

To: Members of the City Council of the City of Santa Fe

From: Emily K. Oster, Finance Director; Peter Franklin, Bond Counsel to the City

Date: May 28, 2025

Re: \$25,000,000* City of Santa Fe, New Mexico
General Obligation Improvement Bonds, Series 2025

The attached Preliminary Official Statement (the “POS”) has been prepared in connection with the offering and sale of the \$25,000,000* City of Santa Fe, New Mexico General Obligation Improvement Bonds, Series 2025 (the “Bonds”). The POS makes various disclosures about the City, its financial condition, ad valorem property tax collections, operations and management of the City, and the Bonds. The POS will be reviewed by potential purchasers of the Bonds, and a final Official Statement will be provided to investors in connection with the sale of the Bonds to the Underwriter.

The POS will be formally considered for approval by the City Council at its regularly scheduled meeting on June 25, 2025. We anticipate that the Bonds will be sold at a competitive sale to be held on or around August 5, 2025, and awarded to the bidder offering the lowest interest cost for the Bonds to the City. The City’s Municipal Advisor, Hilltop Securities Incorporated, has recommended that the POS be made available for posting electronically to potential bidders on July 11, 2025. The POS and this memorandum are being provided to you today in order to give you the opportunity to review it and to provide any questions or comments to me prior to its electronic posting on July 11.

The POS is similar to the one used with other municipal general obligation bonds issued by the City and other local government issuers over the last several years, but includes information more specifically related to the City’s *ad valorem* property tax base and the property taxes imposed by the City, Santa Fe County, Santa Fe School District, Santa Fe Community College, and the State by the taxpayers of the City. The information has been updated by City staff and me. Peter Franklin of the Modrall Spering Law Firm, the City’s Bond and Disclosure Counsel, and George Williford of Hilltop Securities Incorporated, the City’s Municipal Advisor, assisted in the disclosure process by assembling the information and reviewing the financial and economic data in the POS. We have discussed, confirmed and updated information contained in the POS, examined information for materiality, and identified additional information for inclusion. If you have any questions relating to the disclosure process and preparation of the POS, please contact me.

Under regulations imposed by the U.S. Securities and Exchange Commission (the “SEC”), the Preliminary Official Statement must not contain any untrue statement of a material fact, or omit to state a material fact. A material fact is one that could influence an investor in making a decision to purchase the Bonds. The SEC recently increased emphasis on the quality of disclosures made in municipal bond offerings. The SEC has stated that responsibility for disclosures lies with the members of the governing body approving the issuance of municipal bonds, following this guiding principal:

“Public entities that issue securities are primarily liable for the content of their disclosure documents.... In addition to the government entity issuing municipal securities, public officials of the issuer who have ultimate authority to approve the issuance of securities and related disclosure documents have responsibilities under the federal securities laws as well. In authorizing the issuance of the securities and related disclosure documents, a public official may not authorize disclosure that the official knows to be false; nor may the public official authorize disclosure while recklessly disregarding facts that indicate that there is a risk that the disclosure may be misleading.”

Although City staff and the finance team collaborated in preparing the POS, each Board Member should review it carefully. The POS is a City Council document, and the Council is responsible for its accuracy. Please use extra care in reviewing the sections labeled "INTRODUCTION," "SECURITY AND REMEDIES" "FINANCIAL INFORMATION CONCERNING THE CITY" and "THE CITY" In conducting your review, focus on whether the POS contains misleading statements of material facts or omits to state material facts. A material fact is one that could influence an investor in making a decision to purchase the Bonds.

After reviewing the POS, please contact me if you have any reason to believe that the POS contains any inaccurate information or if you know of anything that might make any of the statements made in the POS incomplete or misleading. Thank you for your attention to this important matter.

*Preliminary and subject to change.