SUPPLEMENTAL

PORT OF OAKLAND

Development of FY 2022 Operating and Capital Budgets

Board of Port Commissioners

May 13, 2021

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Purpose of Presentation

Today's Presentation:

1. Recap key budget objectives and drivers
2. Present preliminary FY 2022 budget numbers
3. Present preliminary updated 5-year operating forecast and Capital Improvement Plan

Prior Presentation – March 25, 2021:

- ❑ *Provided overview of Port budget and budget process*
- ❑ *Discussed key factors influencing development of FY 2022 Budget*
- ❑ *Received Board feedback on key budget objectives and assumptions*

Key Factors Under Consideration in Developing FY 2022 Budget

- COVID-19 remains a global public health issue despite increased rate of inoculation in the U.S. and continues to impact Port operations and finances. Conservative forward-looking revenue projections across all three revenue divisions are warranted
  - Growth in Maritime revenues since the onset of COVID-19 are expected to continue to offset lower Aviation and CRE revenues
  - Pace and timing of air travel recovery at OAK remains uncertain as COVID-19 vaccination has not yet reached critical mass; new COVID-19 virus variants may test efficacy of existing vaccines and prolong the recovery
  - CRE parking and variable revenues will remain under pressure for as long as COVID-19 remains a public health issue and local governments impose use restrictions
- Right-size FY 2022 Operating and Capital Budgets to be (a) in-line with the Port's projected path to recovery, (b) reflective of what can be accomplished with existing staffing levels, (c) responsive to immediate Port and outside regulatory compliance needs, and (d) consistent with a plan to ensure the long-term financial health of the Port
- Fill critical FTE vacancies to eliminate operation bottlenecks at the Port

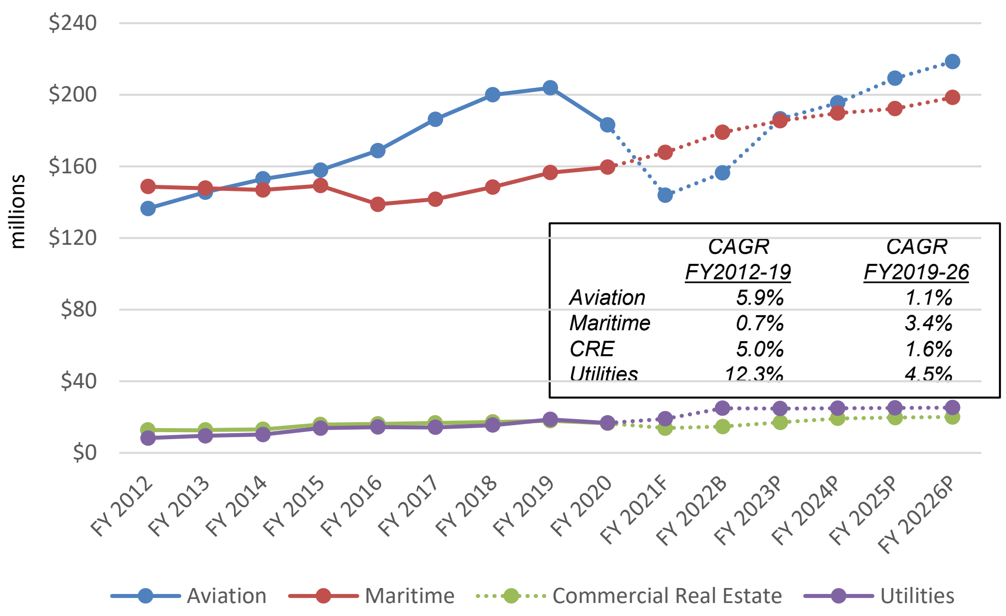
Key Budget Objectives

- **Cash/Liquidity**: Remain focused on maintaining strong cash/liquidity reserves to manage operational, financial and economic disruptions from COVID-19 pandemic, and establish working capital, self-insurance, security deposit, capital investment and debt service funds to ensure the Port maintains adequate cash balances to meet long-term obligations.
- **Debt**: Maintain discipline of paying down portion of outstanding commercial paper notes, in addition to required bond payments
- **Operating**: Demonstrate smart, prudent and thoughtful budgeting considering near-term economic uncertainties to support long-term financial strength, resiliency and sustainability
- **Capital Investments**: Strategically identify, prioritize and appropriately plan major capital projects with a focus on health, safety, regulatory compliance, and on-going or imminent revenue generating projects
- **Financial Metrics**:
    - Improve operating margin for all three revenue divisions
    - Control Airport Cost per Enplanement (CPE)
    - Maintain minimum Bond Debt Service Coverage Ratio of 1.40x at year end
    - Achieve minimum projected cash balance on June 30* no less than 365 days-cash-on-hand (DCOH) (excluding restricted cash)
    - Maintain Board Reserves, consistent with policy, of approximately $78 million

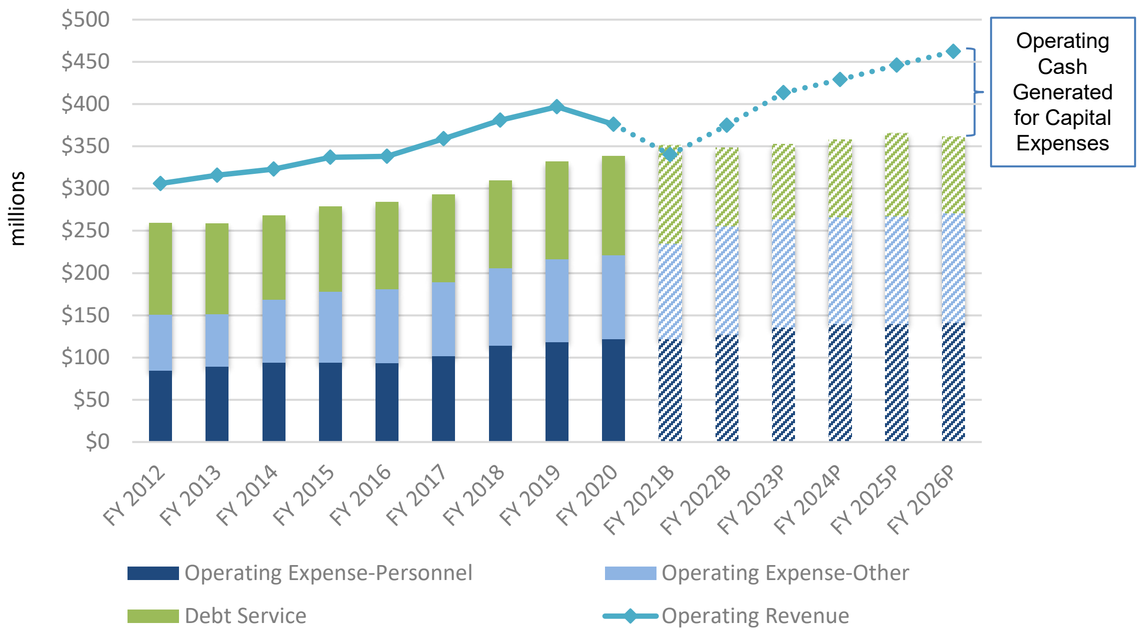
* June 30 cash balance is used to pay upcoming November 1 debt payment of $21 million, construction contracts already executed, 5-Year Capital Improvement Plan, day-to-day operating expenses and unfunded liabilities; balance also includes contractor retention not held in escrow and security deposits.

The Development of the FY 2022 Budget Begins with Forecasting Revenues and Recognizing Fixed Costs

Operating Revenues by Division



Port-wide Operating Revenues, Operating Expenses* and Debt Service



- ❑ Debt service and personnel costs (50% of operating expenses*) are fixed and limited discretion exists with other operating expenses.

* Excluding depreciation.

Key Budget Drivers - Aviation

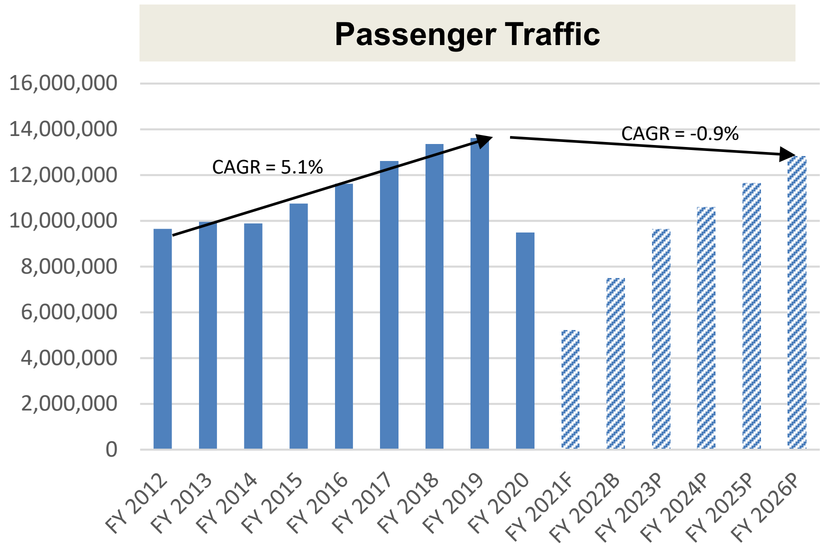
Considerations

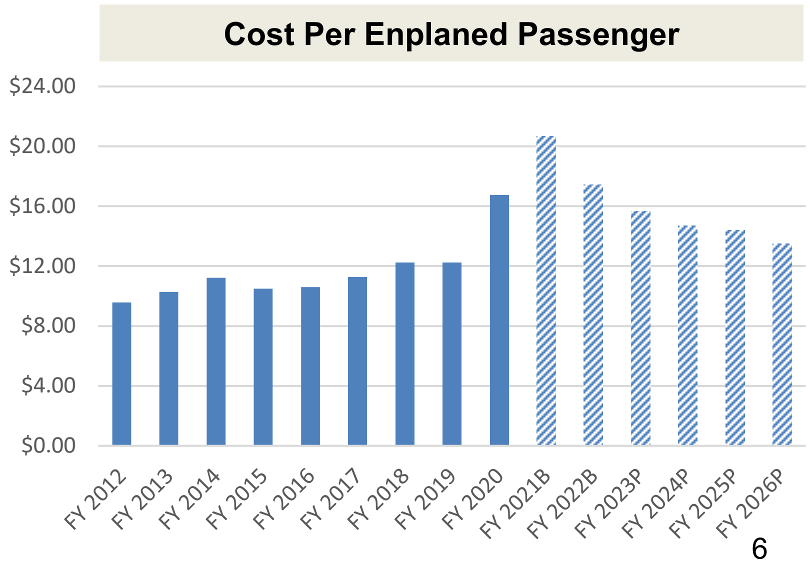
- ❑ Airport traffic has been severely impacted by COVID-19 pandemic and recovery likely to take multiple years.
- ❑ Both aeronautical and non-aeronautical revenues are expected to marginally increase year-over-year as traffic increases.
- ❑ Aging infrastructure must be addressed.
- ❑ Airport Cost per Enplaned Passenger (CPE) must be managed to maintain competitiveness across the Bay Area.

Preliminary FY 2022 Budget

- ➢ Passenger traffic and aviation revenues projected to increase 43% and 9%*, respectively, compared to anticipated FY 2021 actuals.
- ➢ $27.8 million of CARES, CRRSA and ARP grants programmed to pay aviation debt service, operating expenses, and CAPEX.
- ➢ Careful evaluation of expenses to support activity levels at the Airport, while maintaining cost competitiveness.

*12% if including portions of concession revenues paid with ARPA Concession Grants.





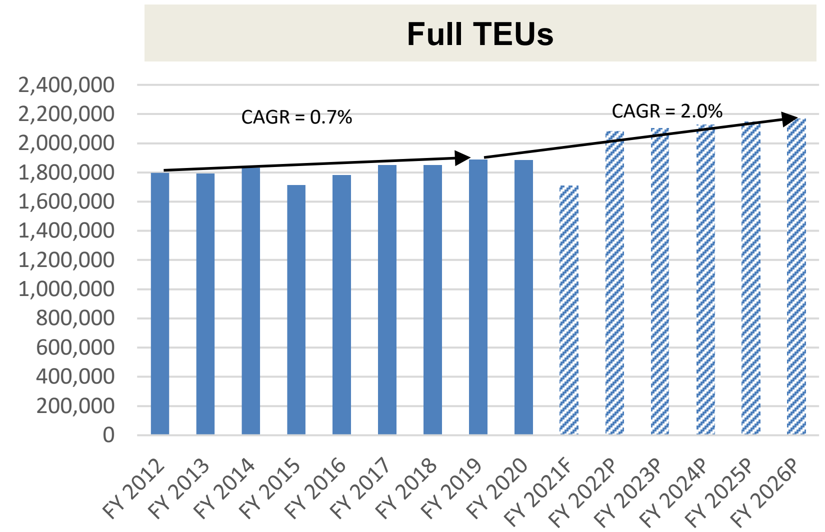
Key Budget Drivers - Maritime

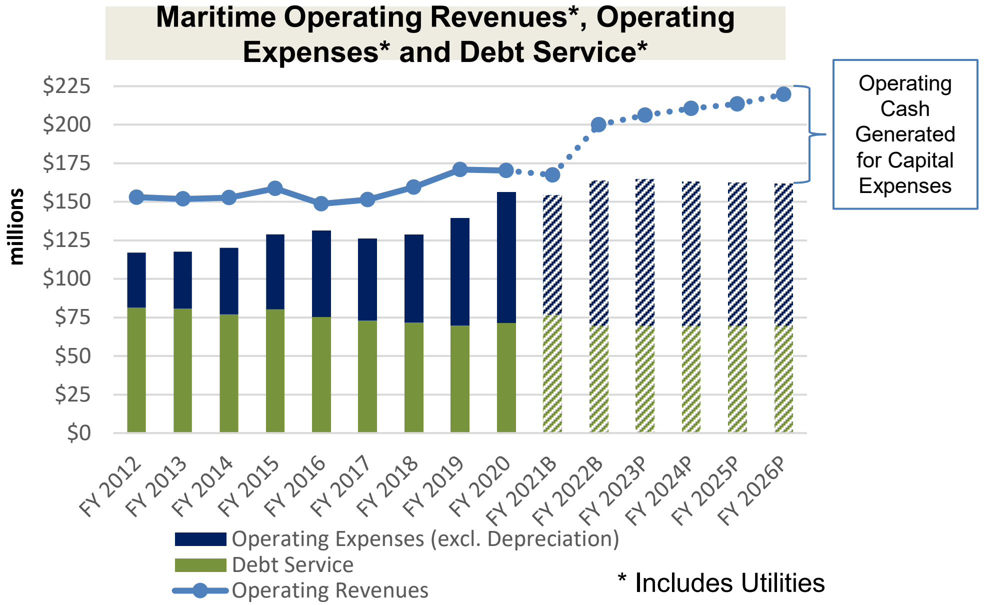
Considerations

- ❑ Shifts in consumer behavior to online purchases, positively impacts global trade of goods and therefore movement of cargo.
- ❑ New first port-of-call services along with continued congestion in Southern California are catalysts for potential revenue growth.
- ❑ Must focus on completing utility specific improvements to address years of deferred maintenance and to comply with more stringent environmental regulations.

Preliminary FY 2022 Budget

- ➢ Full TEUs and revenues projected to increase 5% and 7% compared to anticipated FY 2021 actuals.
- ➢ Marine Terminal revenue is projected to increase $2.2 million compared to anticipated FY 2021 actuals.
- ➢ Increases in consulting, major maintenance and truck parking costs.
- ➢ $16.7 million in utility capital expenditures programmed at the Seaport.





* Includes Utilities

Key Budget Drivers – Commercial Real Estate

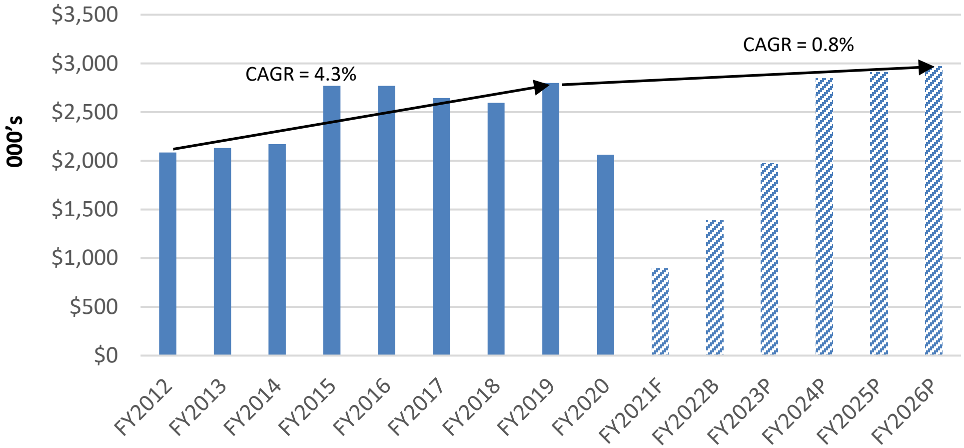
Considerations

- ❑ Parking revenues at JLS are expected to remain depressed but are primed to increase as more of the local population is vaccinated and organized activities such as festivals return to JLS.
- ❑ Vacancy factor remains low with approximately 95% of CRE properties under an existing lease.
- ❑ Variable rents for hotels and restaurants are expected to increase as pandemic related restrictions are lifted.

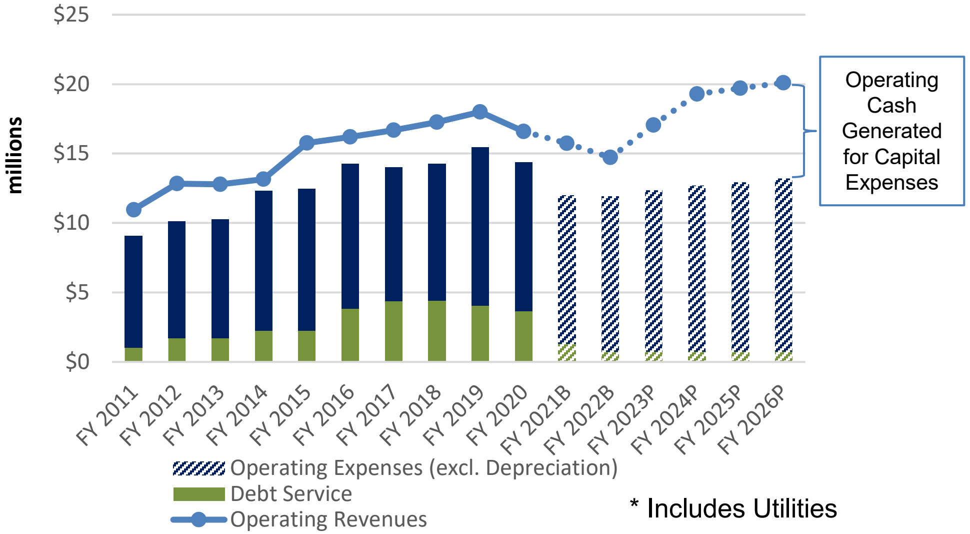
Preliminary FY 2022 Budget

- ➢ Parking revenues projected to increase $0.5 million over anticipated FY 2021 as COVID-19 related restrictions are lifted and more foot traffic is expected at JLS.
- ➢ Variable rent from hotels are projected to increase $0.3 million over anticipated FY 2021 as travel restrictions are lifted.
- ➢ Scheduled minimum rent increases based on stipulated lease terms.

Parking Lot Revenues



CRE Operating Revenues*, Operating Expenses* and Debt Service*



* Includes Utilities

Key Budget Drivers - Utilities

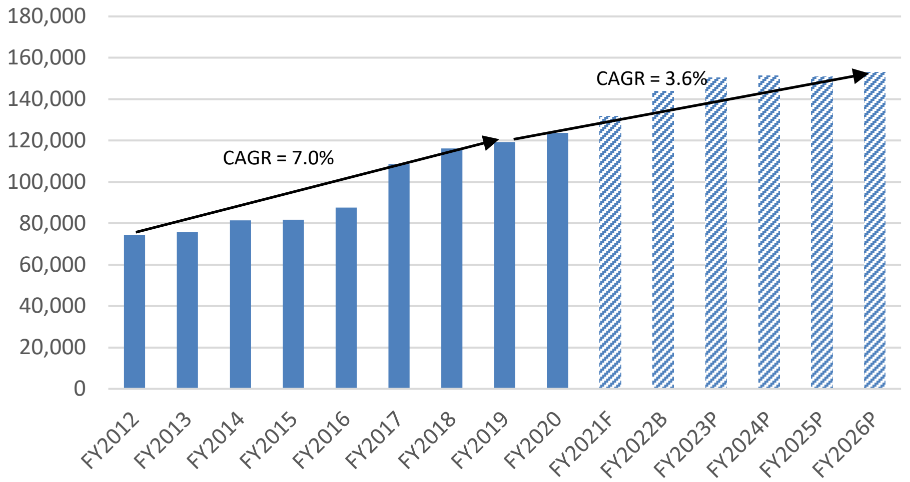
Considerations

- ❑ Increase proportion of clean energy purchases to comply with State of California mandates and Port Board adopted Renewable Portfolio Standards (RPS).
- ❑ Replace expired long-term electricity contracts Portwide with new contracts at reasonable costs.
- ❑ Work with other revenue divisions to replace or upgrade utility infrastructure critical to Port operation.

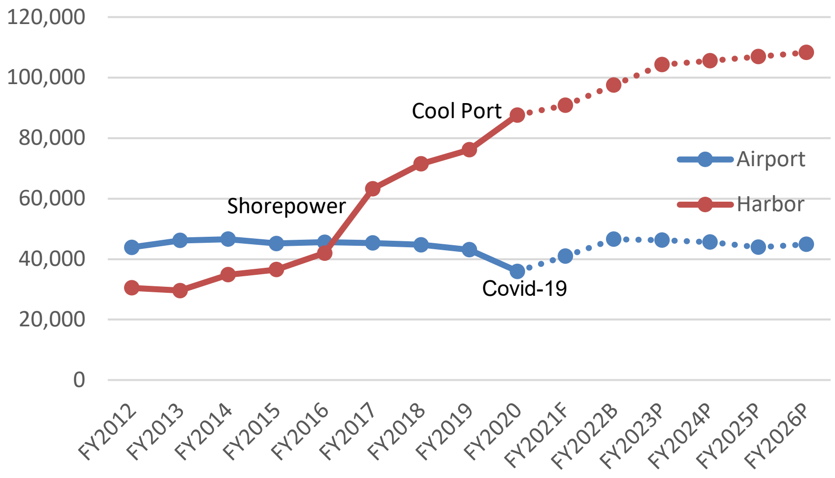
Preliminary FY 2022 Budget

- ➢ Cost of electricity is projected to increase by $3.0 million compared to anticipated FY 2021 actuals.
- ➢ $16.7 million and $12.4 million in utility capital expenditures programmed at the Seaport and Airport, respectively.
- ➢ $0.2 million for electricity rate study programmed in FY 2022.

Port Power Annual Energy Use (MWH)



Port Power Annual Energy Use (MWH) by Area



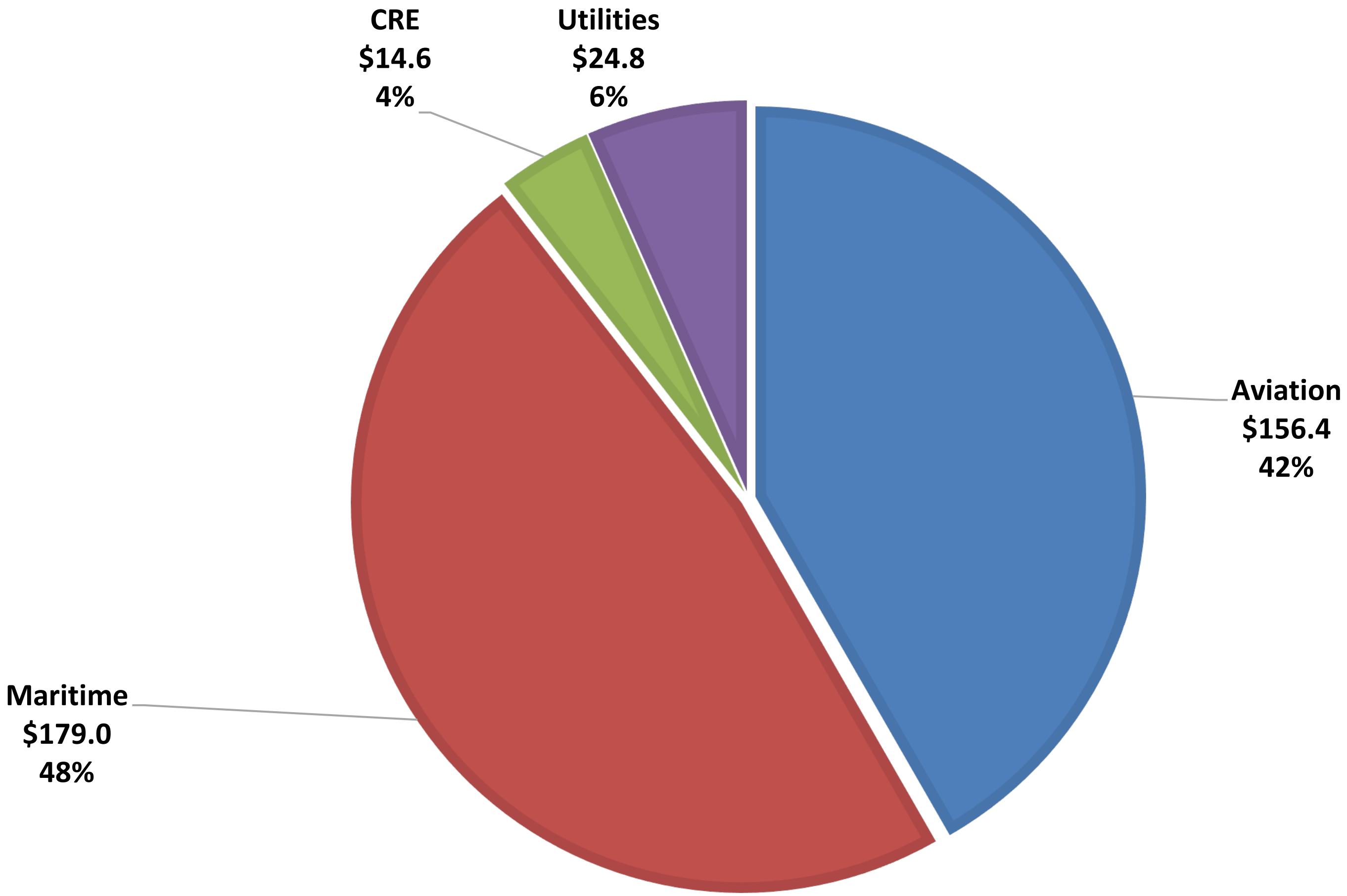
Balancing Sources and Uses of Funds

($ in 000s)	FY 2022 Budget
Uses of Funds	
Operating Expenses[1]	$255,727
Debt Service[2]	92,781
Capital Expenses	102,895
Other Expenses[3]	11,503
Total Uses	**$462,906**
Sources of Funds	
Operating Revenues	$374,738
Grants/Rent Deferrals[4]	53,652
Passenger Facility Charges (PFCs)	14,510
Interest Income	543
Cash Reserves	19,463
Total Sources	**$462,906**

[1] Excludes depreciation.
[2] Includes $10.5 million repayment of CP notes and associated interest. Of this amount, approximately $4.9 million of CP Notes and associated interest is anticipated to be repaid with PFCs. The interest rate on the CP notes is assumed to be 1.30% in FY 2022.
[3] Includes but not limited to CP Notes and bond related fees. General Services and Lake Merritt payments to the City, retroactive CalPERS pension payments for Airport service persons, adjustment of Operating Reserve, and certain deferred maintenance costs that were recorded as prior year loss contingency.
[4] The Port has not yet obtained grant funding for all capital projects included in the budget.

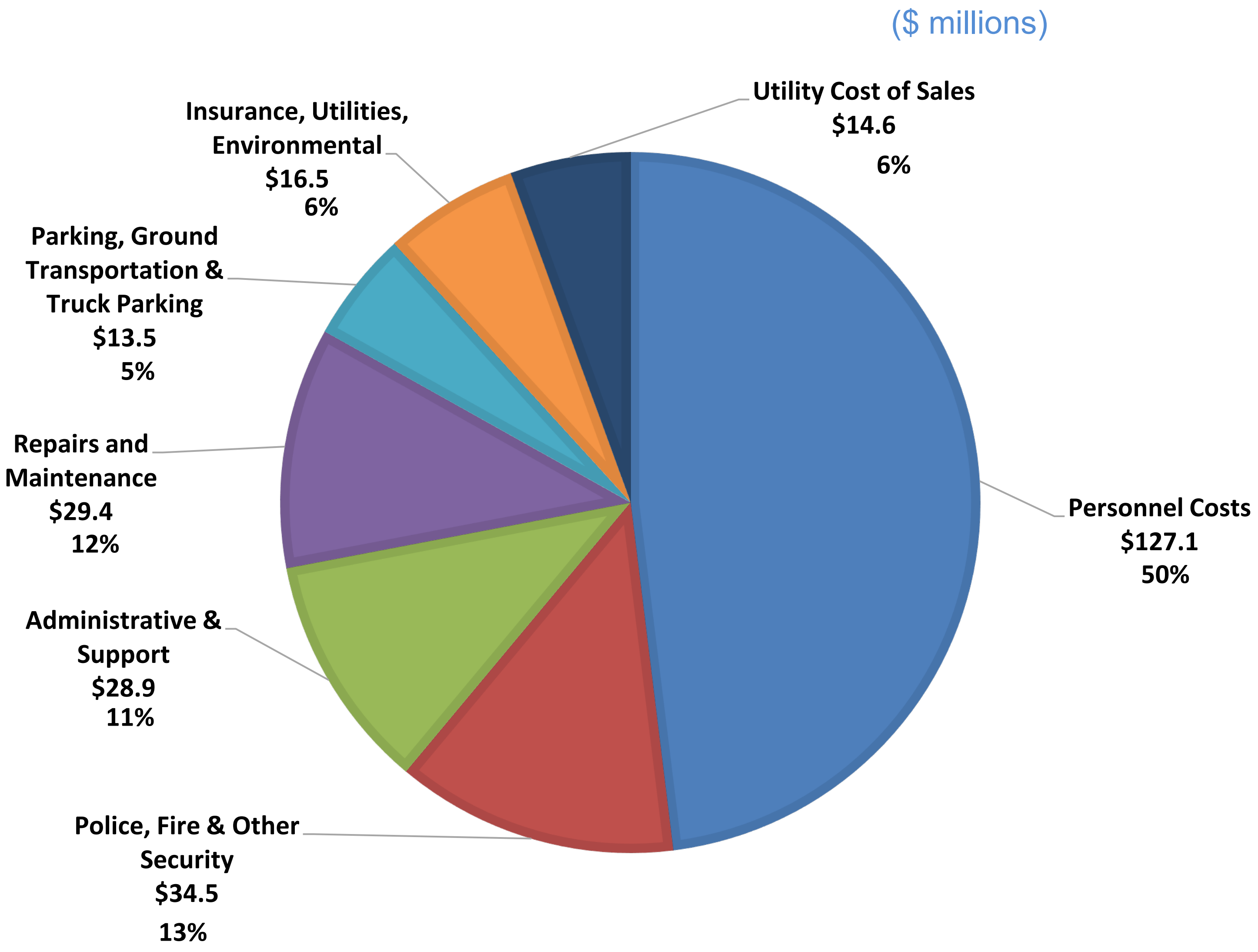
FY 2022 Operating Revenues are Preliminarily Budgeted at $374.7 Million which Represents a 10.2% Increase from FY 2021 Budget

($ millions)



- +6.9% Increase from FY 2021 Anticipated Actuals ($350.6M)
- -0.3% Decrease from FY 2020 Actuals ($375.9M)
- -5.6% Decrease from FY 2019 Actuals ($397.0M)

FY 2022 Operating Expenses are Preliminarily Budgeted at $255.7 Million which Represents an 8.9% Increase from FY 2021 Budget*



- +17.0% Increase from FY 2021 Anticipated Actuals ($218.5M)
- -1.5% Decrease from FY 2020 Budget ($259.6M)
- +8.7% Increase from FY 2019 Budget ($235.2M)

* Excluding depreciation and net of Labor and Overhead Allocated to Capital Expenses.

Factoring Depreciation, FY 2022 Operating Expenses Represent a 2.2% Increase Over FY 2021 Budgeted Expenses

Operating Expenses	Proposed FY 2022B $millions	Change from FY 2021B $millions	% Change from FY 2021B
Personnel Services	$127.1	$0.5	0.4%
Contractual Services	95.3	12.3	14.8%
Supplies	5.8	1.0	20.4%
General & Administrative	22.0	4.3	24.5%
Utilities	14.6	6.5	79.0%
Departmental Credits	-9.1	-3.8	-70.3%
Operating Expenses before Dep'n	**255.7**	**20.8**	**8.9%**
Depreciation & Amortization	112.4	-12.8	-10.2%
Total Operating Expenses	**$368.1**	**$8.0**	**2.2%**

Eight Line Items Drive the Increase in Operating Expenses

	Operating Expenses	Change from FY 2021B $millions	% Change from FY 2021B
1	Utilities Cost of Sales	$6.5	79.0%
2	Maritime Planning Studies	2.7	236.4%
3	Maintenance and Repairs	1.8	24.7%
4	Parking & Ground Transportation	1.7	14.8%
5	Major Maintenance – Maritime	1.5	46.2%
6	Aviation Security*	1.2	5.3%
7	Aviation Advertising & Marketing	0.9	110.2%
8	Insurance Premiums	0.7	17.3%
	Net Increase of Other Expenses	3.7	2.1%
	Total	**$20.8**	**8.9%**

* Portions of the increases will be included in FY 2022 Airline rates and charges.

FY 2022 Preliminary Personnel Expense Breakdown

Operating Expenses	FY 2022 Preliminary Budget $millions	Change from FY 2021B $millions	% Change from FY 2021B
Salaries and Wages	$67.8	+$6.1	+9.9%
Pension	28.8	-4.0	-12.1%
Health Care Retirement	9.4	-2.8	-23.1%
Health Care Active	10.7	1.0	10.7%
Overtime	3.9	0.3	7.5%
Workers Compensation	1.9	-0.5	-20.8%
Vacation Sick Leave	1.9	0.0	1.0%
Medicare	1.0	0.1	10.0%
Life, Disability, Accident Insurance	0.9	0.2	22.6%
Training & Education	0.5	-0.0	-3.6%
Other*	0.4	0.0	12.7%
Total	**$127.1**	**$0.5**	**0.4%**

* Includes temporary help, wellness program, continuing education, professional development, training, professional licenses, unemployment insurance, Section 125 Plan admin fees, college/high school intern program, college tuition program, deferred comp, meal allowance and physicals.

Non-Operating Expenses are Also Part of the Port's Budget

Non-Operating Expenses	($millions)
Demolition of Assets	4.0
City General Services	1.5
Lake Merritt Maintenance	1.3
Debt Fees – Rating Agency, Letter of Credit	1.1
Retroactive Pension Payments for Prior Port Safety Workers	0.9
Total	**$10.0**

City Payments, Including Parking and Utility Taxes are Anticipated to Total $18 Million in FY 2022

City Payments	FY 2022 Preliminary ($ millions)
Aircraft Rescue and Fire Fighting Services	$6.31
General Services	1.46
Lake Merritt Maintenance	1.30
Maritime and JLS Police Service	0.78
Landscape Lighting Assessment District	0.70
CFD Payment & CAD Reimbursement	0.39
Personnel, City Clerk, KTOP Services	0.38
Treasury Services	0.37
Jack London Improvement District	0.17
Edgewater Median Maintenance*	0.06
Fireboat/OPD Patrol Boat Maintenance	0.04
Total	11.96
Parking and Utility Taxes	6.03
Total including Parking and Utility Taxes	$17.99

* A payment to the City is not made. Instead, the Port incurs this cost on behalf of City-owned property.

Debt Service Payments in FY 2022 Total $92.8 Million, Including Anticipated Repayment of $9.8 Million of Commercial Paper Notes

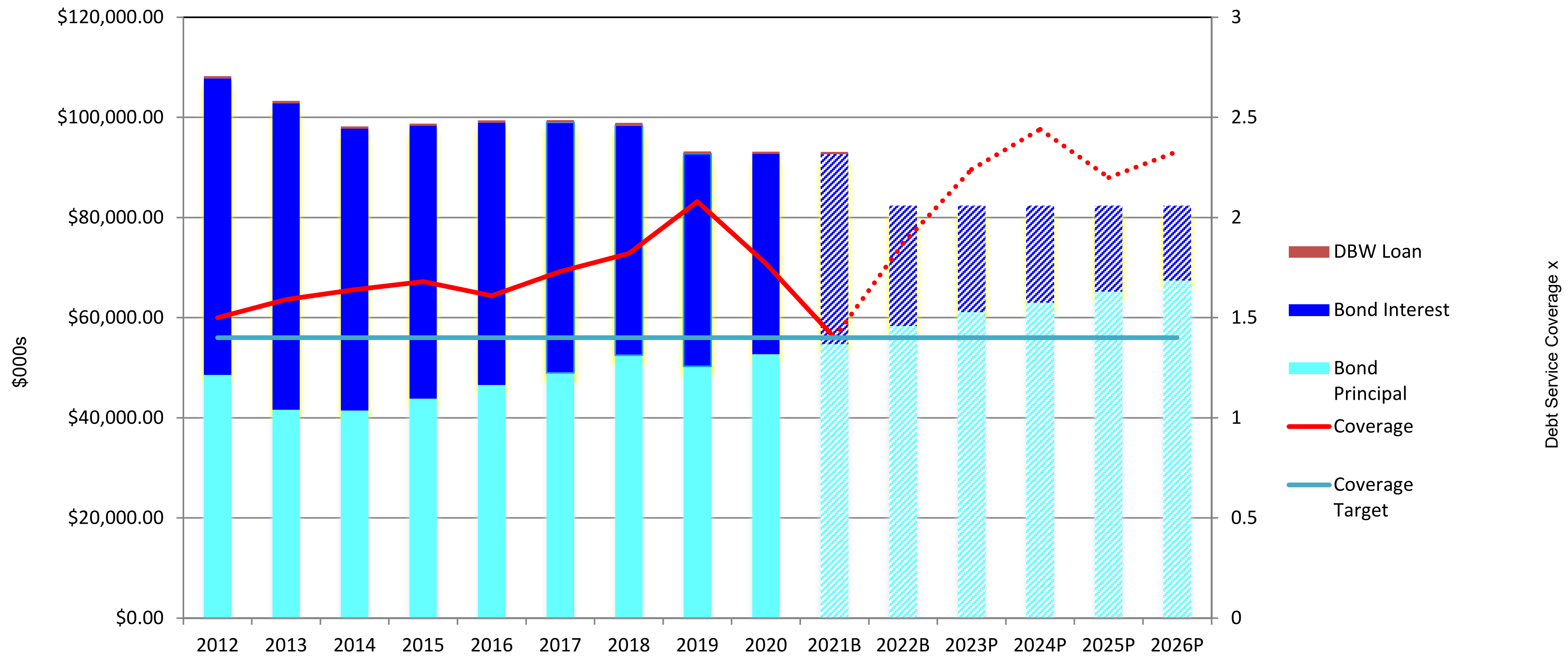
($ millions)

Debt	Principal	Interest*	Total	Outstanding as of May 3, 2021	Anticipated Final FY Repayment Date
Bonds	$58.3	$24.0	$82.3	$718.3	2033
Commercial Paper	9.8	0.7	10.5	58.2	2029
Total	**$68.1**	**$24.7**	**$92.8**	**$776.5**	

FY 2022 Projected Bond Debt Service Coverage Ratio: 1.84x

* The Commercial Paper Notes are assumed to have an average interest rate of 1.30% in FY 2022.

Debt Service Coverage



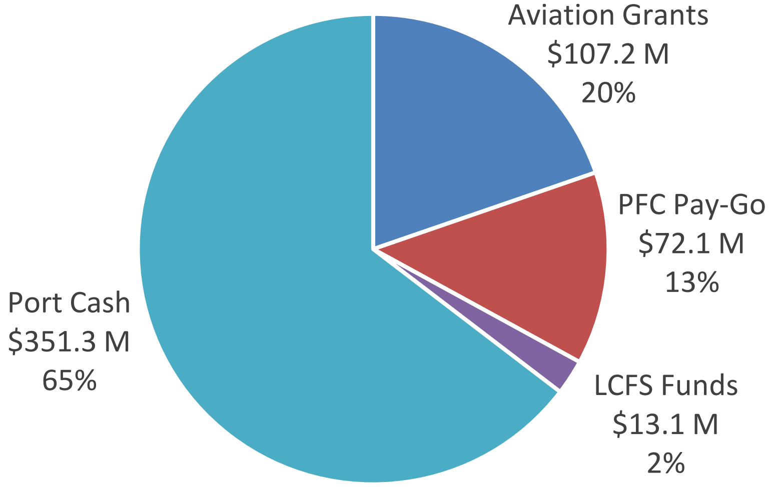
- **Debt Service Coverage** (DSC) measures the Port's ability to meet day-to-day operating costs and debt service payments and resiliency to weather downturns in the economy and Port businesses. DSC is net revenues divided by debt service (excluding repayments of outstanding CP Notes, as well as debt service funded by grants such as CARES, CRRSA or ARP). Net revenues is operating revenues less operating expenses (excluding depreciation and CARES, CRRSA and ARP grant-funded operating expenses).

The Port's 5-Year Capital Improvement Plan is Updated Annually

Preliminary 5-Year CIP
FY 2022-26
($ millions)

Aviation	$357.4	65.7%
Maritime	175.7	32.3%
CRE	8.1	1.5%
Support	2.5	0.5%
Total	$543.7	100%

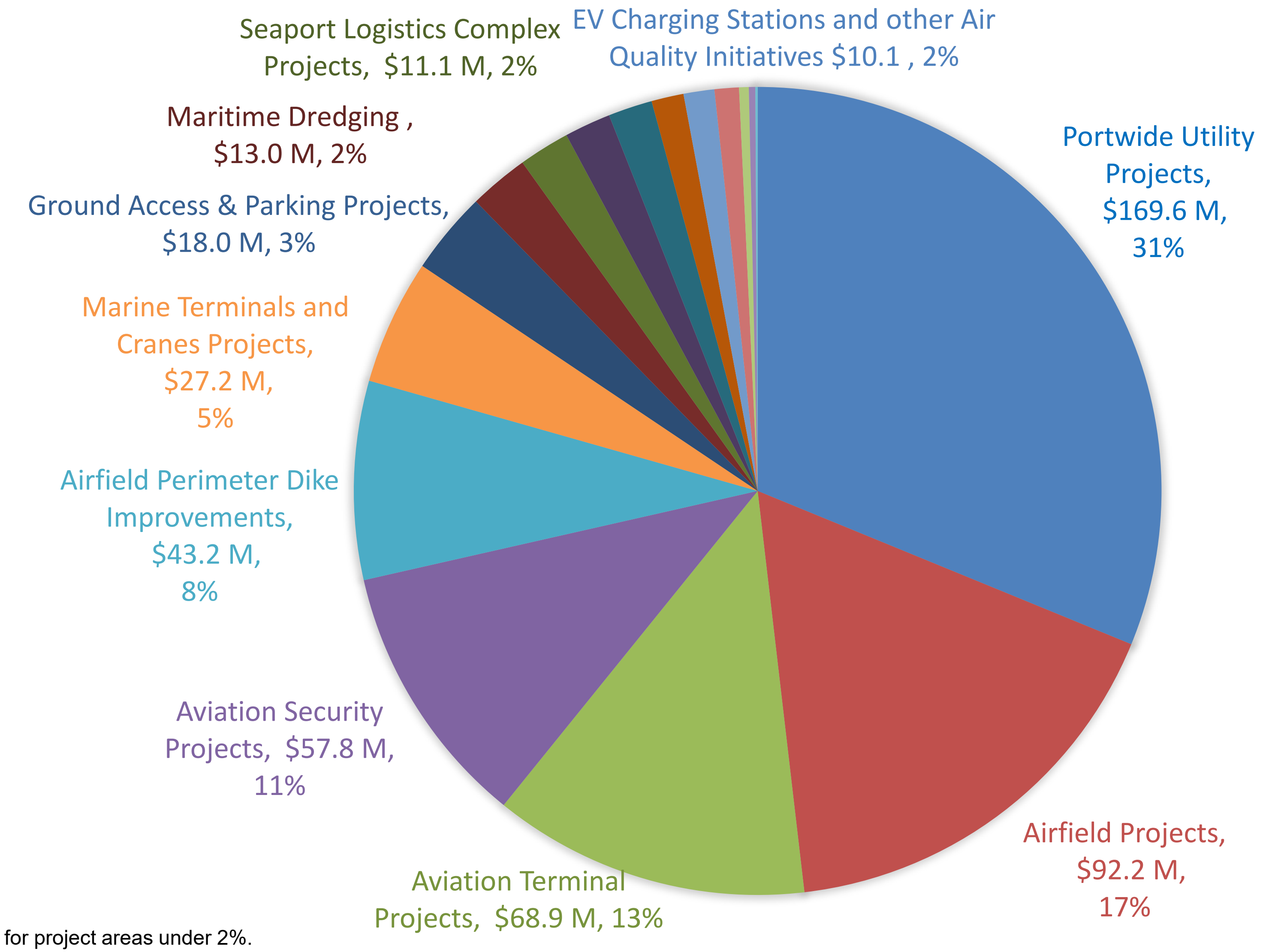
Preliminary Funding Sources
FY 2022-26
($ millions)



- ❑ Projects in the 5-Year CIP are at various stages; some are underway and others are in the planning or conceptual phase.
- ❑ The 5-Year CIP is updated annually, and projects may be added or removed.

Preliminary 5-Year Capital Improvement Plan
FY 2022-2026

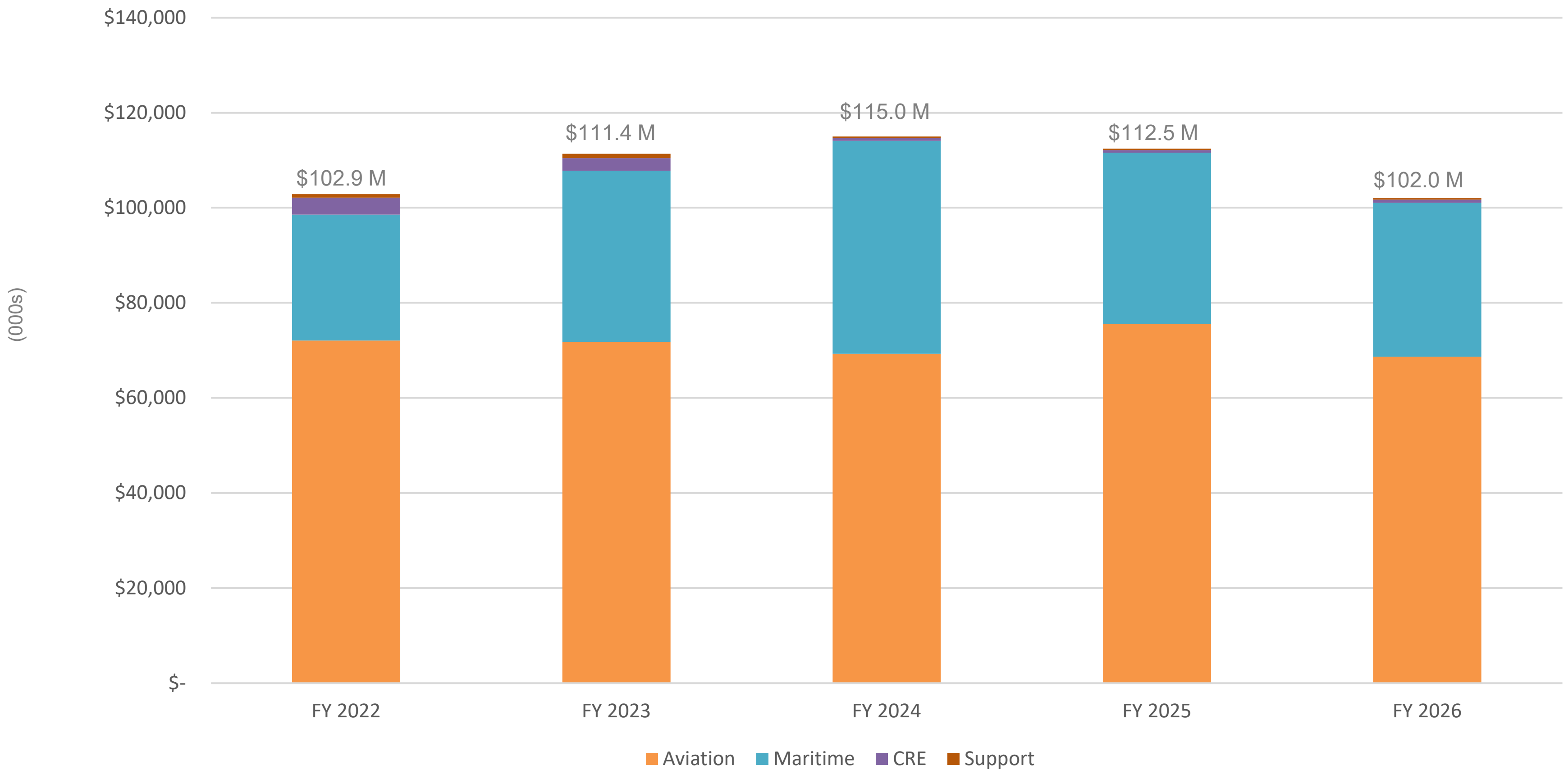
$543.7 million



- See page 23 for project areas under 2%.

Preliminary Numbers – Subject to Change

Preliminary 5-Year Capital Improvement Plan
FY 2022-2026
$543.7 million



Preliminary 5-Year Capital Improvement Plan
FY 2022-2026

($ millions)

Preliminary 5-Year CIP Projects Summary	FY 2022-2026
Maritime Utility Projects	$99.3
Airfield Projects (primarily Runways & Taxiways)	92.2
Aviation Utility Projects	70.2
Aviation Terminal Projects	68.9
Aviation Security Projects	57.8
Airfield Perimeter Dike Improvements	43.2
Marine Terminals and Cranes Projects	27.2
Aviation Ground Access & Parking Projects	18.0
Maritime Dredging (50-foot project closeout)	13.0
Seaport Logistics Complex Projects	11.1
Electric Vehicle Charging Stations and other Maritime Air Quality Initiatives	10.1
Maritime Roadway Projects	9.6

Preliminary 5-Year CIP Projects Summary	FY 2022-2026
CRE: Various Building & Tenant Improvements (primarily JLS)	6.7
Portwide Miscellaneous Facilities Projects	5.3
Maritime Capital Equipment	3.3
Aviation Capital Equipment	3.2
MHSP & Harbor Facilities Improvements	2.1
Aviation Facilities Maintenance Projects	1.4
Information Technology (IT) Equipment & Systems Projects	1.1
Total	**$543.7**

- Capital investments must be strategic, appropriately prioritized and well-planned.
- CIP does not include expenditures incurred prior to FY 2022.

Preliminary FY 2022 Capital Budget

($ millions)

FY 2022 Capital Budget -- Projects Summary	FY 2022 Capital Budget ($ millions)	%
Airfield Projects (primarily Taxiways)	$22.4	21.8%
Maritime Utility Projects	16.7	16.2%
Aviation Utility Projects	12.4	12.1%
Aviation Security Projects	10.4	10.1%
Airfield Perimeter Dike Improvements	8.5	8.3%
Aviation Terminal Projects	7.2	7.0%
Aviation Ground Access & Parking Projects	6.2	6.0%
Maritime Capital Equipment	3.3	3.2%
Aviation Capital Equipment	3.2	3.1%
CRE: Various Building & Tenant Improvements	3.2	3.0%
Marine Terminals Projects	2.2	2.1%
Maritime Electric Vehicle (EV) Charging Stations	2.0	1.9%
Seaport Logistics Complex Projects	1.9	1.9%
Aviation Facilities Maintenance Projects	1.4	1.4%
Portwide Miscellaneous Facilities Projects	1.2	1.2%
Information Technology (IT) Equipment & Systems	0.4	0.4%
Maritime Roadways Projects	0.3	0.3%
Total	**$102.9**	100%

Largest Individual Projects (>$5 million)	FY 2022 Capital Budget
Taxiway Bravo Rehabilitation Ph 2 & 3	$12.7
Airfield Perimeter Dike Improvements	8.5
Taxiway Bravo + Victor Rehabilitation	8.3
Rehab/Replace Earhart Road Sewer Main and Laterals	7.3
CCTV Program Expansion--Main Parking Lot	7.0
Airport Drive Overlay	5.0
Total	$48.8

47% of FY 2022 Capital Budget

- Does not include expenditures incurred prior to, or subsequent to FY 2022.

Strategic Application of Airport Specific Federal Grant Programs

($ millions)

COVID Relief Program	FY 2021	FY 2022	FY 2023	FY2024	FY 2025	TOTAL**
CARES Act	$7.7	$22.8	$14.2	--	--	$44.7
CRRSA Act	$10.3	$2.8	--	--	--	$13.1
ARP Act*	--	$2.3	$19.8	$22.3	$2.1	$46.5
Total**	**$18.0**	**$27.8**	**$33.9**	**$22.3**	**$2.1**	**$104.2**

*   Based on preliminary allocation estimates. Represents OAK's share of Grants (excludes Grants allocated to Concessionaires and additional AIP related allocation to OAK.
** Totals may not add due to rounding.

Approximately $27.8 Million of COVID-19 Related Airport Grants will be Used to Pay FY 2022 Aviation Debt Service, OPEX and CAPEX

($ millions)

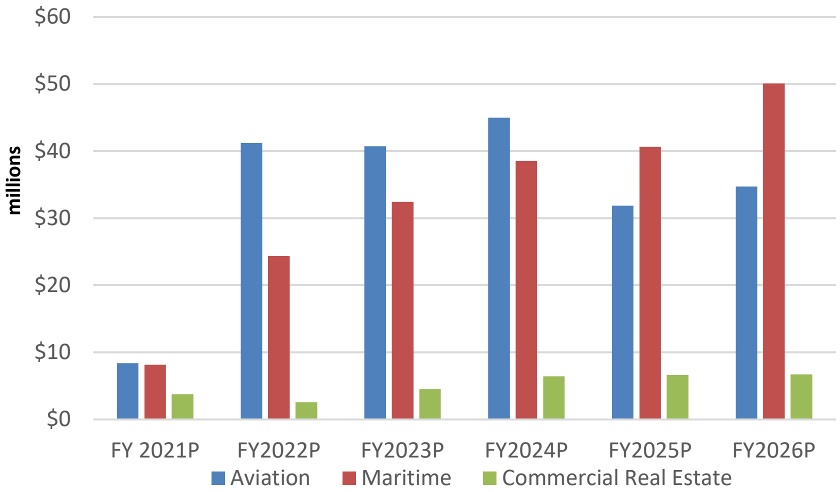
Federal Grant Program (COVID-19 Relief)	Aviation Debt Service	Aviation Operating Expenses	Aviation Capital Expenditures	Total Grant Funding
CARES Act	$6.7	$9.6	$6.4	$22.7
CRRSA Act	$2.8	--	--	$2.8
ARP Act*	$2.3	--	--	$2.3
Total**	**$11.8**	**$9.6**	**$6.4**	**$27.8**

* Based on preliminary allocation estimates. ** Totals may not add due to rounding.

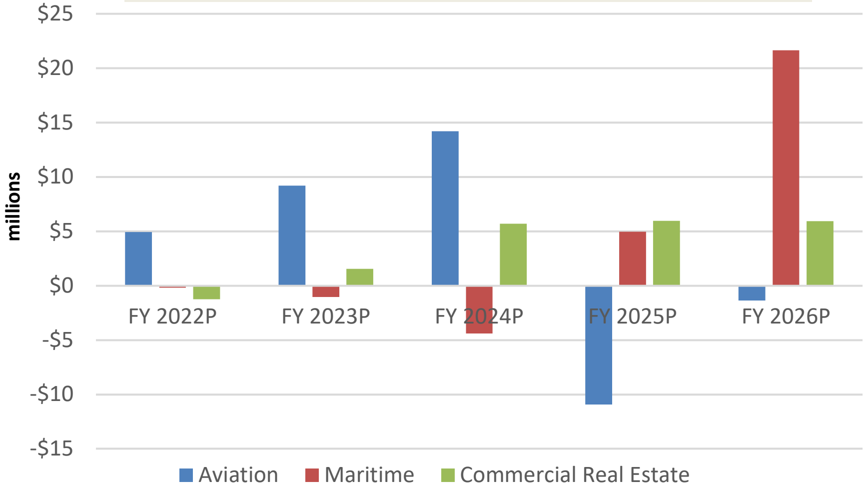
Projected Cash Flows

Aviation also receives annual PFC, CFCs and AIP grant funds to pay for capital expenses.

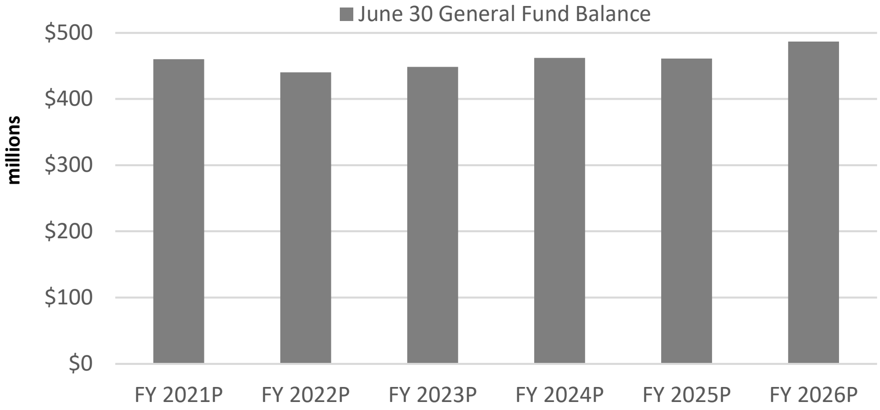
Projected Operating Cash Available for Capital Expenses*



Projected Operating Cash After Capital Expenses**



Projected Unrestricted Cash Balance



Minimum Cash Balance Target: Achieve at least 365 "Days Cash on Hand". In other words, General Fund and Board reserves at the end of each fiscal year equal to at least budgeted operating expense for the succeeding fiscal year.

* Excludes interest income, PFCs, CFCs and grants.
** Excludes interest income; capital expenses are net of anticipated PFCs, CFCs and grants.

Projected Ending Cash Balances (Detailed)

($ millions)	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
General Fund					
Debt Service Fund (Bonds + CP)	$87.8	$88.7	$90.1	$90.0	$87.9
Self-Insurance Fund (New)	$9.5	$9.5	$9.5	$9.5	$9.5
Security Deposit Fund (New)	$9.3	$9.3	$9.3	$9.3	$9.3
Working Capital Fund (New)	$87.9	$88.7	$89.0	$90.3	$93.0
Capital Investment Fund (New)	$167.9	$173.8	$185.7	$182.9	$207.0
Board Reserves	$78.0	$78.3	$78.4	$78.9	$79.9
Ending Cash Balance (June 30)	**$440.4**	**$448.3**	**$462.0**	**$460.9**	**$486.6**

Summary of Proposed FY 2022 Budget

($ millions)	FY 2022 Preliminary	FY 2021 Budget	% Change
Operating Revenues	$374.7	$340.0	+10.2%
PFCs, CFCs, AIP Grants, Other Grants, Debt Proceeds	$43.7	$42.2	+3.6%
Operating Expenses (excl. Depreciation)	$255.7	$234.9	+8.9%
Debt Service	$92.8	$116.6	-20.4%
Capital Expenses	$102.9	$72.3	+42.3%
Bond Debt Service Coverage Ratio	1.84x	1.40x	+0.44x
Projected Ending Cash Balance, June 30	$440.4	$418.1	+$22.3

Proposed FY 2022 Budget Historical Comparison

($ millions)	FY 2019 Actuals	FY 2020 Actuals	FY 2021 Budget	FY 2021 Forecast	FY 2022 Budget
Operating Revenues	$397.0	$375.9	$340.0	$350.6	$374.7
Operating Expenses (excl. Depreciation)	$216.0	$221.4	$234.9	$218.5	$255.7
Capital Expenses	$36.0	$50.7	$72.3	$46.8	$102.9

Remaining Key Dates

June 24	Request Board adoption of FY 2022 Operating and Capital Budgets
July 9	Provide City with Adopted Budget

Attachment A:

March 25, 2021 Budget Update #1

PORT OF OAKLAND

Development of FY 2022 Operating and Capital Budget

Board of Port Commissioners

March 25, 2021

The information contained in this presentation is disclosed publicly for general information relating to the Port only. The information and figures herein include projections and forecasts that are based upon certain assumptions and involve known and unknown risks, uncertainties, and other factors that may cause actual results, performance or achievements to differ materially from those expressed or implied by such projections and forecasts. The information and figures herein are subject to change without notice after the date thereof, and may differ from the information and figures contained in the Port's final adopted budget. The overall cost of the Port's capital projects is subject to change, and the variance from the cost estimates reflected herein could be material. The Port is not obligated to and does not plan to issue any updates or revisions to this presentation.

Purpose of Presentation

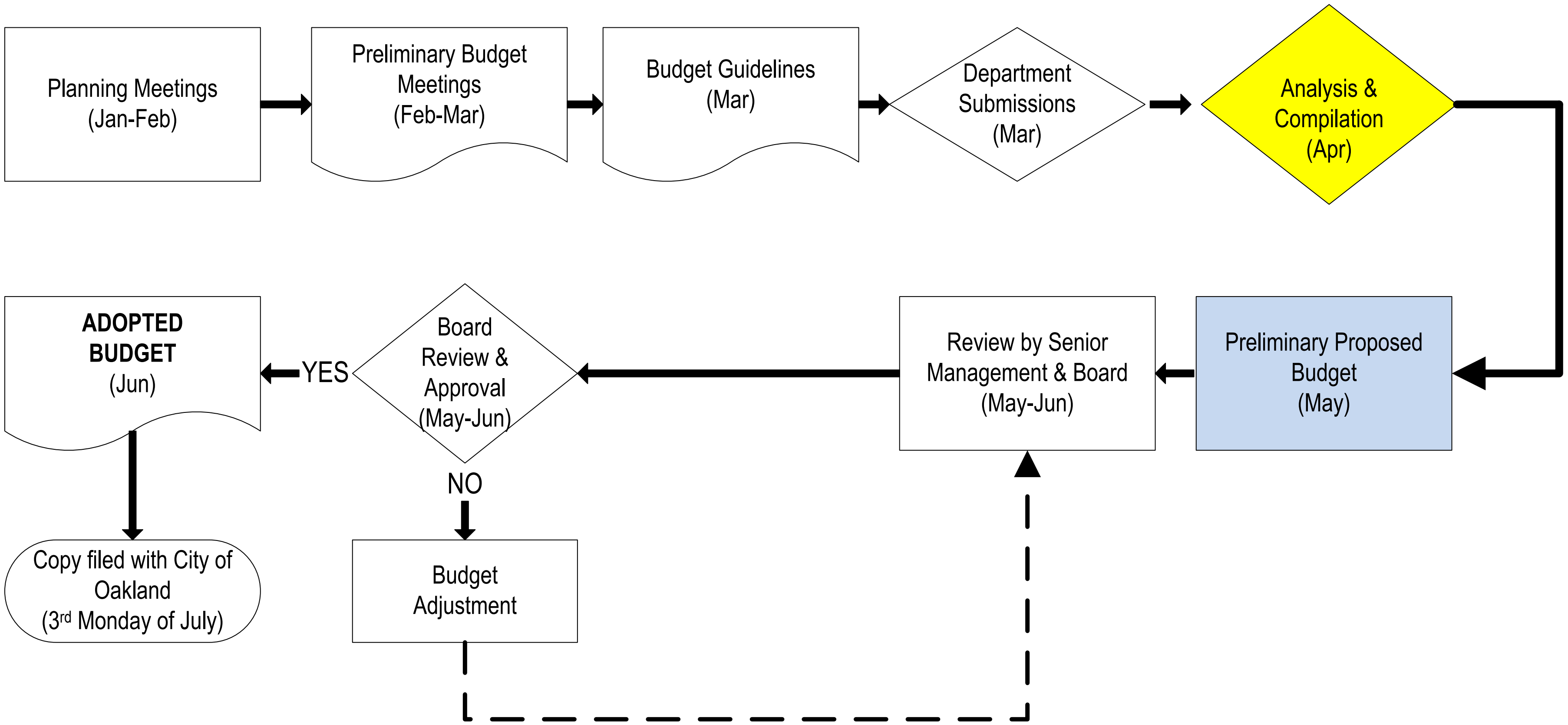
1. Provide overview of the Port budget process and budget

2. Discuss key factors influencing the development of FY 2022 Budget

3. Discuss policies, key budget objectives, and assumptions

1. Overview of the Port Budget Process and Budget

Budget Process Overview



Balancing Sources and Uses of Funds

	FY 2021 Budget
Uses of Funds	
Operating Expenses[1]	$234,922
Debt Service[2]	116,580
Capital Expenses	72,305
Other Expenses[3]	8,682
Total Uses	$432,489
Sources of Funds	
Cash from Operations	$339,125
Grants/Rent Deferrals[4]	48,306
Passenger Facility Charges (PFCs)	11,956
Interest Income	4,238
Taxable CP Proceeds[5]	14,516
Cash Reserves	14,348
Total Sources	$432,489

[1] Excludes depreciation.

[2] Includes $23.5 million repayment of CP notes and associated interest. Of this amount, approximately $8.1 million of CP Notes and associated interest is anticipated to be repaid with PFCs and $14.5 million will be repaid from the Port's CARES Act allocation. The interest rate on the CP notes is assumed to be 1.60% in FY 2021.

[3] Includes but not limited to CP Notes and bond related fees. General Services and Lake Merritt payments to the City, retroactive CalPERS pension payments for Airport service persons, adjustment of Operating Reserve, and certain deferred maintenance costs that were recorded as prior year loss contingency.

[4] The Port has not yet obtained grant funding for all capital projects included in the budget.

[5] Taxable CP Proceeds are from the issuance of CP Notes in June 2020 to fund payment of Aviation bond debt service. CP Notes will be repaid with CARES Act funds in FY 2021. The amount excludes planned issuance of CP Notes in June 2021, which will be used to fund the payment of Aviation bond debt service in FY 2022.

Key Board Dates

March 25	Board Update #1 – *Overview, Key Factors, Objectives and Assumptions*
May 13	Board Update #2 – *Key Assumptions and Preliminary Budget Numbers*
June 24	Request Board adoption of FY 2022 Operating and Capital Budgets
July 5	Submit Adopted FY 2022 Budget to City

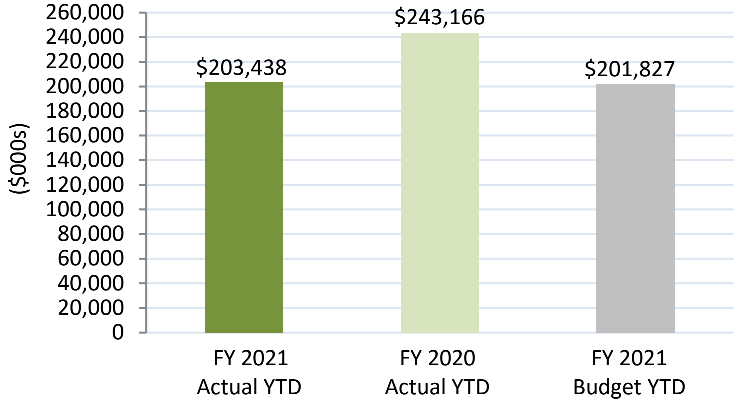
2. Key Factors Influencing the Development of FY 2022 Budget

Port Took Decisive Actions to Lessen Impact of COVID and is Poised to Return to Prior Trajectory of Improving Annual Financial Metrics

- Refinanced a combined $544 million in outstanding debt
  - Reduced annual debt service payments in every year through FY 2033
  - Improves future debt service coverage ratios, increases bonding capacity, increases amount of cash available for future capital projects, decreases debt-to-revenue ratio
  - Amended existing bond indentures to permit COVID-19 related federal aid to be used to reimburse Aviation operating expenses without negatively impacting the Port’s DSCR
- Participated in federal aid programs for airports impacted by COVID-19
  - $44.7 million in CARES Act funds
  - $13.1 million in net CRRSAA funds
  - $8 billion in American Rescue Plan Act Funds to provide additional relief to airports
- Maintained reduced operating expenses in alignment with activity levels at the Port

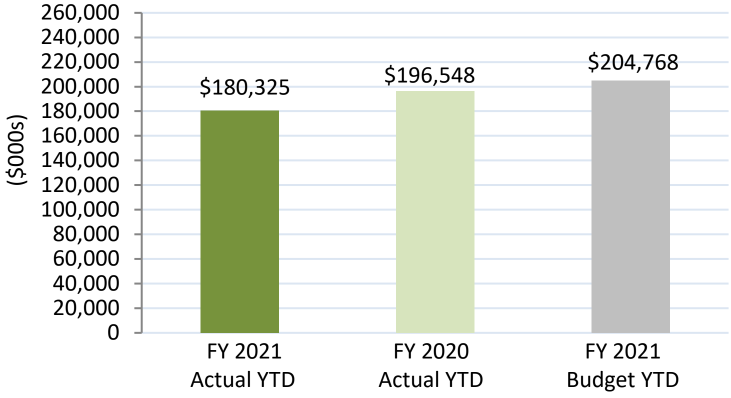
For the first 7 months of FY 2021, Port-wide financial performance trails last year's performance but exceeds this year's budget/expectations.

Operating Revenues



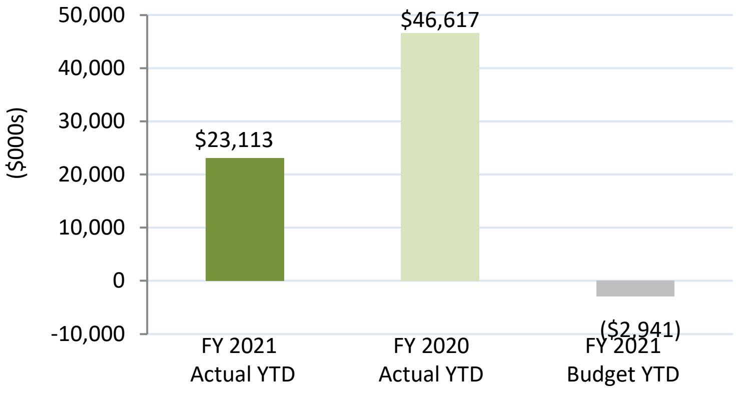
Comparison to Prior YTD -16.3%
Comparison to Budget YTD +0.8%

Operating Expenses



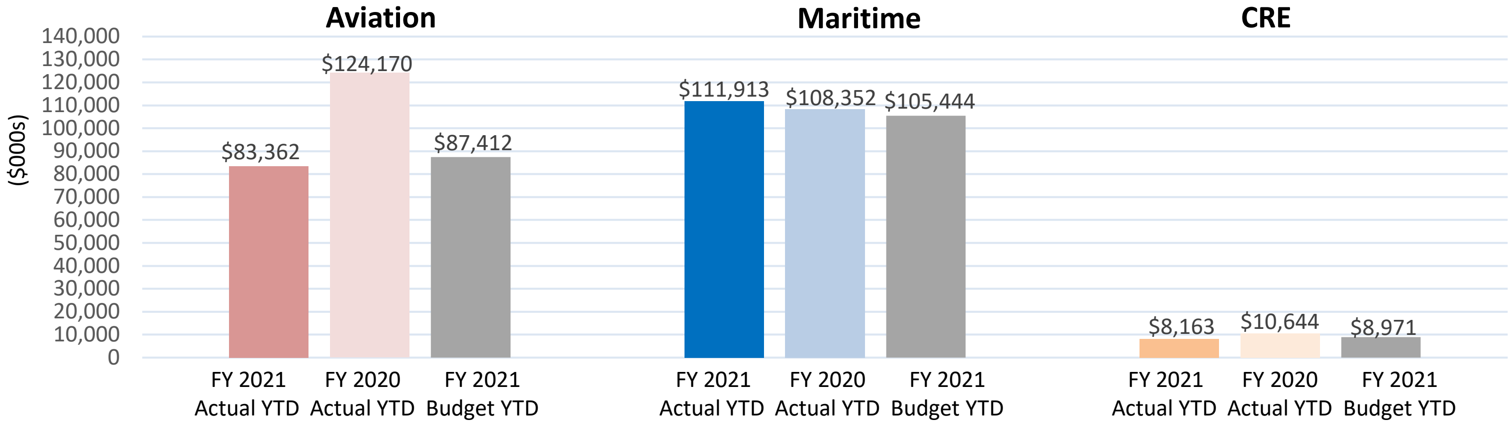
Comparison to Prior YTD -8.3%
Comparison to Budget YTD -11.9%

Operating Income



Comparison to Prior YTD -$23.5M
Comparison to Budget YTD +$26.0M

Operating Revenues by Business Line



	Aviation	Maritime	CRE
Comparison to Prior YTD	-32.9%	+3.3%	-23.3%
Comparison to Budget YTD	-4.6%	+6.1%	-9.0%

Port Cash Balances

as of January 31, 2021

Account	Amount	Comment
General Fund	$430,521,382	• Pays for all day-to-day operating expenses, funds capital projects, semi-annual debt service payments, and funds the payment of outstanding pension, OPEB, environmental and worker's compensation obligations.
Board Reserves	$74,365,247	• Available only if General Fund insufficient to pay debt service, operating expenses and/or capital expenses • Use of Board Reserves is a Material Negative Event to bondholders
Trustee Bond Reserves	$68,286,061	• For the benefit of bondholders if insufficient General Fund • Use of this reserve is an Event of Default
Passengers Facility Charges	$4,190,941	• Restricted in use to eligible capital costs at the Airport
Customer Facility Charges	$1,343,149	• Restricted in use to Airport rental car busing operations, and related capital costs
LCFS Fund	$4,413,594	• Restricted in use to transportation electrification projects
Other	$588,178	• Escrow accounts related to Port's capital program

Key Factors Under Consideration in Developing FY 2022 Budget

- Revenue diversification across the Port's three business lines remains a point of strength and key contributor to financial resiliency at the Port
  - Growth in Maritime revenues since the onset of COVID-19 are expected to continue to offset lower Aviation and CRE revenues
  - Pace and timing of air travel recovery at OAK remains uncertain as COVID-19 vaccination has not yet reached critical mass; new COVID-19 virus variants may test efficacy of existing vaccines and prolong the recovery
  - CRE parking and variable revenues will remain under pressure for as long as COVID-19 remains a public health issue and local governments impose use restrictions
- Right-size FY 2022 Operating and Capital Budgets to be (a) in-line with the Port's projected path to recovery, (b) reflective of what can be accomplished with existing staffing levels, and (c) consistent with a plan to ensure the long-term financial health of the Port
- Fill critical FTE vacancies to eliminate operating bottlenecks at the Port

COVID-19 Lingering Impacts to the Development of the FY 2022 Budget

- ❑ Airport passenger traffic
  - Uncertainty remains on when and how quickly air travel will return at OAK; particular attention on business travel
- ❑ Parking, retail and concession revenues
  - Industry-wide challenge to forecast these passenger dependent revenues
- ❑ Financial health of Port tenants
  - Emphasis on Aviation and CRE tenants
- ❑ General economy
  - How quickly will the economy open-up, what is the new normal, and how are the Port revenue divisions impacted?

3. Budget Assumptions, Policy Considerations, & Establish Budget Objectives

Preliminary Key Budget Assumptions

1. Debt Service Expenses

- ❑ Bond debt service payments will be $82 million in FY 2022
  - ❑ $11.8 million to be paid with CARES Act or CRRSAA Funds
- ❑ Continue discipline of repaying outstanding commercial paper notes (CP notes)
  - $61 million of CP notes outstanding as of March 2021*
    ($35 million Maritime, $20 million Aviation PFC-eligible, $6 million Aviation)
- ❑ Minimum budgeted debt service coverage ratio** of 1.40x:
  - Provides operating financial cushion
  - Maintains liquidity
  - Preserves credit ratings
  - Complies with Port debt policy

* A total of $7.8 million has been programmed in FY 2021 to pay down PFC-eligible CP. As of this writing, this payment has not been made since PFC collections remain significantly reduced. The Port may make a smaller payment before the end of FY 2021 based on the amount of available PFC balances.

** Debt service coverage ratio compares the amount of operating revenues remaining after payment of operating expenses (net revenues) to debt service payments.

Preliminary Key Budget Assumptions

2. Operating Expenses

- ❑ Take a fiscally prudent approach to balance revenues and expenditures to ensure the Port's long-term fiscal sustainability considering future revenue uncertainty, rising personnel costs, increased regulatory and compliance costs, and the need to address years of deferred maintenance
- ❑ Focus on budgeting for expenses that can realistically be achieved with available staffing levels, address the highest priority operational needs, and are in alignment with the Port's strategic goals
- ❑ Focus on budgeting for core expenses and defer, reduce or eliminate discretionary "nice-to-have" spending
- ❑ Fill critical staff vacancies to ensure safety and to advance critical operations Port-wide
- ❑ Strategically apply portions of CARES Act, CRRSAA and ARPA Funds to fund eligible airport operating expenses

Preliminary Key Budget Assumptions

3. Capital Expenses

- ❑ Capital investments must be strategic, appropriately prioritized and well-planned for the Port to be successful in achieving long-term financial sustainability
- ❑ Capital budget always takes into account resources and balances available cash against preserving liquidity and financial flexibility
- ❑ Capital budget must be based on what can be accomplished with available staffing levels, with a prioritization of staff resources for both expense and capital improvements
- ❑ Management will carefully evaluate actual rather than budgeted expenses, and review management practices, so that the Port's financial planning practices can continue to improve

Financial Resilience Policy Considerations

The Port managed the COVID-19 crisis and the resulting economic impacts well:

- A sound Board Reserves policy and healthy cash position maintained operational stability even in the face of approximately $60 million loss in revenues due to drastic reduction in Aviation and CRE revenues.
- A debt policy to maintaining 1.40x debt service ratio guided actions to reduce operating expenses to sustainable levels.
- Transparency with employees, tenants and agency partners regarding financial situation which facilitated joint solutioning and mitigating measures.
- All of the above solidified credit-rating portfolio that facilitate successful refinancing to take advantage of low interest rate environment to achieve both short-term and long-term savings.

Financial Resilience Policy Considerations

The emergency revealed certain areas needing policy clarification to guide future responses in times of financial stress:

- Critical infrastructure maintenance and upgrades (sewers, electrical infrastructure, road maintenance and technology) continue to be deferred both because of COVID-19 response and personnel resource constraints.
- Funding plan for revenue generating long-term capital investments (seaport infrastructure, airport terminal renewal and expansion) and conversion to environmentally-resilient operation.
- Clarify minimum debt service coverage ratio target and rationale.
- Clarify minimum operating cash target to ensure Port's ability to respond to possible cessation of Port operations due to catastrophic emergencies.

Key Budget Objectives

- **Cash/Liquidity**: Remain focused on maintaining strong cash/liquidity reserves to manage operational, financial and economic disruptions from COVID-19 pandemic, and establish working capital, self-insurance, security deposit, capital investment and debt service funds to ensure the Port maintains adequate cash balances to meet long-term obligations.
- **Debt**: Maintain discipline of paying down portion of outstanding commercial paper notes, in addition to required bond payments
- **Operating**: Demonstrate smart, prudent and thoughtful budgeting considering near-term economic uncertainties to support long-term financial strength, resiliency and sustainability
- **Capital Investments**: Strategically identify, prioritize and appropriately plan major capital projects with a focus on health, safety, regulatory compliance, and on-going or imminent revenue generating projects
- **Financial Metrics**:
  - Improve operating margin for all three revenue divisions
  - Control Airport Cost per Enplanement (CPE)
  - Maintain minimum Bond Debt Service Coverage Ratio of 1.40x at year end
  - Achieve minimum projected cash balance on June 30* no less than 365 days-cash-on-hand (DCOH) (excluding restricted cash)
  - Maintain Board Reserves, consistent with policy, of approximately $78 million

* June 30 cash balance is used to pay upcoming November 1 debt payment of $39 million, construction contracts already executed, 5-Year Capital Improvement Plan, day-to-day operating expenses and unfunded liabilities; balance also includes contractor retention not held in escrow and security deposits.