

## Attachment B

### OFFERING MEMORANDUM

Dated June 13, 2023

*In the opinion of Orrick, Herrington & Sutcliffe LLP, as Special Tax Counsel (“Special Tax Counsel”) to the Board of Port Commissioners of the City of Oakland, California, dated May 4, 2020, 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 Series A Notes, Series B Notes, Series D Notes, and Series E Notes (collectively, the “Tax-Exempt Notes”), when issued in accordance with the Tax Certificate and the Commercial Paper Indentures, will be excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), except that no opinion was expressed as to the status of interest on any Series A Note or Series D Note for any period that such Series A Note or Series D Note is held by a “substantial user” of the facilities financed or refinanced by the Series A Notes or Series D Notes, or by a “related person” to such a substantial user within the meaning of Section 147(a) of the Code. In the further opinion of Special Tax Counsel, interest on the Series B Notes and the Series E Notes is not a specific preference item for purposes of the federal alternative minimum tax. Special Tax Counsel observed that interest on the Series A Notes and Series D Notes is a specific preference item for purposes of the federal alternative minimum tax. Special Tax Counsel was of the further opinion that the amount treated as interest on the Tax-Exempt Notes and excluded from gross income will depend upon the taxpayer’s election under Internal Revenue Notice 94-84. Special Tax Counsel was also of the opinion that interest on the Tax-Exempt Notes, as well as interest on the Series C (Taxable) Notes and Series F (Taxable) Notes is exempt from State of California personal income taxes. Special Tax Counsel expressed no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Notes. See “TAX MATTERS”. The federal alternative minimum tax referenced in the opinion of Special Tax Counsel delivered on May 4, 2020 applies to individuals. Pursuant to the Inflation Reduction Act enacted on August 16, 2022, for tax years beginning after December 31, 2022, interest on the Tax-Exempt Notes included in adjusted financial statement income of certain corporations will not be excluded from the federal corporate alternative minimum tax.*

**NOT TO EXCEED \$150,000,000  
PORT OF OAKLAND, CALIFORNIA  
COMMERCIAL PAPER NOTES  
SERIES A (EXEMPT FACILITY), SERIES B (GOVERNMENTAL) AND SERIES C  
(TAXABLE)**

**NOT TO EXCEED \$50,000,000  
PORT OF OAKLAND, CALIFORNIA  
COMMERCIAL PAPER NOTES  
SERIES D (EXEMPT FACILITY), SERIES E (GOVERNMENTAL) AND SERIES F  
(TAXABLE)**

The purpose of this Offering Memorandum is to provide certain general information in connection with the issuance and sale by the Board of Port Commissioners of the City of Oakland, California (the “Board”) of its Port of Oakland, California Commercial Paper Notes, Series A (the

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“Series A Notes”), Series B (the “Series B Notes”), Series C (the “Series C Notes” and, together with the Series A Notes and the Series B Notes, the “ABC Notes”), Series D (the “Series D Notes”), Series E (the “Series E Notes”) and Series F (the “Series F Notes” and, together with the Series D Notes and the Series E Notes, the “DEF Notes”) (collectively, the “Commercial Paper Notes” or the “Notes”). Capitalized terms used but not defined herein shall have the meanings set forth in the Commercial Paper Indentures (as hereinafter defined).

The information in this Offering Memorandum has been obtained from the Port of Oakland, California (the “Port”), Bank of America, N.A. (“Bank of America”), and other sources believed to be reliable. The ABC Notes are payable from and supported by an irrevocable direct-pay letter of credit issued by Bank of America (the “ABC Letter of Credit”). The DEF Notes are payable from and supported by a second irrevocable direct-pay letter of credit also issued by Bank of America (the “DEF Letter of Credit” and, together with the ABC Letter of Credit, the “Letters of Credit”).

Goldman Sachs & Co. LLC, as the Dealer, has provided the following sentence for inclusion in this Offering Memorandum. The Dealer has reviewed the information in this Offering Memorandum 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 Dealer does not guarantee the accuracy or completeness of such information.

The references herein to the Senior Lien Indenture, the Intermediate Lien Indenture, the Commercial Paper Indentures, the Commercial Paper Notes, the Letters of Credit, the Reimbursement Agreements, the Issuing and Paying Agent Agreements and the Dealer Agreements (all as defined herein) do not purport to be complete or definitive, do not constitute summaries thereof, and are qualified in their entirety by reference to each such document. The information and expressions of opinion in this Offering Memorandum are subject to change without notice after the date hereof, and future use of this Offering Memorandum shall not otherwise create any implication that there has been no change in the matters referred to in this Offering Memorandum since the date hereof.

Certain statements included or incorporated by reference in this Offering Memorandum constitute “forward-looking statements.” Such statements are generally identifiable by the terminology used such as “plan,” “project,” “expect,” “anticipate,” “intend,” “believe,” “estimate,” “budget” or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from any results, performance or achievements expressed or implied by such forward-looking statements. The Board does not plan to issue any updates or revisions to those forward-looking statements to reflect any change in the Board’s expectations with respect thereto or any change in events, conditions or circumstances on which such statements are based.

Certain statements included or incorporated by reference in the Offering Memorandum also describe particular factors that may affect the ability of the Board to make payments with respect to the Notes. They are not meant to be an exhaustive list of such factors and the discussion below does not necessarily reflect their relative importance. In addition, there can be no assurance

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that the importance of these factors will not change over time, or that other factors not described in this Offering Memorandum will not become material.

Among these factors, cybersecurity threats continue to be a concern for the Port's Aviation and Maritime business lines – particularly in light of the conflict between Russia and Ukraine. While the Port takes reasonable measures to protect against such acts, Port management is unable to predict the likelihood or consequence of a successful cyberattack against the Port or its business partners or customers, any of which could cause impacts to the Port's operations or revenue streams.

This Offering Memorandum is not to be construed as a contract between the Board and the purchasers of the Commercial Paper Notes. Statements contained in this Offering Memorandum which involve estimates, forecasts or matters of opinion, whether or not expressly described herein, are intended solely as such and are not to be construed as representations of fact. No dealer, broker, salesperson or other person has been authorized by the Board to give any information or to make any representations, other than as contained in this Offering Memorandum, and, if given or made, such other information or representations must not be relied upon as having been authorized by the Board. *Prospective purchasers of the Commercial Paper Notes are expected to conduct their own diligence, review and analysis before making an investment decision.*

### **THE PORT**

The Port is an independent department of the City of Oakland (the "City"). The Port has traditionally managed three lines of business: Aviation, Maritime, and Commercial Real Estate. The Port also provides utility service (electricity, gas, water, and sanitary sewer service) to Port Facilities (both tenant-operated and Port-operated) in support of Aviation, Maritime, and Commercial Real Estate operations. Although the Port historically treated utility service as a component aspect of each of the three primary lines of business, beginning in Fiscal Year 2022 the Port elected to recognize the utilities operations as a separate, fourth line of business. Specifically, the Utilities Division was recognized as a separate revenue division in the Port's FY 2022 and FY 2023 budget documents. Further, it is anticipated that in FY 2025 the division's financial results will be reported separately to the Board and will appear as a separate division in the Port's audited financials.

The Board has exclusive control and management of the Port Area described below, of all Port facilities and property, real and personal, all income and revenue of the Port and all debt proceeds including proceeds of all Commercial Paper Notes. The Board has the power under Article VII of the Charter of the City (the "Charter") to fix, alter, change or modify rates, tolls, fees, rentals and charges for the use of Port facilities and any services provided in connection with such facilities. A substantial portion of the Port's revenues is governed by lease, use, license and other agreements with Port tenants and customers. The Port has only a limited ability to increase revenues under certain of those agreements during their respective terms.

The Port Area extends approximately 19 miles from the border of the City of Emeryville (located immediately north of the San Francisco-Oakland Bay Bridge), south to the border of the City of San Leandro. Port facilities include (a) maritime infrastructure (collectively, the

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“Seaport”), which consists of (i) marine terminals handling international and domestic cargo, (ii) rail facilities for intermodal and bulk cargo handling, and (iii) other properties, including a portion of the former Oakland Army Base (the “OAB”), used for transloading and other logistics facilities, truck staging, container storage and other maritime support services; (b) Oakland International Airport (the “Airport,” or “OAK”); (c) commercial, industrial, recreational and other land under lease or available for lease or sale, certain undeveloped land and water areas (collectively, “CRE”); and (d) electrical substations, distribution lines, meters and a mixture of varying duration energy contracts (collectively, “Utilities”). According to audited financial statements for the Fiscal Year (“FY”) ended June 30, 2022, the Port generated approximately \$402.0 million in operating revenues in such fiscal year (including utility sales of approximately \$25.8 million), of which the Maritime Division accounted for approximately 48.3%, the Aviation Division accounted for approximately 48.2% and the Commercial Real Estate Division accounted for approximately 3.5% of total Port operating revenues.

### **Maritime**

The Seaport serves as the principal Northern California ocean gateway for international containerized cargo shipments (particularly to and from the Pacific Basin). The Seaport is one of several major gateways for such shipments on the West Coast of North America. The other major gateways are the Port of Los Angeles, the Port of Long Beach, the Northwest Seaport Alliance (Ports of Tacoma/Seattle), the Ports of Vancouver and Prince Rupert in British Columbia, Canada, and the Ports of Manzanillo and Lazaro Cardenas in Mexico. The Seaport primarily handles cargo that serves a large local and regional population. The Seaport also competes with other ports primarily for discretionary intermodal rail cargo, which is cargo originating at or bound for inland destinations that could be shipped through any one of several ports. Major ocean carriers (shipping lines) currently serving the Port include: ANL (U.S. Lines), APL/CMA-CGM, COSCO, Evergreen, Hapag-Lloyd, Hyundai, Maersk, Matson Navigation, Mediterranean Shipping Company, Ocean Network Express, Orient Overseas Container Line, Pasha, Polynesia Line, Sealand, Wan Hai, and Yang Ming. In addition, both western transcontinental (Class I) railroad companies (BNSF Railway and Union Pacific Railroad) also serve the Seaport.

The Port has approximately 1,300 acres of Seaport facilities, which include multiple active marine container terminals (operated by various terminal operators under separate agreements) equipped with deep-water berths and modern container cranes; rail facilities for intermodal and bulk cargo handling; areas for truck staging, container staging/storage, transloading, and related maritime support services; and a portion of the former OAB property, which the Port is working to develop into a trade and logistics center (the “Seaport Logistics Complex”). These facilities are served by a robust transportation network, which includes an additional intermodal rail facility on private property, deep water navigation channels, and several highways.

The Seaport is the third busiest container port in California, and one of the top 10 container ports in the United States as measured by the number of Twenty-foot Equivalent Units (“TEUs”) handled, according to calendar year (“CY”) 2022 data released by the American Association of Port Authorities.

In CY 2022, the Seaport handled containerized cargo totaling approximately 2.34 million TEUs, of which 1.75 million were loaded (full) TEUs. Total cargo throughput in CY 2022

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declined 4.5% relative to CY 2021 - full imports declined 6.1%, full exports declined 10.7%, and empty containers increased 8.4%. Although consumer demand generally was strong in CYs 2021-22, the lingering effects of COVID-19 on the global supply chain and the early signs of a slowdown in U.S. consumer spending negatively affected the flow of containers through the Seaport in CY 2022 and CY 2023 to date.

For the period January through March 2023, the Seaport handled an estimated 503,332 TEUs, which represents an approximately 16.4% decrease from the same three-month period in CY 2022, during which the Seaport handled 602,052 TEUs.

In FY 2023 year-to-date (July 2022 – March 2023) compared to the same period in FY 2022, total cargo throughput declined 7.9%, of which full imports declined 18.2%, and full exports declined 8.7%.

Seaport cargo activity in FY 2023 has slowed compared to FY 2022, due to the beginnings of a decline in consumer demand (possibly due to higher inflation rates) and the lingering effects of the COVID-19 pandemic (including skipped vessel calls, high inventory levels built up by U.S. importers/retailers, and cargo shifting to other gateways due to lingering congestion in the supply chain). While congestion has improved in January through March 2023, cargo throughput currently is still depressed at the Seaport; notably, many major U.S. ports currently are experiencing a similar slow down.

One factor that has the potential to affect Seaport operations is the ongoing labor negotiation between the International Longshoreman Warehouse Union (“ILWU”) and the Pacific Maritime Association (“PMA”), which represents the ocean carriers and terminal operators. The existing ILWU contract expired on July 1, 2022, and negotiations for a new agreement are anticipated to be completed in Summer 2023. Although occurrences of work slowdowns or interruptions during the negotiations have been limited to date, any future work interruption resulting from on-going negotiations or a failure to reach an agreement between the PMA and the ILWU may adversely impact Port operations and/or finances, and may add to the current downward pressure on cargo throughput and revenues.

## **Aviation**

OAK is one of three major commercial airports serving the nine-county San Francisco/Oakland/San Jose metropolitan area (the “Bay Area”) and has approximately 2,600 acres of aviation-related facilities. The Bay Area is the 4<sup>th</sup> busiest aviation market in the United States. OAK also serves as a connecting point on Southwest Airlines’ network. OAK competes with two other major Bay Area commercial airports, San Francisco International Airport (“SFO”) and San José Mineta International Airport (“SJC”); OAK is the second busiest Bay Area airport as measured by commercial operations and passenger activity, with an average of 320 daily passenger and cargo arrivals and departures in CY 2022. OAK is also the busiest Bay Area airport for cargo, as measured by weight.

While the COVID-19 pandemic has impacted aviation passenger activity since 2020, OAK has experienced significant recovery in the succeeding years. In CY 2021, the Airport served 8.1 million passengers, up 76% from CY 2020 and in CY 2022 served 11.1 million, an increase of

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37% since CY 2021. Passenger service at OAK is anticipated to increase again by the end of FY 2023 to 83% of FY 2019 levels as consumer demand for air travel increases. As for cargo, OAK handled approximately 1.29 billion pounds in CY 2022, a decrease of 8% from CY 2021. All-cargo departures averaged 29 per day in CY 2022 to destinations in Asia, Europe and across the United States.

To date, passenger demand recovery has been strongest in the domestic, visiting friends and relatives (“VFR”) and short-haul international segments, which are strengths of OAK. Because OAK has had limited scheduled transatlantic services, and no long-haul services to Asia, it has experienced a faster recovery in capacity and demand than have SFO or SJC. In March 2023, OAK welcomed its newest international airline, Volaris El Salvador, which launched the first nonstop service to San Salvador from OAK in over a decade. In May 2023, Frontier Airlines discontinued service to Denver, Las Vegas and Phoenix, however Spirit Airlines has expanded at OAK with new nonstop service to Dallas/Fort Worth and returning service to New York/Newark and Philadelphia, also beginning in May. Southwest Airlines, OAK’s busiest carrier, continues to restore capacity back to around 95% of 2019 levels with a mix of destinations, including expanded capacity to Hawaii and Las Vegas as well as restored service to Baltimore/Washington, which is scheduled to return in September 2023. Scheduled capacity on Volaris, OAK’s most recovered carrier, is up 28% for the first six months of 2023 compared to the first half of 2019

In FY 2022, Aviation generated approximately 48.2% of the Port’s total operating revenues. Aviation operating revenues come from three primary sources: landing fees and terminal rents paid by airlines; parking and ground transportation access charges; and leases and concessions. These revenue sources are expected to remain below FY 2019 levels in FY 2023 but are projected to increase over several years as airline passenger traffic and airline activity levels recover at OAK.

The Airport’s facilities consist generally of a terminal complex, airfield facilities, air cargo facilities, business aviation and general aviation facilities, parking facilities, curbsides, a consolidated rental car facility, and maintenance facilities. The Airport’s commercial passenger terminals consist of two terminal buildings, which collectively have approximately 570,000 gross square feet of space and 29 contact gates; which are joined by a post-security connector corridor. The Airport also has ramp parking and ground loading positions. The Airport has a fully-instrumented 10,000-foot main commercial runway, long enough to accommodate all types of commercial passenger and air cargo aircraft. This runway primarily serves commercial air carrier operations and business jet departures. In addition, there are three runways of 6,212 feet, 5,454 feet and 3,372 feet used primarily for business and general aviation purposes and as a back-up when the main air carrier runway is closed for maintenance or construction.

Both FedEx and UPS operate major cargo facilities at the Airport. In particular, the Airport houses FedEx’s West Coast / Asia Pacific hub for its express package operations, which is among the seven largest FedEx hubs in the world. FedEx operates an approximately 320,000 square foot domestic sorting facility and an approximately 100,000 square foot international clearance station along with adjacent aircraft apron on approximately 75.5 acres. UPS occupies an approximately 49,000 square foot facility and open-air areas where it conducts daily containerized loading activities.

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The public vehicle parking facilities at the Airport can accommodate approximately 7,000 vehicles, in the Premier, Hourly, Daily and Economy parking lots. In addition to the public parking spaces, there are approximately 1,700 non-public parking spaces in various lots located at the Airport for use by Airport, airline, tenant, government and vendor/contractor staff.

Other major facilities include: two executive general aviation terminals, a consolidated rental car facility (including maintenance and vehicle storage facilities); a provisioning center operated by Southwest Airlines, ten large aircraft hangars serving corporate and general aviation tenants and customers; and a number of smaller hangars housing general aviation aircraft.

In July 2023, it is anticipated that the Board will authorize a FY 2024 Operating Budget, based in part on the Port's most recent estimates of aviation activity over the next five fiscal years. It is estimated that FY 2024 passenger enplanements will reach 6.0 million, increasing to 7.1 million by FY 2028. Landed weights are estimated to reach 10.4 billion pounds in FY 2024, increasing to 11.4 billion pounds in FY 2028. Finally, FY 2024 parking transactions are estimated to be 776,000, increasing to 836,000 by FY 2028. The Airport continues on a path to full recovery from the COVID-19 pandemic, projecting year-over-year growth in aviation activity over the next five fiscal years. Overall passenger enplanement levels are projected to recover to pre-COVID levels by FY 2026, while landed weights are anticipated to recover by FY 2029.

The Airport also anticipates receiving additional amounts of federal grants previously allocated to the Airport related to the COVID-19 pandemic. The Coronavirus Aid, Relief, and Economic Security ("CARES") Act was signed into law on March 27, 2020 and included \$10 billion to be awarded to impacted airports. The total amount of CARES funding allocated to the Airport was approximately \$44.7 million, and to date the Airport has received or applied for reimbursements of \$17.2 million in bond debt service and aviation operating expenses. Going forward the Port intends to use the remaining balance to reimburse the Port for eligible aviation operating expenses and redemption costs on outstanding debt.

The Airport also received an allocation from the American Rescue Plan Act ("ARPA") amounting to \$46.5 million. By the end of FY 2022, the Airport received or applied for reimbursements totaling \$36.9 million. In FY 2023 and FY 2024, the Port plans to apply its remaining ARPA allocation to reimburse itself for aviation debt service, operating expenses and bond redemption costs.

Additional Federal funding has been announced through the Infrastructure Investment and Jobs Act of 2021 ("IIJA"), also referred to as the Bipartisan Infrastructure Law ("BIL"). The Port has received an allocation of approximately \$15.5 million in FY 2022 based on the formula under such law. Pending discussions with the Federal Aviation Administration ("FAA"), these funds will be applied to a specific capital project. Additional allocations of similar size are expected over the next four years (through 2026). The Port will also seek competitive funds through the Airport Terminal Program grants, which could potentially fund certain future terminal projects, as well as seismic upgrades to the sea wall separating OAK from San Francisco Bay.

### **Commercial Real Estate**

Commercial Real Estate ("CRE") includes all Port properties not used or intended to be used for Maritime or Aviation purposes. The major properties are categorized into four distinct

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geographic areas – Jack London Square, Embarcadero Cove, the Oakland Airport Business Park/Distribution Center and Brooklyn Basin (formerly called Oak-to-Ninth District). Over the last approximately two decades, the CRE Division has leased most of its properties in each of these four areas to developers or tenants under long-term ground leases, under which the developer or tenant is responsible for the development, subleasing, operation and maintenance of the improvements on the properties and must provide for minimum guaranteed payments to the Port. As a result, the Commercial Real Estate Division’s role has changed from property management, or day-to-day management of properties, to an asset management role for the majority of the properties. As an asset manager, the Commercial Real Estate Division oversees the billing and revenue collection from these agreements, monitors compliance with these agreements, and negotiates amendments or new agreements for this portfolio. Due to the long-term nature of the leases for most Port properties, the Port has only a limited ability to increase revenues under most of such leases during their respective terms.

The financial impact to the Port from the COVID-19 pandemic manifested in a significant decline in percentage rents from restaurants and hotel uses starting in the final months of FY 2020. The Port also experienced a loss of parking revenues over the same period, as the number of visitors frequenting Port-owned parking facilities in Jack London Square has declined in response to the State of Emergency operating restrictions related to COVID-19 pandemic. While not at pre-Pandemic levels yet, percentage rents and parking revenues have been slowly increasing for the last couple of years. Overall, FY 2023 CRE revenues are anticipated to increase by approximately \$0.8 million (or 6.0%) from FY 2022 actual collections, and \$2.8 million, or 20.5%, from FY 2021 actual levels\*.

In May of 2019, the Port executed an Exclusive Negotiation Term Sheet for Howard Terminal (“ENTS”) with the Athletics Investment Group LLC d/b/a the Oakland Athletics (the “Oakland Athletics”) major league baseball team to memorialize the preliminary terms negotiated between the parties and to inform the public regarding the goals and principles that will guide the proposal to develop a new baseball stadium and mixed-use development project on the Howard Terminal site. The Oakland Athletics and CRE staff have continued to negotiate and refine the potential business terms of a possible real estate transaction for the proposed project, while also pursuing various regulatory agency permits and approvals for the potential project. In the meantime, the City of Oakland certified the Environmental Impact Report for the proposed stadium project in February of 2022 as the lead agency under the California Environmental Quality Act (“CEQA”) for the proposed project. Also, in June of 2022, the San Francisco Bay Conservation and Development Commission voted to remove the current Port Priority Use designation from the Howard Terminal site, which is a key component of the land use entitlements and regulatory agency approvals necessary for the project to move forward. These approvals include approval of a General Plan amendment by the City. However, [the ENTS expired on May 12, 2023 and was not extended or renewed, and ]in April of 2023, the media reported that negotiations between the City and the Oakland Athletics appeared to have paused indefinitely among reports that the Athletics are considering a move to Las Vegas, Nevada. If the City of

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\*In order to accurately compare FY 2023 forecasted revenue collections with actual collections recorded in FY 2021, impacts from the implementation of Governmental Accounting Standards Board (“GASB”) No. 87 have been removed from the FY 2023 forecast. This GASB, first implemented in the Port’s FY 2022 audited financial statements, revises the financial reporting of leases by governments.

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Oakland eventually approves the various land use entitlements necessary for the project at the local level, the Port will likely schedule consideration of the necessary real estate transaction documents by the Board of Port Commissioners within a few weeks of City Council approval. However, the Port cannot predict the outcome of the various regulatory agency determinations on this project, nor when or whether any such development might occur at this time.

### **Utilities**

The Port provides utility services (electrical, gas, water, and sewer service) to Port facilities (both tenant-operated and Port-operated) in support of the Port's Aviation, Maritime, and CRE business lines. Revenues and expenses associated with utility services have historically been allocated to these Port business lines, and it is anticipated that the Port will continue this practice until FY 2025, when the financial results of the Utilities Division are anticipated to be reported separately. Capital projects related to utilities are included in the Port's 5-Year CIP (defined below) related to these business lines.

The Port operates a publicly owned electric utility ("POU") serving a primarily commercial and industrial customer base. All Aviation customers are served by the Port POU, with approximately 200 customers. Approximately 90% of Maritime customers and a small number of CRE customers are also served by the Port POU. The remaining customers are served by PG&E, the East Bay Municipal Utility District ("EBMUD"), and other public utilities. The primary goal of the Port as a POU is to purchase energy at a wholesale rate and resell at a retail rate to fund energy, infrastructure, and operational expenses. Port POU customers realize rates approximately 20% lower than surrounding utilities that include compliance with regulatory requirements, transmission payments, reliability, and energy efficiency programs.

The Port provides and sells natural gas on a very limited, pass-through basis from the investor-owned utility, PG&E. The Port provides water distribution and sanitary sewer collection infrastructure, through which the EBMUD provides water commodity and sewer treatment services.

In addition to utilities revenue received from its tenants, the Port also generates revenue from participation in the Cap and Trade, and Low Carbon Fuel Standard ("LCFS") auctions. While variable, the Port's participation in these programs in FY 2022 resulted in approximately \$0.9 million in revenue that was spent on increasing renewable energy purchases.

In FY 2023, Port Utilities revenues total \$18.9 million through February 2023, reflecting an increase in Maritime-related energy use, in particular due to increases in the demand for shore power, more crane use, additional cold storage, and some large electric vehicle charging. The maritime-related increase is also the result of an expansion of services to other parts of the harbor. Corresponding to this increase in revenue, Port Utilities' expenditure in FY 2023 is on track to increase by 13% over FY 2022.

In the Port's proposed FY 2024 Budget, Utility revenues decrease by 1% and then in FY 2025 they increase by 197% due to a combination of increases in energy use and electric rates at the Seaport (new tenants and electric vehicles) and the Airport (electric buses). After FY 2025, projected energy sales remain stable over the Budget's forecast period. Future increases are tied to increased development in the Seaport and the Airport and additional rate increases.

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### Capital Projects

Annually, Port staff prepares a one-year capital budget for the upcoming fiscal year, as well as a 5-year capital program known as the Capital Improvement Plan (the “CIP”). In approximately June of each year, Port staff requests capital budget authorization from the Board for the upcoming fiscal year.

Proceeds from the sale of the Port’s Commercial Paper Notes will be used primarily to finance and refinance projects or portions of projects described in the Port’s 5-year CIP.

To finance its capital program, the Port has previously issued Commercial Paper Notes and long-term revenue bonds, and may issue additional Notes or additional long-term revenue bonds as necessary.

In June 2022, the Board authorized a FY 2023 Capital Budget in an amount of approximately \$112.4 million. The Port’s capital program can be revised from time to time and projects may be added or removed as the needs of the Port evolve. In addition, completion of projects will depend on the availability of cash, financing, and/or other sources of funding, and no assurance can be given that these sources will be available or that sufficient Port staff resources will be available to complete such projects. Through [April 10, 2023], the Port had expended [\$27.8 million] of the capital budget for FY 2023 that had been approved by the Board.

It is anticipated that the Board will authorize a FY 2024 Capital Budget in July 2023 that generally reflects that Port’s prioritization of projects that are essential to health and life safety, regulatory compliance, policy and contractual obligations. However, it will also consider the preservation and generation of revenue, as well as the management of Port assets and the improvement of essential infrastructure. The specific fund allocations that have been proposed for inclusion in the FY 2024 Capital Budget are listed below. It should also be noted that they remain subject to change prior to their presentation to the Board, and may be amended by the Board itself when it considers the proposed budget in July. Certain capital projects related to Utilities are included in the Port’s 5-Year CIP related to those business lines they serve (i.e. Maritime, Aviation and CRE).

Maritime Division –The proposed FY 2024 5-year CIP includes approximately \$486.0 million of Maritime capital improvements for marine terminal, logistics facility, dredging, utility, roadway, and other infrastructure projects, broken down as follows: \$142.8 million for water, sewer, and electrical infrastructure projects; \$29.9 million for crane and wharf improvements, primarily upgrades to accommodate ultra-large container vessels; \$44.9 million for roadway improvements; approximately \$142.1 million for dredging projects, primarily for the widening of the Inner and Outer Harbor Turning Basins, which will allow the Seaport to accommodate larger ships more efficiently; \$100.3 million for various marine terminal improvements, primarily the redevelopment of backlands at Berth 24, a standalone container yard that will improve the Port’s ability to accommodate supply chain uncertainties; and approximately \$26.0 million for various improvements at the Seaport Logistics Complex, capital equipment purchases, improvements to Middle Harbor Shoreline Park, and other miscellaneous improvements.

Through [April 10, 2023], approximately [\$5.2] million of the FY 2023 Maritime Division capital budget of \$34.6 million has been expended on utility projects and various improvements at the Seaport Logistics Complex, as well as wharf upgrades and various capital equipment.

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Aviation Division – The proposed FY 2024 5-year CIP includes approximately \$658.9 million of projects at the Airport and is divided into several programmatic areas. Approximately \$158.5 million is included for taxiway and runway rehabilitation, as well as airfield geometric improvements required to meet current design standards and geometric criteria. A further \$46.8 million has been identified to seismically improve the dike separating the Airport’s airfield from San Francisco Bay. Terminal improvements comprise \$200.1 million of proposed CIP allocations, and consist of restroom upgrades, energy efficiency projects, passenger boarding bridge replacement, and roof upgrades and heating/ventilation systems. Ground access and security improvements have been programmed totaling \$85.3 million and \$27.5 million, respectively. A total of \$115.4 million has been planned for utility upgrades at the Airport. Finally, approximately \$25.2 million has been apportioned for facilities maintenance, equipment and repair.

Through [April 10, 2023], approximately \$21.6 million of the FY 2023 Aviation Division capital budget of \$69.4 million has been expended on taxiway repair, airfield perimeter dike improvements, security projects and utility projects, as well as various terminal improvements.

Commercial Real Estate Division –The proposed FY 2024 5-year CIP includes tenant improvements, sanitary sewer rehab project and capital improvements to the 530 Water Street building, totaling \$18.6 million. Through [April 10, 2023], approximately \$273,000 of the CRE FY 2023 capital budget of \$5.0 million has been expended on Jack London Square improvements.

Utilities Division – The proposed FY 2024 5-year CIP includes approximately \$218.6 million of Utilities Division projects, including approximately \$151.5 million for electrical infrastructure projects (the replacement of three major electrical substations). This work is meant to respond to the planned increased sales of electricity, as well as the establishment solar photovoltaic arrays and battery storage projects. Simultaneously, the projects would also help the Port to reduce financial exposure to California’s increasing transmission costs, as well as increase the Port’s own electric grid reliability.

Support Divisions – The support divisions include the Port’s Information Technology and Engineering Departments. The proposed FY 2024 5-year CIP includes approximately \$2.2 million of projects, which consist primarily of information technology and telecommunication investments, as well as the purchase of a drone for the Port’s Engineering department.

## **THE COMMERCIAL PAPER NOTES**

The ABC Notes are authorized to be issued pursuant to the Charter and the Trust Indenture dated as of October 1, 1998 between the Board and U.S. Bank National Association (as successor-in-interest to U.S. Bank Trust National Association), as trustee (as amended, the “ABC Indenture”). The DEF Notes are authorized to be issued pursuant to the Charter and the Trust Indenture dated as of September 1, 1999 between the Board and U.S. Bank National Association (as successor-in-interest to U.S. Bank Trust National Association), as trustee (as amended, the “DEF Indenture” and, together with the ABC Indenture, the “Commercial Paper Indentures”).

The Commercial Paper Notes are being issued to provide moneys to finance or refinance a portion of the costs of acquisition, construction, reconstruction, improvement and expansion of the

## **Attachment B**

Port's marine, airport and other facilities and to pay principal of and interest on maturing Commercial Paper Notes, all as set forth in the Commercial Paper Indentures. The Board may issue an aggregate principal amount of ABC Notes up to \$150 million and an aggregate principal amount of DEF Notes up to \$50 million.

The Commercial Paper Notes (i) will be dated the date of their respective authentication and issuance, (ii) will be issued in book entry form, only in denominations of \$100,000 and in integral multiples of \$1,000 in excess of \$100,000 and (iii) will each bear interest from their respective dated dates, payable at their respective maturity dates.

The Commercial Paper Notes will be issued as fully registered notes and registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company ("DTC"), New York, New York. Beneficial ownership interests in the Commercial Paper Notes will be available in book-entry form only, and purchasers of the Commercial Paper Notes will not receive certificates representing their interests in the Commercial Paper Notes purchased. While held in book-entry only form, all payments of principal of and interest on the Commercial Paper Notes will be made by wire transfer to DTC or its nominee as the sole registered owner of the Commercial Paper Notes. Payments to the beneficial owners are the responsibility of DTC and its participants. See Appendix B — "Information Regarding DTC and the Book-Entry System."

Each Series A Note, Series B Note, Series D Note and Series E Note (i) will bear interest payable at maturity at an annual rate calculated on the basis of a year of 365/366 days and the actual number of days elapsed, not to exceed 12% per annum, (ii) will mature on a Business Day not more than 270 days after its date, but not later than 16 days prior to the date of expiration of the applicable Letter of Credit, and (iii) will be sold at a price of not less than 100% of the principal amount thereof. Each Series C Note and Series F Note (i) will accrete interest payable at maturity at an imputed annual yield calculated on the basis of a 360-day year and the actual number of days elapsed, not to exceed 12% per annum, (ii) will mature on a Business Day not more than 270 days after its date, but not later than 16 days prior to the date of expiration of the applicable Letter of Credit, and (iii) will be sold without coupons at a discounted price designed to produce an imputed yield to maturity at or below the prevailing market yield on comparable taxable commercial paper notes at the time of sale.

### **THE LETTERS OF CREDIT**

#### **The Letters of Credit and the Commercial Paper Notes**

The ABC Notes are payable from and supported by the ABC Letter of Credit. The Board's obligation to reimburse Bank of America for draws on the ABC Letter of Credit are governed by the terms of that certain Reimbursement Agreement dated as of June 13, 2016 (as subsequently amended, the "ABC Reimbursement Agreement"), by and between the Board and Bank of America.

The ABC Letter of Credit is in the original stated amount of \$163,315,069 (the "ABC Original Stated Amount"), which is the sum of (i) the total aggregate principal amount of ABC Notes authorized to be issued under the ABC Letter of Credit, plus (ii) interest thereon at the rate

## **Attachment B**

of twelve percent (12%) per annum for a period of 270 days on the basis of a 365-day year. The ABC Letter of Credit will expire by its terms on December 31, 2026.

The DEF Notes are payable from and supported by the DEF Letter of Credit. The Board's obligation to reimburse Bank of America for draws on the DEF Letter of Credit are governed by the terms of that certain Reimbursement Agreement dated as of June 13, 2017 (as subsequently amended, the "DEF Reimbursement Agreement" and, together with the "ABC Reimbursement Agreement, the "Reimbursement Agreements"), by and between the Board and Bank of America.

The DEF Letter of Credit is in the original stated amount of \$54,438,357 (the "DEF Original Stated Amount"), which is the sum of (i) the total aggregate principal amount of DEF Notes authorized to be issued under the DEF Letter of Credit, plus (ii) interest thereon at the rate of twelve percent (12%) per annum for a period of 270 days on the basis of a 365-day year. The DEF Letter of Credit will expire by its terms on December 31, 2026.

The ABC Letter of Credit does not secure and is not available for payments in respect of the DEF Notes, and, similarly, the DEF Letter of Credit does not secure and is not available for payments in respect of the ABC Notes. The Commercial Paper Indentures require the Board to maintain in effect one or more letters of credit meeting their respective requirements as long as the Commercial Paper Notes are outstanding.

### **Drawings and Substitute Letters of Credit**

The Issuing and Paying Agent shall draw upon the applicable Letter of Credit in an amount sufficient to pay both principal of and interest on the Commercial Paper Notes when due. The Board may obtain a substitute letter of credit to replace either Letter of Credit so long as said substitute letter of credit shall go into effect at least one business day prior to the termination of such prior Letter of Credit. The substitution will have no effect on outstanding Commercial Paper Notes, only on Commercial Paper Notes issued on or after the date of substitution. The Issuing and Paying Agent shall deliver written notice to the registered owners of the Commercial Paper Notes at least 30 days prior to the substitution date.

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### **ADDITIONAL SECURITY FOR THE COMMERCIAL PAPER NOTES**

The Commercial Paper Notes are special, limited obligations of the Board.

The payment of the principal of, and interest on, the ABC Notes is payable from and secured by a pledge of, lien on and security interest in all Available Pledged Revenues of the Board and all amounts in the funds and accounts created or maintained pursuant to the ABC Indenture, the Issuing and Paying Agent Agreement, dated as of August 1, 2010, as amended, by and between the Board and U.S. Bank National Association, as the Issuing and Paying Agent relating to the ABC Notes (the “ABC Issuing and Paying Agent Agreement”), or any certificate executed and delivered by the Board that makes representations and covenants to reflect the Board’s compliance with applicable provisions of the Internal Revenue Code (a “Tax Certificate”) (except certain Rebate Funds), including earnings on such amounts, subject only to the provisions of the ABC Indenture and the ABC Issuing and Paying Agent Agreement permitting the application thereof for the purposes and on the terms and conditions set forth therein.

The payment of the principal of, and interest on, the DEF Notes is payable from and secured by a pledge of, lien on and security interest in all Available Pledged Revenues of the Board and all amounts in the funds and accounts created or maintained pursuant to the DEF Indenture, the Issuing and Paying Agent Agreement, dated as of August 1, 2010, as amended, by and between the Board and U.S. Bank National Association, as the Issuing and Paying Agent relating to the DEF Notes (the “DEF Issuing and Paying Agent Agreement” and, together with the ABC Issuing and Paying Agent Agreement, the “Issuing and Paying Agent Agreements”) or any Tax Certificate (except certain Rebate Funds), including earnings on such amounts, subject only to the provisions of the DEF Indenture and the DEF Issuing and Paying Agent Agreement, permitting the application thereof for the purposes and on the terms and conditions set forth therein.

The pledges, liens and security interests of the ABC Notes and DEF Notes shall be junior and subordinate, first to the pledge of Pledged Revenues and the lien created thereon by the Senior Lien Indenture in favor of the Senior Lien Bonds, second to the pledge of Pledged Revenues and the lien created thereon by the DBW Loans (defined below) in favor of the Board’s repayment obligations thereunder and third to the pledge of Pledged Revenues and the lien created thereon by any Subordinate Revenue Bonds Indenture, including the Intermediate Lien Indenture, in favor of the Intermediate Lien Bonds and any other Subordinate Revenue Bonds.

“Available Pledged Revenues” are defined in the Commercial Paper Indentures as “Pledged Revenues” as defined in the Amended and Restated Master Trust Indenture, dated as of April 1, 2006, between the Board and U.S. Bank National Association as further amended and supplemented from time to time (the “Senior Lien Indenture”) after payment therefrom (i) first, of all amounts required to be paid and then due and payable under the Senior Lien Indenture for the principal, interest, reserve fund and any other debt service requirements or related obligations on any bond issued or incurred pursuant to the Senior Lien Indenture (the “Senior Lien Bonds”) (ii) second, any debt service requirements then due and payable on any loans and any other evidences of indebtedness of the Board owing to the California Department of Boating and Waterways (the “DBW Loans”), and (iii) third, all amounts required to be paid and then due and payable for the principal, interest, reserve fund and any other debt service requirements or related obligations on any bond or other indebtedness issued or incurred pursuant to an indenture or agreement of the

## Attachment B

Board (a “Subordinate Revenue Bonds Indenture”) and secured in whole or in part by Pledged Revenues on a basis subordinate to the Senior Lien Bonds, but expressly stated to be superior in right to payment of the Commercial Paper Notes (the “Subordinate Revenue Bonds”). Subordinate Revenue Bonds include all bonds and other obligations of the Board (the “Intermediate Lien Bonds”) issued or issuable under that certain Intermediate Lien Master Trust Indenture dated as of October 1, 2007, as further amended and supplemented from time to time, between the Board and U.S. Bank National Association, as trustee (the “Intermediate Lien Indenture”).

“Pledged Revenues” are generally defined under the Senior Lien Indenture as all income, receipts, earnings and revenues of the Board from the operation and/or ownership of the Port, excluding (i) any amounts received from the imposition of ad valorem taxes, (ii) gifts, grants, passenger facility charges and customer facility charges that are restricted by their terms to purposes inconsistent with the payment of debt service, (iii) insurance proceeds to the extent the use of such proceeds are restricted by the terms of the policy under which they are paid to a use inconsistent with the payment of debt service and (iv) revenues of special facilities which revenues are the sole source of payment as to the principal of, and interest on, indebtedness issued or incurred with respect to such special facilities.

The granting of this pledge by the Board does not limit in any manner the rights of the Board to issue or incur any additional obligations payable on a parity with or subordinated in right of payment to the Commercial Paper Notes, or from granting a security interest in the Available Pledged Revenues to any other person in connection with such additional obligations. Additionally, as of June 13, 2023 the Board has outstanding \$304,920,000 principal amount of Senior Lien Bonds, and \$284,880,000 principal amount of Intermediate Lien Bonds. The Port currently does not have any DBW Loans outstanding. The Commercial Paper Indentures do not restrict the Board’s ability to incur additional Senior Lien Bonds, DBW Loans or Intermediate Lien Bonds, or to incur other Subordinate Revenue Bonds of any kind. The Board may issue additional Senior Lien Bonds, Intermediate Lien Bonds and/or Subordinate Revenue Bonds in the future.

The Senior Lien Indenture and the Intermediate Lien Indenture each contains a covenant that the Board will establish, fix, prescribe and collect rates, tolls, fees, rentals and charges in connection with the Port so that Pledged Revenues in each fiscal year will be sufficient to pay (a) under the Senior Lien Indenture, principal of and interest on the outstanding Senior Lien Bonds as the same become due and payable in such year and other payments required under the Senior Lien Indenture, and under the Intermediate Lien Indenture, principal of and interest on the outstanding Senior Lien Bonds, DBW Loans, and Intermediate Lien Bonds, in each case as the same become due and payable in such year, and other payments required under the Intermediate Lien Indenture, (b) the Port’s ongoing legal obligations to be paid from Pledged Revenues and (c) any Operation and Maintenance expenses of the Port.

In addition: (1) the Senior Lien Indenture contains a covenant that the Board will establish, fix, prescribe and collect rates, tolls, fees, rentals and charges in connection with the Port so that Net Revenues in each Fiscal Year will equal at least 125% of the actual debt service becoming due and payable on outstanding Senior Lien Bonds in such year, less debt service expected to be paid or paid from the proceeds of other borrowings, from capitalized interest, or from other amounts

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not included in “Revenues,” and (2) the Intermediate Lien Indenture contains a covenant that that Board will establish, fix, prescribe and collect rates, tolls, fees, rentals and charges in connection with the Port so that Net Revenues in each Fiscal Year will equal at least 110% of the actual debt service becoming due and payable on outstanding Intermediate Lien Bonds, Senior Lien Bonds, and DBW Loans, less (i) debt service expected to be paid or paid from the proceeds of other borrowings, from capitalized interest, or from subsidies or grants awarded by or received from federal governmental entities or agencies that do not constitute “Revenues,” and (ii) any security pledged to Intermediate Lien Bonds or Senior Lien Bonds that will be available for or are used to pay debt service in additional to the applicable pledged revenues.

“Net Revenues” under the Senior Lien Indenture and the Intermediate Lien Indenture are generally defined as the Revenues for a given period less the Operation and Maintenance Expenses for such period. “Revenues” under the Senior Lien Indenture and the Intermediate Lien Indenture are defined to mean operating revenues and interest income of the Board in accordance with generally accepted accounting principles, subject to certain limited exclusions. “Operations and Maintenance Expenses” under the Senior Lien Indenture and the Intermediate Lien Indenture are defined to mean the total operation and maintenance expenses of the Board in accordance with generally accepted accounting principles, subject to certain limited exclusions.

***The aforementioned covenants are only enforceable by holders of Senior Lien Bonds and/or Intermediate Lien Bonds and not holders of Commercial Paper Notes. Prospective investors in a series of the Commercial Paper Notes therefore should not base their investment decision on the existence of such covenants.***

Neither the faith and credit nor taxing power of the City, the State of California or any public agency, other than the Board to the extent of the Available Pledged Revenues, is pledged to the payment of the principal of, or interest on, the Commercial Paper Notes. The Board has no power of taxation.

***If for any reason the Bank fails to make a payment due under either of its Letters of Credit, no assurance can be given that the Board would have sufficient funds on hand and available to make the corresponding payment of principal of and interest on the applicable Commercial Paper Notes. Prospective investors in a series of the Commercial Paper Notes therefore should base their investment decision on the credit standing of the Bank whose Letter of Credit secures that series, rather than the credit standing of the Board.***

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### THE LETTER OF CREDIT BANK

*The information in this section has been furnished by the Bank for inclusion herein. The Board cannot and does not make any representation as to the accuracy or completeness of such information or the absence of material adverse changes in such information subsequent to the date hereof.*

#### **Bank of America, N.A.**

Bank of America, N.A. (the "*Bank*") is a national banking association organized under the laws of the United States, with its principal executive offices located in Charlotte, North Carolina. The Bank is a wholly-owned indirect subsidiary of Bank of America Corporation (the "*Corporation*") and is engaged in a general consumer banking, commercial banking and trust business, offering a wide range of commercial, corporate, international, financial market, retail and fiduciary banking services. As of December 31, 2022, the Bank had consolidated assets of \$2.419 trillion, consolidated deposits of \$2.042 trillion and stockholder's equity of \$225.449 billion based on regulatory accounting principles.

The Corporation is a bank holding company and a financial holding company, with its principal executive offices located in Charlotte, North Carolina. Additional information regarding the Corporation is set forth in its Annual Report on Form 10-K for the fiscal year ended December 31, 2022, together with its subsequent periodic and current reports filed with the Securities and Exchange Commission (the "SEC").

The SEC maintains a website at [www.sec.gov](http://www.sec.gov) which contains the filings that the Corporation files with the SEC such as reports, proxy statements and other documentation. The reports, proxy statements and other information the Corporation files with the SEC are also available at its website, [www.bankofamerica.com](http://www.bankofamerica.com).

The information concerning the Corporation and the Bank is furnished solely to provide limited introductory information and does not purport to be comprehensive. Such information is qualified in its entirety by the detailed information appearing in the referenced documents and financial statements referenced therein.

The Bank will provide copies of the most recent Bank of America Corporation Annual Report on Form 10-K, any subsequent reports on Form 10-Q, and any required reports on Form 8-K (in each case, as filed with the SEC pursuant to the Securities Exchange Act of 1934, as amended), and the publicly available portions of the most recent quarterly Call Report of the Bank delivered to the Comptroller of the Currency, without charge, to each person to whom this document is delivered, on the written request of such person. Written requests should be directed to:

Bank of America Corporation  
Office of the Corporate Secretary/Shareholder Relations  
One Bank of America Center  
150 N College St. NC1-028-28-03  
Charlotte, NC 28255

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PAYMENTS OF PRINCIPAL AND INTEREST ON THE ABC NOTES WILL BE MADE FROM DRAWINGS UNDER THE ABC LETTER OF CREDIT. PAYMENTS OF THE PURCHASE PRICE OF THE ABC NOTES WILL BE MADE FROM DRAWINGS UNDER THE ABC LETTER OF CREDIT IF REMARKETING PROCEEDS ARE NOT AVAILABLE. ALTHOUGH THE ABC LETTER OF CREDIT IS A BINDING OBLIGATION OF THE BANK, THE ABC NOTES ARE NOT DEPOSITS OR OBLIGATIONS OF THE CORPORATION OR ANY OF ITS AFFILIATED BANKS AND ARE NOT GUARANTEED BY ANY OF THESE ENTITIES. THE ABC NOTES ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENTAL AGENCY AND ARE SUBJECT TO CERTAIN INVESTMENT RISKS, INCLUDING POSSIBLE LOSS OF THE PRINCIPAL AMOUNT INVESTED.

PAYMENTS OF PRINCIPAL AND INTEREST ON THE DEF NOTES WILL BE MADE FROM DRAWINGS UNDER THE DEF LETTER OF CREDIT. PAYMENTS OF THE PURCHASE PRICE OF THE DEF NOTES WILL BE MADE FROM DRAWINGS UNDER THE DEF LETTER OF CREDIT IF REMARKETING PROCEEDS ARE NOT AVAILABLE. ALTHOUGH THE DEF LETTER OF CREDIT IS A BINDING OBLIGATION OF THE BANK, THE DEF NOTES ARE NOT DEPOSITS OR OBLIGATIONS OF THE CORPORATION OR ANY OF ITS AFFILIATED BANKS AND ARE NOT GUARANTEED BY ANY OF THESE ENTITIES. THE DEF NOTES ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENTAL AGENCY AND ARE SUBJECT TO CERTAIN INVESTMENT RISKS, INCLUDING POSSIBLE LOSS OF THE PRINCIPAL AMOUNT INVESTED.

The delivery of this information shall not create any implication that there has been no change in the affairs of the Corporation or the Bank since the date of the most recent filings referenced herein, or that the information contained or referred to in this Offering Memorandum is correct as of any time subsequent to the referenced date

### **THE DEALER**

The Board has appointed Goldman Sachs & Co. LLC, as Dealer with respect to the offering and sale of the ABC Notes and the DEF Notes pursuant to two separate Dealer Agreements, each dated as of August 1, 2010, as may be amended and supplemented (the “Dealer Agreements”). The Dealer Agreements, among other things, do not require the Dealer to purchase Commercial Paper Notes. Furthermore, pursuant to each of the Dealer Agreements, the Dealer may resign or be replaced by the Board.

### **TAX MATTERS**

#### **Tax-Exempt Notes**

In the opinion of Orrick, Herrington & Sutcliffe LLP, Special Tax Counsel to the Board (“Special Tax Counsel”), dated May 4, 2020, based upon an analysis of then-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 Series A Notes,

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Series B Notes, Series D Notes and Series E Notes (collectively, the “Tax-Exempt Notes”), when issued in accordance with the Tax Certificate and the Commercial Paper Indentures, will be excluded from gross income for federal income tax purposes under Section 103 of the Code, except that no opinion is expressed as to the status of interest on any Series A Note or Series D Note for any period that such Series A Note or Series D Note is held by a “substantial user” of the facilities financed or refinanced by the Series A Notes or Series D Notes, or by a “related person” to such a substantial user within the meaning of Section 147(a) of the Code. In the further opinion of Special Tax Counsel, interest on the Series B Notes and Series E Notes is not a specific preference item for purposes of the federal alternative minimum tax. Special Tax Counsel observed that interest on the Series A Notes and Series D Notes is a specific preference item for purposes of the federal alternative minimum tax.

Special Tax Counsel was of the further opinion that the amount treated as interest on the Tax-Exempt Notes and excluded from gross income will depend upon the taxpayer’s election under Internal Revenue Notice 94-84. Special Tax Counsel was also of the opinion that interest on the Tax-Exempt Notes is exempt from State of California personal income taxes. Special Tax Counsel expressed no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on the Tax-Exempt notes. A complete copy of the opinion of Special Tax Counsel to be delivered on May 4, 2020 is set forth in Appendix A-2 hereto.

The federal alternative minimum tax referenced in the opinion of Special Tax Counsel delivered on May 4, 2020 applies to individuals. Pursuant to the Inflation Reduction Act enacted on August 16, 2022, for tax years beginning after December 31, 2022, interest on the Tax-Exempt Notes included in adjusted financial statement income of certain corporations will not be excluded from the federal corporate alternative minimum tax.

Notice 94-84, 1994-2 C.B. 559, states that the Internal Revenue Service (the “IRS”) is studying whether the amount of the stated interest payable at maturity on short-term debt obligations (i.e., debt obligations with a stated fixed rate of interest which mature not more than one year from the date of issue) that is excluded from gross income for federal income tax purposes should be treated (i) as qualified stated interest or (ii) as part of the stated redemption price at maturity of the short-term debt obligation, resulting in treatment as accrued original issue discount (the “original issue discount”). The Tax-Exempt Notes will be issued as short-term debt obligations. Until the IRS provides further guidance with respect to tax-exempt short-term debt obligations, taxpayers may treat the stated interest payable at maturity either as qualified stated interest or as includable in the stated redemption price at maturity, resulting in original issue discount as interest that is excluded from gross income for federal income tax purposes. However, taxpayers must treat the amount to be paid at maturity on all tax-exempt short-term debt obligations in a consistent manner. Taxpayers should consult their own tax advisors with respect to the tax consequences of ownership of Tax-Exempt Notes if the taxpayer elects original issue discount treatment.

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 Tax-Exempt Notes. The Board has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Tax-

## Attachment B

Exempt Notes 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 Tax-Exempt Notes being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Tax-Exempt Notes. The opinion of Special Tax Counsel assumed the accuracy of these representations and compliance with these covenants. Special Tax 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 Special Tax Counsel's attention after May 4, 2020 may adversely affect the value of, or the tax status of interest on, the Tax-Exempt Notes. Accordingly, the opinion of Special Tax Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Special Tax Counsel was of the opinion that interest on the Tax-Exempt Notes 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 Tax-Exempt Notes 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. Special Tax Counsel expressed 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 Tax-Exempt Notes 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 Tax-Exempt Notes. Prospective purchasers of the Tax-Exempt Notes 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 Special Tax Counsel expressed no opinion.

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

Unless separately engaged, Special Tax Counsel is not obligated to defend the Board or the beneficial owners regarding the tax-exempt status of the Tax-Exempt Notes 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 Board legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Tax-Exempt Notes

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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 Tax-Exempt Notes, and may cause the Board or the beneficial owners to incur significant expense.

### **Taxable Notes**

In the opinion of Special Tax Counsel, dated May 4, 2020, interest on the Series C Notes and Series F Notes (together, the “Taxable Notes”) is exempt from State of California personal income taxes. Special Tax Counsel expressed no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Taxable Notes. Interest on the Taxable Notes is not excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code. Prospective investors in the Taxable Notes should consult their own tax advisors to determine the federal, state, local or non-U.S. tax consequences to them from the purchase, ownership and disposition of the Taxable Notes in light of their particular circumstances.

### **Information Reporting and Backup Withholding—Tax-Exempt Notes & Taxable Notes**

Payments on the Notes 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 the Notes may be subject to backup withholding with respect to “reportable payments,” which include interest paid on the Notes and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Notes. 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 the 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.

## **LEGAL MATTERS**

Certain legal matters in connection with the authorization and issuance of the Commercial Paper Notes are subject to the approval of O’Melveny & Myers LLP, as Bond Counsel. The form of the opinion delivered by Bond Counsel is attached hereto as Appendix A-1. Bond Counsel has not passed upon the accuracy, completeness or sufficiency of this Offering Memorandum and has not rendered a legal opinion with respect thereto for the benefit of investors.

Certain legal matters in connection with the authorization and issuance of the Commercial Paper Notes are subject to the approval of Orrick, Herrington & Sutcliffe LLP, as Special Tax Counsel. The form of the opinion delivered by Special Tax Counsel is attached hereto as Appendix A-2. Special Tax Counsel has not passed upon the accuracy, completeness or sufficiency of this

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Offering Memorandum and has not rendered a legal opinion with respect thereto for the benefit of investors.

Certain legal matters in connection with the Reimbursement Agreements and the Letters of Credit were subject at the time of initial issuance of the Letters of Credit to the approval of Rentner Rust PC, as special counsel for Bank of America. Certain legal matters in connection with the authorization of the Commercial Paper Indentures and the Commercial Paper Notes were subject to the approval of the Port Attorney of the Port.

### **RATINGS**

Based on the short-term ratings of Bank of America, Standard & Poor's, Moody's Investors Service, Inc. and Fitch Ratings have assigned ratings on the ABC Notes and the DEF Notes of A-1, P-1 and F1+, respectively.

The ratings described above reflect only the views of the respective ratings organizations, and explanations of the significance of such ratings may be obtained only from the agencies at the following addresses: Standard & Poor's Ratings Service, 55 Water Street, New York, NY 10041-0003; Moody's Investors Service, Inc., 7 World Trade Center at 250 Greenwich Street, New York, NY 10007; and Fitch Ratings, 33 Whitehall Street, New York, NY 10004. The Board has furnished to such rating agencies certain information and materials regarding the Commercial Paper Notes and the Port. In addition, Bank of America furnished certain information to such rating agencies regarding the Bank and the Letters of Credit. Generally, rating agencies base their ratings on the information and materials furnished to them and on their own investigations, studies and assumptions. There is no assurance any such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by the rating agencies, if in the judgment of such rating agencies, circumstance so warrant. Any such change in or withdrawal of such ratings could have an adverse effect on the market price of the applicable Commercial Paper Notes. The Board undertakes no responsibility to oppose any such change or withdrawal. The above ratings are not recommendations to buy, sell or hold any of the Commercial Paper Notes, and such ratings may be subject to revision or withdrawal at any time by the rating agencies.

### **ADDITIONAL INFORMATION**

Copies of the Senior Lien Indenture, the Intermediate Lien Indenture, the Commercial Paper Indentures, the Letters of Credit, the Reimbursement Agreements and the Issuing and Paying Agent Agreements may be obtained from the Dealer and may also be obtained from the Board at the following address:

Port of Oakland, California  
530 Water Street  
Oakland, CA 94607  
Attention: Chief Financial Officer

Rule 15c2-12 (the "Rule") under the Securities Exchange Act of 1934 requires the Board to file certain disclosure updates with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system ("EMMA") in connection with the Port's outstanding revenue bonds only. The Port is not required to submit such disclosure updates with regards to the

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Commercial Paper Notes. Investors may review such disclosure updates filed with EMMA for general information relating to the Port only, and no further obligation to update or revise the Port's disclosure filed with the EMMA is created in connection with the Commercial Paper Notes by this reference.

**APPENDIX A-1**

**[FORM OF OPINION OF BOND COUNSEL]**

Board of Port Commissioners of  
the City of Oakland, California  
530 Water Street  
Oakland, California

Ladies and Gentlemen:

We are acting as Bond Counsel in connection with the authorization and issuance from time to time by the Board of Port Commissioners of the City of Oakland, California (the “Board”) of its Commercial Paper Notes, Series A, Series B, Series C, Series D, Series E and Series F (individually, the “Series A Notes”, the “Series B Notes”, the “Series C Notes”, “Series D Notes,” the “Series E Notes,” and the “Series F Notes” and, collectively, the “Notes”). In that connection, we have examined the Constitution and statutes of the State of California, Article VII of the Charter of the City of Oakland, California (the “Act”), copies of that certain Trust Indenture, dated October 1, 1998 between the Board and U.S. Bank National Association (as successor-in-interest to U.S. Bank Trust National Association), as trustee (the “ABC Indenture”), and copies of that certain Trust Indenture, dated September 1, 1999 between the Board and U.S. Bank National Association (as successor-in-interest to U.S. Bank Trust National Association), as trustee (the “DEF Indenture” and, together with the ABC Indenture, the “Indentures”). We have also made such other investigations of fact and law as we have deemed necessary. Except as otherwise indicated, capitalized terms used in this opinion and defined in the ABC Indenture or the DEF Indenture will have the meanings given in the ABC Indenture or the DEF Indenture, as applicable.

Based upon the foregoing and subject to the limitations and qualifications in this opinion, we are of the opinion that:

1. The Notes, once issued in duly authorized form, executed by duly authorized officials of the Board and authenticated by the Issuing and Paying Agent, when delivered to and paid for by the purchasers thereof, will constitute legally valid and binding obligations of the Board, enforceable in accordance with their terms and the terms of the applicable Indenture.
2. Each of the ABC Indenture and the DEF Indenture has been duly adopted by the Board and constitutes the legally valid and binding obligation of the Board, enforceable against the Board in accordance with its terms, assuming due authorization, execution and delivery by the other party thereto.
3. The Series A, Series B and Series C Notes, once issued in duly authorized form, will be limited obligations of the Board payable as to both principal and interest from and secured by a pledge of, lien on and security interest in (i) all Available Pledged Revenues and (ii) all amounts in the funds and accounts created or maintained pursuant to the ABC Indenture, the applicable Issuing and Paying Agent Agreement, or any applicable Tax Certificate (except the Rebate Fund), including earnings on such amounts, subject only to the provisions of the ABC

## Attachment B

Indenture and the applicable Issuing and Paying Agent Agreement permitting the application thereof for the purposes and on the terms and conditions set forth therein. The Series D, Series E and Series F Notes, once issued in duly authorized form, will be limited obligations of the Board payable as to both principal and interest from and secured by a pledge of, lien on and security interest in (i) all Available Pledged Revenues and (ii) all amounts in the funds and accounts created or maintained pursuant to the DEF Indenture, the applicable Issuing and Paying Agent Agreement, or any applicable Tax Certificate (except the Rebate Fund), including earnings on such amounts, subject only to the provisions of the DEF Indenture and the applicable Issuing and Paying Agent Agreement permitting the application thereof for the purposes and on the terms and conditions set forth therein. The pledges, liens and security interests of the Notes are junior and subordinate first to the pledge of Pledged Revenues and the lien created thereon by the Senior Lien Indenture with respect to Senior Lien Bonds, and second to the pledge of Pledged Revenues and the lien created thereon with respect to DBW Loans and any Subordinate Revenue Bonds. Neither the faith and credit nor the taxing power of the City of Oakland, the State of California or any public agency, other than the Board to the extent of the Available Pledged Revenues, is pledged to the payment of the principal of, or interest on, the Notes. The Board has no power of taxation.

For purposes of the opinions set forth above, we have assumed that the Board will duly authenticate the Notes.

Our opinions in paragraphs (1) and (2) above as to the enforceability of the Notes and the Indentures are subject to (a) bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting creditors' rights generally (including, without limitation, fraudulent conveyance laws), (b) general principles of equity, including, without limitation, 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 at law, and (c) the unenforceability under certain circumstances of provisions imposing penalties, forfeitures or an increase in interest rates upon delinquency in payment or the occurrence of a default.

No opinion is expressed herein on the accuracy, completeness or sufficiency of the offering material relating to the Notes.

We further express no opinion as to any Federal or State tax consequences of the ownership of, receipt of interest on, or disposition of the Notes.

You may rely on this opinion as to any Note issued after the date hereof to the extent that, at the date of issuance of such Note, (i) there is no change or proposed change in law from that in effect on the date hereof, (ii) the representations and warranties contained in the applicable Indenture executed and delivered by the Board (and supplements and additions thereto) remain true and correct, (iii) the Board continues to comply with its covenants contained in such documents, and (iv) we continue to serve as Bond Counsel to the Board in connection with the issuance of such Notes.

Respectfully submitted,

**APPENDIX A-2**

**[OPINION OF SPECIAL TAX COUNSEL]**

## APPENDIX B

### Information Regarding DTC and the Book-Entry System

Portions of the following information concerning DTC and DTC's book-entry system have been obtained from DTC. The information in this Appendix B concerning DTC and DTC's book-entry system has been obtained from sources that the Board and the Dealer believe to be reliable, but the Board and the Dealer make no representation as to, and take no responsibility for, the accuracy or completeness of such information.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Commercial Paper Notes. The Commercial Paper Notes 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 note will be issued for each series of the Commercial Paper Notes, each initially in the aggregate principal amount of such series, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market 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](http://www.dtcc.com).

Purchases of Commercial Paper Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Commercial Paper Notes on DTC's records. The ownership interest of each actual purchaser of each Commercial Paper Note ("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 Commercial Paper Notes 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 notes representing their ownership interests in Commercial Paper Notes, except in the event that use of the book-entry system for the Commercial Paper Notes is discontinued.

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

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

Principal and interest payments on the Commercial Paper Notes 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 in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Issuing and Paying Agent, or the Board, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest on the Commercial Paper Notes to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Board or the Issuing and Paying 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.

DTC may discontinue providing its services as depository with respect to the Commercial Paper Notes at any time by giving reasonable notice to the Board or the Issuing and Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Commercial Paper Note certificates are required to be printed and delivered.

The Board may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In the event of the discontinuance of the book-entry-only system for the Commercial Paper Notes, Commercial Paper Note certificates will be printed and delivered to DTC and the following provisions of the Commercial Paper Indentures will apply: (a) principal of and interest on the Commercial Paper Notes will be payable upon surrender of the Commercial Paper Notes at the principal office of the Issuing and Paying Agent, (b) Commercial Paper Notes may be transferred or exchanged for other Commercial Paper Notes of authorized denominations at the designated office of the Registrar, without cost to the owner thereof except for any tax or other governmental charges, and (c) Commercial Paper Notes will be issued in denominations as described above under “THE COMMERCIAL PAPER NOTES.”