	--	--	--
Total Debt Activity	$12,061,025	$936,398	$1,780,880	$11,216,543	$1,277,309

(1) This liability is expected to be paid in future years from future resources. Compensated absences have typically been liquidated from the General Fund.

(2) On September 24, 2018, the City agreed to a settlement agreement to transfer $6,431,587 to the Successor Agency to the Goleta Redevelopment Agency. The payments will then be distributed out to the taxing agencies as consistent with California Health and Safety Code sections 34179.5 and 34179.6. The City paid $1,000,000 within 90 days of the settlement date and then pays $775,941 annually by June 30 of each fiscal year for seven years.

(3) The City has entered into a lease (as the lessee) for equipment. The lease term range is for 60 months with monthly payments from $839 to $2,141 with an interest rate of 3.01%.

(4) The City has entered into certain subscription liabilities for the use of software packages. The subscription term is 29 months with monthly payments from $2,751 to $2,916 with an interest rate of 22.42%.

(5) There is currently no City liability for claims and judgments not expected to be covered in the ordinary course of adjustment through the insurance pool. See "NO LITIGATION – The City" and the discussion under the caption "Risk Management" in APPENDIX B – "THE CITY OF GOLETA: ECONOMIC, DEMOGRAPHIC AND FINANCIAL INFORMATION."

Source: City of Goleta Annual Comprehensive Financial Report for the Fiscal Year ended June 30, 2024.

On August 1, 2020, the City entered into a lease financing agreement with the California Infrastructure and Economic Development Bank ("**IBank**") for $10,000,000 at an interest rate of 2.64% to reimburse the City for $10,000,000 of the total acquisition of the City Hall property of $11,500,000. The lease will be repaid in semi-annual payments for a term of 30 years through August 1, 2050. The future lease payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2025	$ 240,850	$ 122,945	$ 363,795
2026	247,209	119,765	366,974
2027	253,735	116,502	370,237
2028	260,434	113,153	373,587
2029	267,309	109,715	377,024
2030-2034	1,446,201	759,655	2,205,856
2035-2039	1,647,448	594,435	2,241,883
2040-2044	1,876,701	406,223	2,282,924
2045-2049	2,137,855	191,820	2,329,675
2050-2051	936,243	6,260	942,503
Total	$9,313,985	$2,348,653	$11,854,458

Source: City of Goleta Annual Comprehensive Financial Report for the Fiscal Year ended June 30, 2024.

Prospective Additional Long Term Obligations

The City from time to time will consider entering into additional long term lease financings incident to new construction and refunding of existing obligations . Accordingly, it is possible that the City may in the future cause the issuance of issue lease revenue bonds or certificates of participation backed by General Fund lease financing payments. The City maintains a schedule of capital improvement needs, however, other than the Series 2025A Bonds, the City does not have any current plans for additional General Fund lease finance obligations in the next three years.

Short Term Borrowings

The City has not in recent years issued short term debt for meeting its cash flow needs.

Direct and Overlapping Debt

Contained within the City are overlapping local agencies providing public services which have issued general obligation bond and other types of indebtedness. Set forth below is a direct and overlapping debt report (the "**Debt Report**") prepared by California Municipal Statistics, Inc. and dated as of December 1, 2024. The Debt Report is included for general information purposes only and excludes self-supporting revenue bonds, tax allocation bonds and non-bonded capital lease obligations. The Debt Report generally includes long term obligations sold in the public credit markets by public entities whose boundaries overlap the City's service area. Such long term obligations are not payable from revenues of the City (except as indicted) nor are they necessarily secured by land within the City. In many cases, such obligations are payable from the general fund of the issuing agency. Neither the City nor the Authority has reviewed the Debt Report for completeness or accuracy and makes no representations in connection therewith.

CITY OF GOLETA
STATEMENT OF DIRECT AND OVERLAPPING DEBT AS OF DECEMBER 1, 2024

2024-25 Assessed Valuation: $9,816,901,721

	% Applicable[1]	City's Share of Debt (12/1/24)
DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:		
Santa Barbara Community College District	12.607%	$ 5,795,258
Santa Barbara Unified School District	14.401	21,013,939
Goleta Union School District	53.013	41,495,926
Santa Barbara High School District	14.401	8,087,505
TOTAL DIRECT AND OVERLAPPINGTAX AND ASSESSMENT DEBT:		$ 76,392,628
DIRECT AND OVERLAPPING GENERAL FUND DEBT:		
Santa Barbara County General Fund Obligations	8.25%	$ 9,661,383
City of Goleta General Fund Obligation	**100.00**	**9,073,135**
Goleta West Sanitary District General Fund Obligation	77.274	10,003,119
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT:		$ 28,737,637
Less: Santa Barbara County supported obligations		63,085
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		$ 28,674,552
OVERLAPPING TAX INCREMENT DEBT (Successor Agency):	100.00%	$ 10,085,000
GROSS COMBINED TOTAL DEBT		$115,215,265
NET COMBINED TOTAL DEBT		$115,152,180

(1) The percentage of overlapping debt applicable to the City is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the City divided by the district's total taxable assessed value.
(2) Excludes tax and revenue anticipation notes, enterprise revenue (including the Sales Tax Bonds), mortgage revenue and non-bonded capital lease obligations.

Ratios to 2024-25 Assessed Valuation:
Total Overlapping Tax and Assessment Debt.......... 0.78%
Combined Gross Direct Debt ($9,073,135).......... 0.09%
Gross Combined Total Debt 1.17%
Net Combined Total Debt.......... 1.17%
Ratio to Redevelopment Successor Agency Incremental Valuation ($1,468,331,433):
Total Overlapping Tax Increment Debt 0.69%

Source: California Municipal Statistics, Inc.

Risk Management

The City insurance coverage structure is composed of a combination of pooled self-insurance, reinsurance and excess insurance which the City procures as a member of the California Joint Powers Insurance Authority (the "**California JPIA**"). The California JPIA is composed of 124 California public entities and is organized under a joint powers agreement pursuant to California Government Code Section 6500 *et seq*. The purpose of the California JPIA is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage. The California JPIA began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

Each member pays an annual contribution at the beginning of the coverage period. The total funding requirement for primary self-insurance programs is based on an actuarial analysis. Costs are allocated to individual agencies based on payroll and claims history, relative to other members of the risk-sharing pool.

Generally, claims through the California JPIA are pooled separately between public safety (police and fire) and general government exposures, with the payroll of each member evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. .

Primary Liability Program. For Fiscal Year 2023-24 the California JPIA's overall coverage limit for each member, including all layers of coverage, was $50 million per occurrence. Subsidence losses also have a $50 million per occurrence limit. The coverage structure is composed of a combination of pooled self-insurance, reinsurance and excess insurance.

Workers' Compensation Program. For Fiscal Year 2023-24, the California JPIA's pooled retention was $1 million per occurrence, with reinsurance to statutory limits under California Workers' Compensation Law. Employer's Liability losses are pooled among members to $1 million. Coverage from $1 million to $5 million is purchased through reinsurance policies, and Employer's Liability losses from $5 million to $10 million are pooled among members.

Currently, insurance purchased through the California JPIA includes the following:

Pollution Legal Liability Insurance. The City participates in the pollution legal liability insurance program which is available through the California JPIA. The policy covers sudden and gradual pollution of scheduled property, streets and storm drains owned by the City. Coverage is on a claims-made basis. There is a $250,000 deductible. The California JPIA has a per member limit of $5 million.

Property Insurance. The City participates in the all-risk property protection program of the California JPIA. This insurance protection is underwritten by several insurance companies. City property is currently insured according to a schedule of covered property submitted by the City to the California JPIA. City property currently has all-risk property insurance protection in the amount of $41,870,728. There is a $10,000 deductible per occurrence except for non-emergency vehicle insurance which has a $2,500 deductible.

Crime Insurance. The City purchases crime insurance coverage in the amount of $1,000,000 with a $2,500 deductible. The fidelity coverage is provided through the California JPIA.

Earthquake and Flood Insurance. The City purchases earthquake and flood insurance on a portion of its property. The earthquake insurance is part of the property protection insurance program of the California JPIA. City property currently has earthquake protection in the amount of Non Participant. There is a deductible of 5% per unit of value with a minimum deductible of $100,000. There is no requirement in the Lease Agreement for the City to procure or continue coverage for earthquake damage on the Property or any property.

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in Fiscal Year 2023-24.

See Note 9 in the Notes to the Basic Financial Statements appearing in APPENDIX C – "CITY OF GOLETA ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2024."

Employees and Labor Relations

As of June 30, 2024, the City had approximately [121] full time equivalent employees. Substantially all of these employees are represented by one of two employee organizations. The City has never experienced a material work stoppage.]

Retirement Systems

CalPERS maintains two pension plans for the City: a Miscellaneous Plan and a PEPRA Miscellaneous. A menu of benefit provisions as well as other requirements are established by State statutes within the Public Employees' Retirement Law. The City selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. The defined pension benefit is payable monthly for life, in an amount that varies. The plans also provide death and disability benefits. These benefit provisions and all other requirements are established by state statute and City ordinance. See APPENDIX C – "CITY OF GOLETA ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2024."

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 5 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The City's pension groups are limited because the City contracts with the Santa Barbara County Sheriff's Department for law enforcement services, fire protection services are provided by the Santa Barbara County Fire Department through the Santa Barbara County Fire Protection District, which has a service area that includes the City, and the City provides municipal services through additional contracts for such services as street, park, and landscape maintenance. Each of the pension plans, accordingly, provide for certain of the City's miscellaneous employees.

One of the most significant changes to the state and local financial landscape is the recently enacted Public Employees' Pension Reform Act ("**PEPRA**") of 2013. While PEPRA will have no immediate impact to current pension costs, the law will reduce pension costs of virtually all public employers in the long term. New employees hired after December 31, 2012 will be enrolled in a plan with substantially lower benefits. In addition, new employees will be required to pay at least 50% of the pension costs. The City, as with virtually all public agencies in California, still has an underfunded pension plan for existing employees. The new reform legislation will have no impact on this unfunded liability. Pension contribution rates for existing employees are expected rise over the medium term. The City will be working with labor groups to increase the amount paid by employees in order to mitigate impacts upon the City's overall financial condition. On April 17, 2013, the CalPERS Board of Administration approved a recommendation to change the CalPERS amortization and rate smoothing policies. Beginning with the June 30, 2013 valuations that set the 2015-16 rates, CalPERS would no longer use an actuarial value of assets and will employ an amortization and smoothing policy that will pay for all gains and losses over a fixed 30-year period with the increases or decreases in the rate spread directly over a 5-year period. Prior to this change, CalPERS 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 policy change, CalPERS commenced an amortization and smoothing policy that pays for all gains and losses amortized over a 20-year period with a five-year ramp-up and five-year ramp-down period.

PEPRA (i) increases the retirement age for new State, school, and city and local agency employees depending on job function, (ii) caps the annual CalPERS pension benefit payout, (iii) addresses numerous abuses of the system, and (iv) requires State, school, and certain city and local agency employees to pay at least half of the costs of their CalPERS pension benefits. PEPRA will apply to all public employers except the University of California, charter cities and charter counties (except to the extent they contract with CalPERS). Among other things, PEPRA also enacted pension spiking reform for new and existing employees, required three-year averaging of final compensation for new employees, and provided employers with new authority to negotiate cost-sharing agreements with current employees. PEPRA also contained limitations on the use of retired annuitants, requiring that an annuitant have a six-month break in service prior to returning to work.

The legislation created mandatory benefits tiers for new employees who have not worked for another CalPERS agency hired beginning January 1, 2013 ranging from 1.1% at age 50 to a maximum of 2.4% at age 62 for miscellaneous employees.

CalPERS' projected employer contribution rates for the City's Miscellaneous Plan and PEPRA Miscellaneous Safety Plan are provided by actuarial reports delivered to the City, which reports establish liability and funding requirements. The latest actuarial valuation of the plans occurred June 30, 2023 (the ("**2023 Valuation**"), respectively, for each of the City's Miscellaneous Plan and PEPRA Miscellaneous Safety Plan. There is a two-year lag between the Valuation Date and the Contribution Fiscal Year. The assets, liabilities and funded status of the plan are measured as of the valuation date; June 30, 2023. The employer contribution rate determined by the valuation is for the fiscal year beginning two years after the valuation date; in this case the City's Fiscal Year 2024-25. This two-year lag is necessary due to the amount of time needed to extract and test the membership and financial data, and due to the need to provide public agencies with their employer contribution rates well in advance of the start of the fiscal year.

The Unfunded Liability is used to determine the employer contribution and therefore must be rolled forward two years from the valuation date to the first day of the fiscal year for which the contribution is being determined. The Unfunded Liability is rolled forward each year by subtracting the expected Payment on the Unfunded Liability for the fiscal year and adjusting for interest. The Expected Payment on the Unfunded Liability for a fiscal year is equal to the Expected Employer Contribution for the fiscal year minus the Expected Normal Cost for the year. The Employer Contribution Rate for the first fiscal year is determined by the actuarial valuation two years ago and the rate for the second year is from the actuarial valuation one year ago. The Normal Cost Rate for each of the two fiscal years is assumed to be the same as the rate determined by the current valuation. All expected dollar amounts are determined by multiplying the rate by the expected payroll for the applicable fiscal year, based on payroll as of the valuation date.

Contributions to fund the plan are comprised of two components:

· Normal Cost, expressed as a percentage of total active payroll

· Amortization of the Unfunded Accrued Liability (UAL), expressed as a dollar amount

For fiscal years prior to 2017-18, the Amortization of UAL component was expressed as a percentage of total active payroll. Starting with Fiscal Year 2017-18, the Amortization of UAL component is expressed as a dollar amount and invoiced on a monthly basis. There is an option to prepay this amount during July of each fiscal year. The Normal Cost component is expressed as a percentage of active payroll with employer and employee contributions payable as part of the regular payroll reporting process. The determination of both components requires complex actuarial calculations. The calculations are based on a set of actuarial assumptions which can be divided into two categories:

· Demographic assumptions (e.g., mortality rates, retirement rates, employment termination rates, disability rates)

· Economic assumptions (e.g., future investment earnings, inflation, salary growth rates)

These assumptions reflect CalPERS' best estimate of future experience of the plan and are long term in nature, which cannot be expected with any certainty likely to be realized in their entirety in any given year. For example, the investment earnings at CalPERS have averaged 6.9% over the 20 years ending June 30, 2022, yet individual fiscal year returns have ranged from -23.6% to +21.3%. In addition, CalPERS reviews all actuarial assumptions by conducting in-depth experience studies every four years, with the most recent experience study completed in 2021.

The tables below show CalPERS projected employer contribution rates for the City's Miscellaneous Plan and PEPRA Miscellaneous Safety Plan (before cost sharing) for the six years from Fiscal Year 2024-25 through Fiscal Year 2031-32. The projections assume that all CalPERS actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur during the projection period. In particular, the investment return is assumed to be [6.80]% per year, net of investment and administrative expenses. The projected normal cost percentages below reflect that the City's Miscellaneous Plan's normal cost is expected to continue to decline over time as new employees are hired into lower cost benefit tiers. Future contribution requirements may differ significantly from those shown below. The actual long-term cost of the plan will depend on the actual benefits and expenses paid and the actual investment experience of the fund.

CITY OF GOLETA MISCELLANEOUS PLAN
PROJECTED FUTURE PENSION CONTRIBUTION RATES
FISCAL YEARS 2025 THROUGH 2031

Fiscal Year Ended (June 30)	Normal Cost Contribution Rate	UAL Payment
2025	12.52%	$379,339
2026	12.58	468,883
2028	12.60	514,000
2029	12.60	551,000
2020	12.60	638,000
2030	12.60	651,000
2031	12.60	662,000

Source: 2023 Valuation and City of Goleta Finance Department.

CITY OF GOLETA PEPRA MISCELLANEOUS PLAN
PROJECTED FUTURE PENSION CONTRIBUTION RATES
FISCAL YEARS 2025 THROUGH 2031

Fiscal Year Ended (June 30)	Normal Cost Contribution Rate	UAL Payment
2025	7.87%	$16,057
2026	7.96	35,350
2027	8.0	58,000
2028	8.0	70,000
2029	8.0	70,000
2030	8.0	70,000
2031		

Source: 2023 Valuation and City of Goleta Finance Department.

Actual gains or losses as well as changes in actuarial assumptions or methods are amortized using a 5-year ramp up, phasing in the impact of unanticipated changes in UAL over a 5-year period and attempting to minimize employer cost volatility from year to year. This method phases in the impact of the change in UAL over a 5-year period in order to reduce employer cost volatility from year to year. As a result of this methodology, dramatic changes in the required employer contributions in any one year are less likely. However, required contributions can change gradually and significantly over the next five years. In years when there is a large investment loss, the relatively small amortization payments during the ramp up period could result in contributions that are less than interest on the UAL (*i.e.* negative amortization) while the contribution impact of the increase in the UAL is phased in.

Annual pension expenses are projected to continue to rise and represent a significant amount of the City's operating budget. The City has established a Section 115 Trust to address the growing and volatile pension liabilities. In addition, the City Council resolved to appropriate the transfer of available reserves from enterprise, internal service funds into the Pension Section 115 Trust. [Discuss funding and funding goals]

As reported in the 2023 Valuation, the funding history below shows the recent history of the actuarial accrued liability, the market value of assets, the funded ratio and the annual covered payroll for City's Miscellaneous Plan and PEPRA Miscellaneous Safety Plan.

CITY OF GOLETA MISCELLANEOUS PLAN
FUNDED STATUS
FISCAL YEARS 2017 THROUGH 2023

CalPERS Valuation Fiscal Year Ended (June 30)	Accrued Liability	Market Value of Assets (MVA)	Unfunded Accrued Liability	Funded Ratio	Applicable Annual Covered Payroll
2017	$14,342,747	$11,738,130	$2,604,617	81.8%	$3,760,369
2018	16,694,471	13,477,076	3,217,395	80.7	4,328,793
2019	18,344,984	14,827,148	3,517,836	80.8	4,344,217
2020	19,992,856	15,928,975	4,063,881	79.7	4,685,409
2021	22,786,649	20,825,145	1,961,504	91.4	4,783,997
2022	24,673,544	19,378,991	5,294,553	78.5	4,597,345
2023	26,976,370	21,010,914	5,965,456	77.9	5,268,660

Source: 2023 Valuation and City of Goleta Finance Department.

CITY OF GOLETA PEPRA MISCELLANEOUS PLAN
FUNDED STATUS
FISCAL YEARS 2017 THROUGH 2023

CalPERS Valuation Fiscal Year Ended (June 30)	Accrued Liability	Share of Pool's Market Value of Assets (MVA)	Unfunded Accrued Liability	Funded Ratio	Applicable Annual Covered Payroll
2017	$ 595,184	$ 565,459	$ 29,725	95.0%	$1,481,855
2018	993,724	921,236	72,488	92.7	1,677,051
2019	1,429,482	1,318,270	111,212	92.2	2,223,003
2020	1,992,546	1,815,232	177,314	91.1	2,872,737
2021	2,823,537	2,957,324	(133,787)	104.7	3,063,355
2022	3,684,170	3,230,288	453,882	87.7	4,219,743
2023	4,966,678	4,338,508	628,170	87.4	5,549,428

Source: 2023 Valuation and City of Goleta Finance Department.

The standard actuarial practice at CalPERS is to recognize mandated legislative benefit changes in the first annual valuation following the effective date of the legislation. Voluntary benefit changes by plan amendment are generally included in the first valuation that is prepared after the amendment becomes effective, even if the valuation date is prior to the effective date of the amendment.

See Note 6 to the basic financial statements of the City included in APPENDIX C – "CITY OF GOLETA ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2024."

Reporting obligations under Governmental Accounting Standards Board Statement No. 68 (including as amended by Statement No. 71, "**GASB 68**") commenced with financial statements for the fiscal year ended June 30, 2015. The City implemented this Statement in the fiscal year ending [June 30, 2015]. Under GASB 68, an employer reports the net pension liability, pension expense and deferred outflows/deferred inflows of resources related to pensions in its financial statements as part of its financial position. See APPENDIX C – "CITY OF GOLETA ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2024."

Other Post-Retirement Benefits

Annual OPEB Cost and Net OPEB Obligation. The City provides postemployment health care benefits through the CalPERS cost-sharing multiple employer health care program (PEMHCA) to eligible employees. The City paid the PEMHCA minimum of $149/month for 2022 and $151/month for 2023. To be eligible for postretirement health benefits, employees must complete at least 5 years of continuous service and be a minimum of 50 years of age.

The City created a Section 115 Trust Fund with PARS in their Moderate Portfolio in the fiscal year ended June 30, 2022 to set aside funds restricted to use for the City's OPEB benefits.

The City's annual Other Post Employment Benefit (OPEB) cost (expense) is calculated based upon the Annual Required Contribution of the employer (ARC); an amount actuarially determined in accordance with parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

The City's net OPEB liability of $[732,603], the number of plan members, active, inactive plan member or beneficiaries receiving benefits, and inactive plan member entitled to but not yet receiving benefits are shown in Note 7 to the basic financial statements of the City included in APPENDIX C – "CITY OF GOLETA ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2024." The City's service cost to provide OPEB benefits has averaged $______ of the last five years.

As shown in the City of Goleta Annual Comprehensive Financial Report for the Fiscal Year ended June 30, 2024 attached hereto as Appendix C, the net OPEB obligation for the beginning of the year ended June 30, 2023, was $732,603, and the net OPEB obligation for the end of the year ended June 30, 2024 was $________. See Note 7 to the basic financial statements of the City included in APPENDIX C – "CITY OF GOLETA ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2024."

Investment of Funds; City's Pooled Operating Investment Fund

[The City Manager/Treasurer of the City is responsible for investing the unexpended cash in the Treasurer's pooled operating investment fund (the "**City Pool**"). Responsibility for the daily investment of funds in the City Pool is delegated to the Finance Director of the City. The City is basically the only participant in the City Pool; the Successor Agency is the only other participant and its participation is limited to its surplus funds not invested in the State of California Local Agency Investment Fund (LAIF). The primary objectives, in priority order, of the City's investment activities are safety, liquidity and yield.

Oversight and Reporting Requirements. The Treasurer provides an investment report on a monthly basis to the Finance Department and annually presents a Statement of Investment Policy (the "**Investment Guidelines**") to the City Council.

On a monthly basis, the safekeeping agent provides to the City credit ratings and an independent market valuation on the City's holdings. This information is included in the monthly investment report presented to the City Council. Pursuant to the City's Statement of Investment Policy, which is adopted annually by the City Council, the City Treasurer submits to City Council, within 30 days following the end of the month, an investment report, which is prepared by the Finance Director, which summarizes all securities in the portfolio and a separate listing of investment transactions occurring during the month. The report includes issuer, type of investment, date of maturity, coupon, yield, par value, book value, market value and the source of the valuation, current book gains and/or losses, average days to maturity and quality rating of bonds. In addition, a narrative report accompanies the portfolio that addresses noteworthy items and any call features associated with the bonds in the portfolio.

On a quarterly basis, a comprehensive Investment Management Review is presented to the City Council. The review covers the credit qualities, sector and maturity distribution liquidating information, investment performance against a customized benchmark comprised of three different indices, portfolio recommendations, and information as to compliance with investment policy and State law.

In June 2024, the City engaged Chandler Asset Management to serve as our independent investment advisor, effective July 1, 2024 with the intent to procure additional expertise, increased safety and security of City assets and the potential for additional earnings within the terms of the Investment Guidelines.

Authorized Investments. Investments in the City Pool are governed by State law and further restricted by the City's Statement of Investment Policy. The City has developed a formal investment policy that is more restrictive than the State of California Government Code. The policy is adopted annually by the City Council. The City has adhered to established policies for all investment activities. All of the City's deposits, except certain cash balances held by fiscal agents, are entirely insured or collateralized. The California Government Code requires California banks and savings and loans to secure the City's deposits by pledging government securities as collateral. The fair value of the pledged securities must equal 110% of the City's deposits. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes equal to 150% of the City's deposits.

[Permitted Investments include U.S. Treasury Securities and other obligations of the U.S. Government, its agencies and instrumentalities, including mortgage-backed securities with a fixed coupon issued by an agency of the U.S. Government; Certificates of Deposit (CDs) issued by nationally or state chartered banks, not to exceed a five-year maturity nor thirty percent (30%) of the total portfolio, and collateralized as provided in the Investment Guidelines (the City may waive collateral requirements for the portion of any deposit insured up to the amount allowed per account by the Federal Deposit Insurance Corporation (FDIC)); Prime Commercial Paper of the highest numerical rating of Moody's Investment Service, Inc. or Standard & Poor's Corporation (S&P), not to exceed 270 days maturity nor 25% of the portfolio, from issuing corporations that are organized and operating within the United States and having total assets in excess of $500 million and having the equivalent to an "AA-" or higher rating from either Moody's or S&P for other debt of the issuer; money market funds with portfolios consisting of one or more of the indicated legal investments and none of the prohibited investments; sweep account for the investment of overnight funds when the funds are swept into investments authorized by the Investment Guidelines; passbook accounts maintained solely to provide for ongoing operational needs shall be subject to the requirements of the Investment Guidelines; the Local Agency Investment Fund (the "**State Pool**") and the Investment Trust of California, a Joint Powers Authority, doing business as CalTRUST. The City may invest in CalTRUST, a pool created by local public agencies to provide a method for local public agencies to pool their assets for investment purposes. Investments in certificates of deposit, sweep accounts and passport accounts shall be fully insured up to the limit set by the FDIC. Investments in certificates of deposit, sweep accounts and passport accounts in excess of the FDIC limit shall be properly collateralized as required by law.

Investments not specifically authorized in the Investment Guidelines are disallowed. Additionally, Section 53601.6 of the California Government Code disallows the following: inverse floaters, range notes, or interest-only strips that are derived from a pool of mortgages. Futures, options, all leveraged purchases, reverse repurchases, and speculations on interest rates are specifically not allowed by the guidelines.

[Cash temporarily idle during the year was invested in demand deposits, money market funds, certificates of deposit, corporate notes, federal agencies, treasuries, and the State of California's Local Agency Investment Fund (LAIF).]

At October 31, 2024, the City Pool did not hold any securities which were in default, issued by an entity currently in a bankruptcy proceeding or which was not investment grade.

Pool Liquidity and Other Characteristics. As of October 31, 2024, the City's Pool had a weighted average maturity of 128.9 days and its weighted average yield was 4.243%. For purposes of calculating weighted average maturity, the City Treasurer treats investments in LAIF maturing within one day. The City Pool's composition is designed with a goal of having sufficient liquid funds available to meet disbursement requirements. The composition and value of investments under management in the City Pool will vary from time to time depending on cash flow needs of the City, maturity or sale of investments, purchase of new securities, and fluctuations in interest rates.

State Budget Information

Information about the State budget is regularly available at various State-maintained websites. The Fiscal Year 2023-24 State budget and the 2024-25 State budget may be found at the website of the Department of Finance, www.dof.ca.gov, under the heading "California Budget." Additionally, an impartial analysis of the budget is posted by the Office of the Legislative Analyst at www.lao.ca.gov. The Office of the Legislative Analyst is located at 925 L Street, Suite 1000, Sacramento, CA 95814. To request publications call (916) 445-4656. The information referred to is prepared by the respective State agency maintaining each website and not by the City, and the City takes no responsibility for the continued accuracy of the internet addresses or for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated herein by these references.

Changes in State Budget

Each year, the final State Budget, which requires approval by a two-thirds vote of each house of the State Legislature, may differ substantially from the Governor's original budget proposal. The State Budget will be affected by State and national economic conditions and other factors over which the City will have no control. The City cannot predict the impact that subsequent State budgets will have on its finances and operations

Utilities

[Gas and electricity are provided within the City by Southern California Gas Company and Southern California Edison Company. Frontier Communications supplies telephone service. The City contracts with a private company for collection of refuse. The City provides water and sewer services.]

Transportation

Highways. The City is served by a well-developed transportation network which includes road, rail, and bus services. U.S. Highway 101 and numerous State Highways such as 1, 33, 135, 166, 154, 217 and 246 provide convenient access throughout the County and its municipalities.

Railroads. Amtrak railroad crosses through the County with its main line generally following the coastline, with stations in Carpinteria, Santa Barbara and Goleta. Freight transportation is also provided by several intra-state and transcontinental trucking firms.

Airports. The Santa Barbara Municipal Airport, owned and operated by the City of Santa Barbara, is located approximately 10 miles west of downtown Santa Barbara on approximately 944 acres, adjacent to the Pacific Ocean, with convenient highway access from U.S. Highway 101. The airport is the regional airport for the San Luis-Santa Barbara-Ventura tri-county area. Competing airports include Burbank, San Luis Obispo, Long Beach, and Los Angeles International airports along with other airports with scheduled commercial airline service that are within approximately two hours' drive time of the City.

Bus Service. [The Santa Barbara Metropolitan Transit District ("MTD") operates a municipal bus system serving the cities of Goleta, Santa Barbara and Carpinteria, and the unincorporated areas of Ellwood, Isla Vista, Montecito, and Summerland. Limited commuter service linking Solvang and Buellton with Goleta, Santa Barbara and the University of California, Santa Barbara is also available through the MTD. Bus services is also provided by the Clean Air Express, providing roundtrip weekday service from Santa Maria and Lompoc to Santa Barbara and Goleta; City of Lompoc Transit, providing fixed route service in Lompoc, Vandenberg village and Mission Hills; and Santa Ynez Valley Transit, linking the cities of Buelton, Los Olivos, Santa Ynez, and Solvang.]

Education

Public instruction in the City is provided by the Goleta Unified School District. There are 9 elementary schools, 0 middle schools, and 0 high schools. Total enrollment for the last ten school years was as follows::

CITY OF GOLETA
PUBLIC SCHOOL ENROLLMENT
FOR 2014-15 THROUGH 2023-24 SCHOOL YEARS

Year	Enrollment
2014-15	3,701
2015-16	3,684
2016-17	3,571
2017-18	3,541
2018-19	3,566
2019-20	3,619
2020-21	3,378
2021-22	3,381
2022-23	3,416
2023-24	3,408

Source: California Department of Education

In addition, the University of California at Santa Barbara has enrollment of approximately 23,232 full time students and offers bachelors, masters, and Ph.D. degrees in a variety of fields. There is also Santa Barbara City College, which offers associate degrees and acts as a feeder for the University of California and California State University systems as well as other four year institutions.

Recreation and Tourism

[The City's natural, historic, and commercial attractions make it an attractive visiting spot. The area's natural attractions include its moderate weather, the Pacific Coast with its many beaches and harbor, and the mountains. The City is a popular destination resort for tourists.]

The County offers numerous opportunities for recreation. Some popular activities are swimming, climbing, picnicking, boating, surfing, fishing, sailing, whale watching and water skiing at the beaches, lakes, and public parks within the County, camping and wine tasting. The County park system has 24 day use parks, 2 camping parks, 45 open spaces and 12 beach areas for a total of 8,595 acres. The Santa Barbara Harbor and Stearns Wharf, the oldest working wharf in the State dating back to 1872, the Santa Barbara Museum of Natural History Sea Center, Mission Santa Barbara and the Santa Barbara Maritime Museum are each located in the City of Santa Barbara, the Natural History Museum and the Motorcycle Museum in Santa Maria, and the Return to Freedom, 300 acre wild horse sanctuary in Lompoc; are popular tourist attractions within the County.

The County is also home of the Guadalupe Beach Festival, the Santa Barbara International Film Festival, the Santa Barbara Harbor and Seafood Festival, the Santa Barbara County Vintners Festival, the Santa Barbara Wine Festival.

APPENDIX C

CITY OF GOLETA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

[TO COME]

APPENDIX D

PROPOSED FORM OF BOND COUNSEL OPINION

Upon issuance of Series 2025A Bonds, Stradling Yocca Carlson & Rauth LLP, Bond Counsel, proposes to render its final approving opinions with respect to the Series 2025A Bonds in substantially the following forms:

[Date of Delivery]

Goleta Facilities Financing Authority
Goleta, California

Re: *$__________ Goleta Facilities Financing Authority Lease Revenue Bonds, Series 2025A*

Ladies and Gentlemen:

[To come]

Respectfully submitted,

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of Goleta (the "City") in connection with the issuance by the Goleta Facilities Financing Authority (the "Authority") of $__________ Goleta Facilities Financing Authority Lease Revenue Bonds, Series 2025A (the "Series 2025A Bonds"). The Series 2025A Bonds are being issued pursuant to the Indenture, dated as of March 1, 2025 (the "Indenture"), by and among the Authority, the City and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), in order to provide funds to finance the costs of the acquisition, construction and improvement of certain transportation improvements within the jurisdiction of the City. 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 of the Series 2025A Bonds and to assist the Participating Underwriter in complying with SEC Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth in the Indenture and in the Lease Agreement, dated as of March 1, 2025 (the "Lease Agreement"), by and between the Authority and the City, which apply to any capitalized terms used in this Disclosure Certificate, unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

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

"Annual Report Date" shall mean March 31 of each year.

"*Beneficial Owner*" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2025A Bonds (including persons holding Series 2025A Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Series 2025A Bonds for federal income tax purposes.

"Dissemination Agent" shall mean Urban Futures, Inc., 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" shall mean (a) a debt obligation of the City, (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation of the City, or (c) a guarantee of (i) a debt obligation of the City, or (ii) a derivative instrument described in clause (b), above; provided, however, that the term "Financial Obligation" shall not include "municipal securities" (as such term is defined in the Securities Exchange Act of 1934, as amended) as to which a "final official statement" (as such term is defined in the Rule) has been provided to the MSRB consistent with the Rule.

"*Holders*" shall mean, while the Series 2025A Bonds are registered in the name of The Depository Trust Company, any applicable participant in its depository system, or the Owner of any Series 2025A Bond for Federal income tax purposes.

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

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

"Official Statement" means the Official Statement dated February __, 2025, relating to the Series 2025A Bonds.

"Participating Underwriter" shall mean Stifel, Nicolaus & Company, Incorporated, the original underwriter of the Series 2025A Bonds required to comply with the Rule in connection with offering of the Series 2025A Bonds.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"SEC" shall mean the Securities and Exchange Commission.

Section 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, no later than each Annual Report Date commencing March 31, 2025, with the report for Fiscal Year 2023-24, provide to the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. The Official Statement shall constitute the Annual Report for Fiscal Year 2023-24. The Annual Report may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are 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(e). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the City's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(e). 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) 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. If the City is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the City will send a notice to the MSRB 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. Each Annual Report shall contain or incorporate by reference the following:

(a) The City's audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the City's audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) The following information with respect to the City and the Series 2025A Bonds for the fiscal year to which the Annual Report relates, which information may be provided by its inclusion in the audited financial statements of the City for such fiscal year described in subsection (a) above:

(b) [The City's Annual Report shall include the following items, providing annual financial and operating data (as of the end of the preceding Fiscal Year) substantially similar to that provided in the corresponding tables and charts in the Official Statement:

1. Principal amount of each Series of Bonds outstanding.

2. City Principal Property Taxpayers;

3. City Assessed Valuations, Property Tax Rates, Secured Levies and Collection and Delinquencies;

4. General Fund Tax Revenues by Source;

5. City General Fund Balance Sheet; and

6. City General Fund Summary of Revenues and Expenditures

(c) 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 website or filed with the SEC. The City shall clearly identify each such other document so included by reference.]

Section 5. Reporting of Significant Events. (a) Pursuant to the provisions of this Section, the City shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Series 2025A Bonds in a timely manner not later than ten business days after the occurrence of the event:

(i) Principal and interest payment delinquencies.

(ii) Unscheduled draws on debt service reserves reflecting financial difficulties.

(iii) Unscheduled draws on credit enhancements reflecting financial difficulties.

(iv) Substitution of credit or liquidity providers, or their failure to perform.

(v) Adverse tax opinions or issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB).

(vi) Tender offers.

(vii) Defeasances.

(viii) Rating changes.

(ix) Bankruptcy, insolvency, receivership or similar event of the City.

(x) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation, any of which reflect financial difficulties.

For purposes of the event identified in paragraph (ix), the 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 City, or if such jurisdiction has been assumed by leaving the existing governmental 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.

(b) Pursuant to the provisions of this Section, the City shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material, in a timely manner not later than ten business days after the occurrence of the event:

(i) Unless described in paragraph (v) of subsection (a) of this Section, material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds.

(ii) Modifications to rights of holders of the Bonds.

(iii) Optional, unscheduled or contingent Bond calls.

(iv) Release, substitution, or sale of property securing repayment of the Bonds.

(v) Non-payment related defaults.

(vi) The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms.

(vii) Appointment of a successor or additional trustee or the change of name of a trustee.

(viii) Incurrence of a Financial Obligation, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation, any of which affect holders of the Bonds.

(c) The Dissemination Agent shall, within one business day of obtaining actual knowledge of the occurrence of any of the Listed Events, contact the Disclosure Representative and inform such person of the event.

(d) Whenever the City obtains knowledge of the occurrence of a Listed Event described in subsection (b) of this Section, the City shall determine if such event would be material under applicable Federal securities law.

(e) Whenever the City obtains knowledge of the occurrence of a Listed Event described in subsection (a) of this Section, or determines that knowledge of a Listed Event described in subsection (b) of this Section would be material under applicable Federal securities law, the City shall, or shall cause the Dissemination Agent to, file a notice of the occurrence of such Listed Event with the MSRB, within ten business days of such occurrence.

(f) Notwithstanding the foregoing, notice of Listed Events described in paragraph (iii) of subsection (a) of this Section need not be given any earlier than the notice (if any) of the underlying event is given to holders of affected Series 2025A Bonds pursuant to the Indenture.

Section 6. Format for Filings with MSRB. Any report or filing with the MSRB pursuant to this Disclosure Agreement must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The City's obligation under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Series 2025A Bonds. If such termination occurs prior to the maturity of the Series 2025A Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5(e).

Section 8. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the City pursuant to this Disclosure Certificate.

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 Series 2025A Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Series 2025A Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Series 2025A Bonds in the manner provided in the Indenture for amendments to the Indenture with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Series 2025A Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first Annual 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.

The City acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5, promulgated under the Securities and Exchange Act of 1934, may apply to the City, and that under some circumstances compliance with this Disclosure Certificate, without additional disclosures or other such action, may not fully discharge all duties and obligations of the City under such laws.

Section 11. Default. In the event of a failure of the City to comply with any provision of this Disclosure Certificate, the sole legal remedy of any Holder or Beneficial Owner of the Series 2025A Bonds or the Participating Underwriter shall be an action to compel performance. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture.

No Series 2025A Bondholder or Beneficial Owner may institute such action, suit or proceeding to compel performance unless they shall have first delivered to the City satisfactory written evidence of their status as such, and a written notice of and request to cure such failure, and the City shall have refused to comply therewith within a reasonable time.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Series 2025A Bonds.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter and Holders from time to time of the Series 2025A Bonds, and shall create no rights in any other person or entity.

Section 14. Electronic Signature. Each of the parties hereto agrees that the transaction consisting of this Disclosure Certificate may be conducted by electronic means. Each party agrees, and acknowledges that it is such party's intent, that if such party signs this Disclosure Certificate using an electronic signature, it is signing, adopting, and accepting this Disclosure Certificate and that signing this Disclosure Certificate using an electronic signature is the legal equivalent of having placed its handwritten signature on this Disclosure Certificate on paper. Each party acknowledges that it is being provided with an electronic or paper copy of this Disclosure Certificate in a usable format.

Section 15. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be regarded as an original, and all of which shall constitute one and the same instrument.

Dated: March __, 2025

CITY OF GOLETA

By: ____
City Manager

Acknowledged as to Duties as Dissemination Agent:

URBAN FUTURES, INC.

By:_______________________________________
Authorized Officer

EXHIBIT A TO CONTINUING DISCLOSURE CERTIFICATE

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Obligor:	City of Goleta
Name of Bonds:	Goleta Facilities Financing Authority Lease Revenue Bonds Series 2025A
Date of Issuance:	March __, 2025

NOTICE IS HEREBY GIVEN that the City of Goleta, California (the "**City**") has not provided an Annual Report with respect to the above-named Series 2025A Bonds as required by the Continuing Disclosure Certificate, dated March __, 2025. The City anticipates that the Annual Report will be filed by ___________________.

Dated:

CITY OF GOLETA

By: ____
Authorized Signatory

APPENDIX F

BOOK ENTRY PROVISIONS

The following description of DTC, the procedures and record keeping with respect to beneficial ownership interests in the Series 2025A Bonds, payment of principal, interest and other payments on the Series 2025A Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Series 2025A Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

*Neither the issuer of the Series 2025A Bonds (the "**Issuer**") nor the trustee, fiscal agent or paying agent appointed with respect to the Series 2025A Bonds (the "**Agent**") take any responsibility for the information contained in this Appendix F.*

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Series 2025A Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Series 2025A Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Series 2025A Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix F. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company ("**DTC**"), New York, NY, will act as securities depository for the bonds (the "**Series 2025A Bonds**"). The Series 2025A Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each issue of the Series 2025A Bonds, 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 and www.dtc.org. The information contained on this Internet site is not incorporated herein by reference.

3. Purchases of Series 2025A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2025A Bonds 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 Series 2025A Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2025A Bonds, except in the event that use of the book-entry system for the Series 2025A Bonds is discontinued.

4. To facilitate subsequent transfers, all Series 2025A Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2025A Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2025A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2025A Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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 Series 2025A Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2025A Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Lease Agreement and the Indenture. For example, Beneficial Owners of Series 2025A Bonds may wish to ascertain that the nominee holding the Series 2025A Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Series 2025A Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2025A Bonds 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 Series 2025A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Series 2025A Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from 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 Series 2025A Bonds at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Series 2025A Bond 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, Series 2025A Bond certificates will be printed and delivered to DTC.

11. The information in this Appendix F 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

[FORM OF MUNICIPAL BOND INSURANCE POLICY]

[TO COME]