

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2024**NEW ISSUE – BOOK-ENTRY ONLY****NOT RATED**

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. Interest on the Bonds may be subject to the corporate alternative minimum tax. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "TAX MATTERS."

\$5,000,000*

**CITY OF OAKLAND
COMMUNITY FACILITIES DISTRICT NO. 2023-1
(BROOKLYN BASIN FACILITIES AND SERVICES)
SPECIAL TAX BONDS, SERIES 2024**

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

Authority for Issuance. The bonds captioned above (the "2024 Bonds") are being issued by the City of Oakland (the "City") for and on behalf of the City of Oakland Community Facilities District No. 2023-1 (Brooklyn Basin Facilities and Services) (the "District") under the Mello-Roos Community Facilities Act of 1982, as amended (the "Act"), the Resolution of Issuance (as defined herein), and a Fiscal Agent Agreement dated as of August 1, 2024 (the "Fiscal Agent Agreement"), by and between the City and Wilmington Trust, National Association, as fiscal agent (the "Fiscal Agent"). See "THE 2024 BONDS – Authority for Issuance."

Security and Sources of Payment. The 2024 Bonds are payable from Special Tax Revenues (as defined herein) generated by the levy of special taxes ("Special Taxes") levied on property within the District according to the rate and method of apportionment of special tax approved by the City Council of the City (the "City Council"), acting as legislative body of the District, and the eligible landowner voters in the District. The 2024 Bonds are secured by a first pledge of the Special Tax Revenues and the moneys on deposit in certain funds held by the Fiscal Agent under the Fiscal Agent Agreement, on a parity with bonds that may be issued in the future, subject to the conditions set forth in the Fiscal Agent Agreement. See "SECURITY FOR THE 2024 BONDS." The 2024 Bonds and any Parity Bonds (as defined herein) are referred to herein as the "Bonds."

Use of Proceeds. The 2024 Bonds are being issued to (i) finance the acquisition and construction of certain capital improvements necessary for the development of the property in the District, (ii) fund a debt service reserve fund, and (iii) pay the costs of issuing the 2024 Bonds. See "FINANCING PLAN."

Bond Terms. Interest on the 2024 Bonds is payable on each March 1 and September 1, commencing March 1, 2025. The 2024 Bonds will be issued in denominations of \$5,000 or integral multiples of \$5,000. The 2024 Bonds, when delivered, will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). DTC will act as securities depository for the 2024 Bonds. See "THE 2024 BONDS – General Bond Terms" and "APPENDIX H – DTC and the Book-Entry Only System."

Redemption. The 2024 Bonds are subject to optional redemption, mandatory sinking fund redemption and special redemption from prepaid Special Taxes. See "THE 2024 BONDS - Redemption."

The 2024 Bonds are not general obligations of the City, but are limited obligations, payable solely from the Special Tax Revenues and the funds pledged therefor under the Fiscal Agent Agreement. Neither the faith and credit nor the taxing power of the City (except to the limited extent set forth in the Fiscal Agent Agreement) or of the State of California (the "State") or any political subdivision thereof is pledged to the payment of the 2024 Bonds.

MATURITY SCHEDULE

(see inside cover)

This cover page contains certain information for quick reference only. It is not a summary of the issue. Potential investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. Investment in the 2024 Bonds involves risks which may not be appropriate for some investors. See "BOND OWNERS' RISKS" for a discussion of special risk factors that should be considered in evaluating the investment quality of the 2024 Bonds.

The 2024 Bonds are offered when, as and if issued and accepted by the Underwriter, subject to approval as to their legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, and subject to certain other conditions. Jones Hall, A Professional Law Corporation, has served as disclosure counsel to the City. Stradling Yocca Carlson & Rauth, A Professional Corporation, Newport Beach, California, is serving as counsel to the Underwriter, and Stice & Berrien LLP, Oakland, California, is serving as counsel to Signature Development, 260 BB Way Development, LLC, and Zarsion-OHP I, LLC. It is anticipated that the 2024 Bonds, in book-entry form, will be available for delivery through the facilities of DTC on or about _____, 2024.

[Stifel, Nicolaus Logo]

The date of this Official Statement is: _____, 2024.

* Preliminary; subject to change.

MATURITY SCHEDULE

\$ _____ Serial Bonds
(Base CUSIP†: _____)

| <u>Maturity</u> <u>(September 1)</u> | <u>Principal</u> <u>Amount</u> | <u>Interest</u> <u>Rate</u> | <u>Yield</u> | <u>Price</u> | <u>CUSIP†</u> |
|---|-----------------------------------|--------------------------------|--------------|--------------|---------------|
|---|-----------------------------------|--------------------------------|--------------|--------------|---------------|

\$ ____ % Term Bond due September 1, 20____, Yield: __%, Price: __%
CUSIP† No. ____

\$ ____ % Term Bond due September 1, 20____, Yield: __%, Price: __%
CUSIP† No. ____

* Preliminary; subject to change.

† CUSIP Global Services (CGS) is managed on behalf of American Bankers Association by FactSet Research Systems Inc. Copyright© 2024 CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the City, the Authority or the Underwriter take any responsibility for the accuracy of the CUSIP data.

CITY OF OAKLAND

CITY COUNCIL

Rebecca Kaplan, *(At-Large) Councilmember*
Dan Kalb, *(District 1) Councilmember*
Nikki Fortunato Bas, *Council President and (District 2) Councilmember*
Carroll Fife, *(District 3) Councilmember*
Janani Ramachandran, *(District 4) Councilmember*
Noel Gallo, *(District 5) Councilmember*
Kevin Jenkins, *(District 6) Councilmember*
Treva Reid, *(District 7) Councilmember*

CITY OFFICIALS

Sheng Thao, *Mayor*
Jestin D. Johnson, *City Administrator*
Michael Houston, *City Auditor*
Barbara Parker, *City Attorney*
Asha Reed, *City Clerk*
Erin Roseman, *Director of Finance*

PROFESSIONAL SERVICES

BOND COUNSEL and DISCLOSURE COUNSEL

Jones Hall, A Professional Law Corporation
San Francisco, California

MUNICIPAL ADVISOR

KNN Public Finance, LLC
Berkeley, California

SPECIAL TAX CONSULTANT

Goodwin Consulting Group, Inc.
Sacramento, California

APPRAISER

Integra Realty Resources, Inc.
San Francisco, California

FISCAL AGENT

Wilmington Trust, National Association
Costa Mesa, California

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[INSERT REGIONAL MAP]

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

No Offering May Be Made Except by this Official Statement. No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations with respect to the 2024 Bonds other than as contained in this Official Statement, and if given or made, such other information or representation must not be relied upon as having been authorized.

No Unlawful Offers or Solicitations. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

Effective Date. This Official Statement speaks only as of its date, and the information and expressions of opinion contained in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the 2024 Bonds will, under any circumstances, create any implication that there has been no change in the affairs of the District, the Community Facilities District, any other parties described in this Official Statement, or in the condition of property within the District since the date of this Official Statement.

Use of this Official Statement. This Official Statement is submitted in connection with the sale of the 2024 Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not a contract with the purchasers of the 2024 Bonds.

Preparation of this Official Statement. The information contained in this Official Statement has been obtained from sources that are believed to be reliable, but this information is not guaranteed as to accuracy or completeness.

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

Document References and Summaries. All references to and summaries of the Fiscal Agent Agreement or other documents contained in this Official Statement are subject to the provisions of those documents and do not purport to be complete statements of those documents.

Stabilization of and Changes to Offering Prices. The Underwriter may overallocate or take other steps that stabilize or maintain the market prices of the 2024 Bonds at levels above those that might otherwise prevail in the open market. If commenced, the Underwriter may discontinue such market stabilization at any time. The Underwriter may offer and sell the 2024 Bonds to certain securities dealers, dealer banks and banks acting as agent at prices lower than the public offering prices stated on the inside cover page of this Official Statement, and those public offering prices may be changed from time to time by the Underwriter.

Bonds are Exempt from Securities Laws Registration. The issuance and sale of the 2024 Bonds have not been registered under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, in reliance upon exemptions for the issuance and sale of municipal securities provided under Section 3(a)(2) of the Securities Act of 1933 and Section 3(a)(12) of the Securities Exchange Act of 1934.

Estimates and Projections. Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "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 which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The District does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based occur.

The City maintains an Internet website, but the information on the website is not incorporated in this Official Statement.

OFFICIAL STATEMENT

\$5,000,000*
CITY OF OAKLAND
COMMUNITY FACILITIES DISTRICT NO. 2023-1
(BROOKLYN BASIN FACILITIES AND SERVICES)
SPECIAL TAX BONDS, SERIES 2024

INTRODUCTION

This Official Statement, including the cover page, inside cover and attached appendices, is provided to furnish information regarding the bonds captioned above (the “**2024 Bonds**”) to be issued by the City of Oakland (the “**City**”) on behalf of the City of Oakland Community Facilities District No. 2023-1 (Brooklyn Basin Facilities and Services) (the “**District**”).

This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page, the inside cover and attached appendices, and the documents summarized or described in this Official Statement. A full review should be made of the entire Official Statement. The offering of the 2024 Bonds to potential investors is made only by means of the entire Official Statement. Capitalized terms used but not defined in this Official Statement have the definitions given in the Fiscal Agent Agreement (as defined below).

The District. The District is located in the City, along the waterfront of the Oakland Estuary across from Alameda Island, approximately two miles southeast of downtown Oakland and one mile east of Oakland’s Jack London Square, adjacent to the Embarcadero and near Interstate Highway I-880.

The District was formed and established by the City Council of the City (the “**City Council**”), as legislative body of the District, under the Mello-Roos Community Facilities Act of 1982, as amended (the “**Act**”), pursuant to a resolution adopted by the City Council following a public hearing, and a special landowner election at which the qualified electors of the District authorized the City to incur bonded indebtedness on behalf of the District, and approved the levy of special taxes within the District. See “THE DISTRICT – Formation and Background.”

The City Council, as legislative body of the District, and the landowner electors, have authorized the incurrence of bonded indebtedness for the District in an aggregate principal amount not to exceed \$50,000,000. The 2024 Bonds represent the first series of special tax bonds issued pursuant to this authorization; additional bonds may be issued in the future on a parity with the 2024 Bonds as and when development proceeds. See “SECURITY FOR THE 2024 BONDS – Issuance of Future Parity Bonds.”

Authority for Issuance of the 2024 Bonds. The 2024 Bonds are issued under the Act, a resolution adopted by the City Council on _____, 2024 (the “**Resolution of Issuance**”), an ordinance adopted by the City Council on _____, 2024 (the “**Bond Ordinance**”), and a Fiscal Agent Agreement, dated as of August 1, 2024 (the “**Fiscal Agent Agreement**”), by and between the City and Wilmington Trust, National Association, as fiscal agent (the “**Fiscal Agent**”). See “THE 2024 BONDS – Authority for Issuance.”

* Preliminary; subject to change.

Purpose of the 2024 Bonds. Proceeds of the 2024 Bonds will be used primarily to finance the acquisition and construction of certain capital improvements necessary for the development of the property in the District. Proceeds of the 2024 Bonds will also fund a debt service reserve fund, and pay the costs of issuing the 2024 Bonds. See “FINANCING PLAN.”

Redemption of Bonds before Maturity. The 2024 Bonds are subject to optional redemption, mandatory sinking fund redemption and special redemption from prepaid Special Taxes (as defined below). See “THE 2024 BONDS – Redemption.”

Security and Sources of Payment for the 2024 Bonds. The 2024 Bonds are secured by special taxes (the “**Facilities Special Taxes**”) levied each Fiscal Year in accordance with the Rate and Method of Apportionment of Special Taxes for the District (as it may be amended in compliance with the provisions of the Fiscal Agent Agreement and the Act, the “**Rate and Method**”). The Facilities Special Taxes may only be levied on property classified as “**Developed Property**” under the Rate and Method, defined as property containing completed buildings for which a certificate of occupancy was issued after January 1, 2023, and on or before June 30 of the previous fiscal year.

The 2024 Bonds are secured by and payable from a first pledge of the net proceeds of the Facilities Special Taxes (as more particularly defined in the Fiscal Agent Agreement, the “**Special Tax Revenues**”), on a parity with any bonds that may be issued in the future, subject to the conditions set forth in the Fiscal Agent Agreement. The 2024 Bonds will be additionally secured by certain funds and accounts established and held under the Fiscal Agent Agreement. See “SECURITY FOR THE 2024 BONDS.”

Debt Service Reserve Fund. In order to further secure the payment of principal of and interest on the 2024 Bonds (and any series of Parity Bonds the principal of and interest on which is payable from amounts in the 2024 Reserve Fund), certain proceeds of the 2024 Bonds will be deposited into the 2024 Reserve Fund in an amount equal to the 2024 Reserve Requirement (as defined herein). See “FINANCING PLAN – Estimated Sources and Uses of Funds” and “SECURITY FOR THE 2024 BONDS – 2024 Reserve Fund.”

Covenant to Foreclose. The City has covenanted in the Fiscal Agent Agreement to cause foreclosure proceedings to be commenced and prosecuted against certain parcels with delinquent installments of the Facilities Special Taxes. For a more detailed description of the foreclosure covenant see “SECURITY FOR THE 2024 BONDS – Covenant to Foreclose.”

The Brooklyn Basin Project. The District encompasses the master-planned Brooklyn Basin redevelopment project, which at full build-out is anticipated to include up to 3,700 multifamily residential units (a mix of affordable, market rate, and senior housing units), up to 200,000 square feet of ground floor commercial space, and related amenities including parks and open space.

The Brooklyn Basin project is planned for four phases, the first phase of which is substantially complete. The first residential building in Phase 1 was completed in 2019 and all seven of the planned buildings in Phase 1 have been completed. In total, Phase 1 includes 1,318 rental residential apartments including 853 market rate units in three projects and 465 units in four projects designated as affordable housing.

The master developer of the Brooklyn Basin project is Zarsion-OHP I, LLC, a Delaware limited liability company (“**Zarsion-OHP I**” or the “**Master Developer**”), a joint venture between Oakland Harbor Partners, LLC (“**OHP**”) and Zarsion America, Inc. for the development of the Brooklyn Basin project.. Zarsion America, Inc., is an affiliate of Beijing Zarsion Holdings Group Co., Ltd. Beijing Zarsion Holdings Group Co., Ltd., was established in May 1994 and headquartered in Beijing, China. OHP is a joint venture

between Signature Harbor Partners (formed by the principals of Signature Development and Signature Homes, Inc.) and Reynolds & Brown Company.

Property Ownership and Development Status. The property in the District that is or could be subject to the Facilities Special Taxes consists of eight parcels: D, E, G, H, J, K, L, and M. Currently, only Parcel G, a completed apartment building in Phase 1, and Parcel J, a completed apartment building in Phase 2, constitute Developed Property that are subject to the Facilities Special Taxes under the Rate and Method. The other completed buildings in Phase 1 - other than Parcel G - are not subject to the Facilities Special Taxes.

- Parcel G is owned by 260 BB Way Development, LLC, a Delaware limited liability company ("**260 BB Way Development**"). The principal owner of Signature Development Group, Inc., a California corporation ("**Signature Development**") holds an indirect minority ownership interest in 260 BB Way Development. Parcel G has been developed into 371 attached, for-rent market-rate residential units and 31,000 square feet of ground-floor commercial space, marketed under the name "Caspian."

- Parcel J is owned by CV OW Parcel J Owner, LLC, a Delaware limited liability company ("**CV OW Parcel J Owner**"). CV OW Parcel J Owner is an affiliate of Cityview, a private equity firm ("**Cityview**"). Parcel J has been developed into 378 attached, for-rent market-rate residential units, 2,720 square feet of retail space and 329 parking spaces, marketed under the name "Portico."

Parcels D, E, H, K, L and M are currently undeveloped and each parcel will only become subject to the Facilities Special Tax after a building has been completed on such parcel and receives a certificate of occupancy. Development plans for these parcels are uncertain and subject to market conditions.

The balance of the property included in the boundaries of the District is not subject to the Facilities Special Tax because (i) it is classified as Exempt Property due to government ownership, (ii) it is currently used for non-residential purposes, (iii) it received a certificate of occupancy for completed construction before January 1, 2023, and therefore is not classified as Developed Property, or (iv) it is not included within a Tax Zone under the Rate and Method and therefore is not subject to the Facilities Special Taxes.

See "THE BROOKLYN BASIN DEVELOPMENT" and "THE DEVELOPERS."

Appraised Value of Developed Property in the District. An appraisal of the property within the District that is classified as Developed Property under the Rate and Method, consisting of Parcels G and J, dated May 21, 2024 (the "**Appraisal**"), was prepared by Integra Realty Resources, San Francisco, California (the "**Appraiser**") in connection with issuance of the 2024 Bonds. The Appraisal was updated by an Update Letter dated _____, 2024 (the "**Appraisal Update Letter**"). The purpose of the Appraisal was to estimate the market value of the fee simple estate, subject to the lien of the Facilities Special Taxes and overlapping liens, for Parcels G and J (the "**Appraised Property**") as of a May 6, 2024 date of value. Subject to the assumptions contained in the Appraisal, the Appraiser estimated that the Appraised Property within the District, subject to the lien of the Facilities Special Taxes and overlapping liens, had an combined estimated value of \$279,530,000. The Appraisal Update Letter confirmed that the estimated value of the Appraised Property was not less than \$279,530,000 as of _____, 2024. See "SPECIAL TAX REVENUES AND PROPERTY VALUES— Appraised Values" for further information on the Appraisal. A complete copy of the Appraisal is attached as APPENDIX C.

Estimated Value-to-Lien Ratios in the District. Based on the appraised value of the Appraised Property within the District of \$279,530,000, and an estimated par amount of 2024 Bonds of \$5,000,000*,

* Preliminary; subject to change.

the overall value-to-lien ratio of the Appraised Property within the District is approximately 26.25* to 1. This is an overall estimate, however, and the value-to-lien ratios of individual parcels may vary widely from this ratio. See “SPECIAL TAX REVENUES AND PROPERTY VALUES– Appraised Values” and – Value-to-Lien Ratios.”

Risk Factors Associated with Purchasing the 2024 Bonds. Investment in the 2024 Bonds involves risks that may not be appropriate for some investors. See “BOND OWNERS’ RISKS” for a discussion of certain risk factors which should be considered, in addition to the other matters set forth in this Official Statement, in considering the investment quality of the 2024 Bonds.

FINANCING PLAN

Authorized Facilities

General. Under Resolution No. 89902 C.M.S. (“Resolution Authorizing the Formation of the City of Oakland Community Facilities District No. 2023-1 (Brooklyn Basin Facilities and Services) to Finance Public Improvements and Public Services for the Brooklyn Basin Project and Related Documents and Actions; and Adopting Appropriate Findings Under the California Environmental Quality Act”) (the “**Resolution of Formation**”) adopted by the City Council, as the legislative body of the District, on September 19, 2023, the District is authorized to finance all or a portion of the costs of acquisition, construction and improvement of facilities permitted under the Act and that are required as conditions of development of property in the District (the “**Authorized Facilities**”).

As of the date of adoption of the Resolution of Formation, the Authorized Facilities were defined to generally include the following:

- Completion of Phase II Township Commons Park (formerly referred to as Shoreline Park), initial phase of Clinton Basin Boardwalk, and Brooklyn Plaza (formerly referred to as Gateway Park) open space improvements. Improvements consist of removal of the existing wharf structure, landscape improvements (hardscape and landscaping), construction of a pile supported promenade improvement, installation of bike paths, pedestrian walkways, bay trail connections, park furnishings and shoreline improvements.

- Sii Tka Park (formerly referred to as South Park) Improvements: construction of park and open space improvements consisting of landscaping (hardscape and landscape improvements), installation of bike paths, pedestrian walkways, bay trail connections, park furnishings, bioretention basin and shoreline improvements.

- 5th Avenue Improvements: demolition of existing 5th Avenue improvements, installation of wet and dry utilities, re-construction of 5th Avenue surface improvements including sidewalks and landscape improvements.

- Mayhew Park (formerly referred to as Channel Park) Improvements: construction of park and open space improvements consisting of landscaping (hardscape and landscape) installation of bike paths, pedestrian walkways, bay trail connections, park furnishings, bioretention basin and shoreline improvements.

- 4th Avenue Improvements: construction of wet and dry utilities, construction of street improvements, sidewalks and landscape improvements.

Facilities to be Financed with 2024 Bond Proceeds. Currently, the City intends to use a portion of the proceeds of the 2024 Bonds to pay or reimburse the Master Developer for a portion of the costs of acquiring or constructing a portion of the Authorized Facilities including (i) the demolition of the existing wharf structure intended to accommodate the future construction of Phase II of Township Commons Park, (ii) Clinton Basin shoreline improvements comprised of retaining walls intended to stabilize the shoreline, construction of the initial Phase of the Clinton Basin Boardwalk consisting of concrete formwork and concrete finish work to create the Boardwalk deck, (iii) associated design, permitting and construction management costs, and (iv) formation costs incurred to form the District. All of these Authorized Facilities have been completed.

Estimated Sources and Uses of Funds

The estimated proceeds from the sale of the 2024 Bonds will be used as follows:

| | |
|---|----|
| <u>SOURCES</u> | |
| Principal Amount of 2024 Bonds | \$ |
| <i>Plus/Less: [Net] Original Issue Premium/Discount</i> | |
| <i>Total Sources</i> | \$ |
| | |
| <u>USES</u> | |
| Deposit into Bond Proceeds Account | \$ |
| Deposit into 2024 Reserve Fund ⁽¹⁾ | |
| Underwriter's Discount | |
| Costs of Issuance ⁽²⁾ | |
| <i>Total Uses</i> | \$ |

(1) Equal to the 2024 Reserve Requirement with respect to the 2024 Bonds as of the Closing Date.
 (2) Includes, among other things, the fees and expenses of Bond Counsel and Disclosure Counsel, the Fiscal Agent, the Municipal Advisor, and the Special Tax Consultant; and the costs of printing the Preliminary and Final Official Statements.

THE 2024 BONDS

This section generally describes the terms of the 2024 Bonds contained in the Fiscal Agent Agreement, which is summarized in more detail in APPENDIX D. Capitalized terms used but not defined in this section are defined in APPENDIX D.

Authority for Issuance

The 2024 Bonds are issued under the Act, the Resolution of Issuance, the Bond Ordinance, and the Fiscal Agent Agreement. Under the Resolution of Issuance and the Bond Ordinance, the 2024 Bonds may be issued in a maximum principal amount of \$6,000,000.

General Bond Terms

Dated Date, Maturity and Authorized Denominations. The 2024 Bonds will be dated their date of delivery (the “**Closing Date**”) and will mature in the amounts and on the dates set forth on the inside cover page of this Official Statement. The 2024 Bonds will be issued in fully registered form in denominations of \$5,000 each or any integral multiple of \$5,000 in excess thereof.

Calculation of Interest. Interest will be calculated on the basis of a 360-day year composed of twelve 30-day months. The 2024 Bonds will bear interest at the annual rates set forth on the inside cover page of this Official Statement, payable semiannually on each March 1 and September 1, commencing March 1, 2025 (each, an “**Interest Payment Date**”).

Each 2024 Bond will bear interest from the Interest Payment Date next preceding its date of authentication unless:

(i) it is authenticated on an Interest Payment Date, in which event it will bear interest from such date of authentication, or

(ii) it is authenticated prior to an Interest Payment Date and after the close of business on the Record Date (as defined below) preceding such Interest Payment Date, in which event it will bear interest from such Interest Payment Date, or

(iii) it is authenticated prior to the Record Date preceding the first Interest Payment Date, in which event it will bear interest from the Closing Date;

provided, however, that if at the time of authentication of a 2024 Bond, interest is in default thereon, such 2024 Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

“**Record Date**” means the 15th day of the calendar month next preceding the applicable Interest Payment Date, whether or not such day is a Business Day.

DTC and Book-Entry Only System. DTC will act as securities depository for the 2024 Bonds. The 2024 Bonds will be issued as fully-registered securities registered initially in the name of Cede & Co. (DTC’s partnership nominee). See APPENDIX H – “DTC AND THE BOOK-ENTRY ONLY SYSTEM.”

Payments of Interest and Principal. *For so long as DTC is used as depository for the 2024 Bonds, principal of, premium, if any, and interest payments on the 2024 Bonds will be made solely to DTC or its nominee, Cede & Co., as registered owner of the 2024 Bonds, for distribution to the beneficial owners of the 2024 Bonds in accordance with the procedures adopted by DTC.*

Interest on the 2024 Bonds (including the final interest payment upon maturity or earlier redemption), is payable on the applicable Interest Payment Date by check of the Fiscal Agent mailed by first-class mail to the registered Owner thereof at such registered Owner's address as it appears on the registration books maintained by the Fiscal Agent at the close of business on the Record Date preceding the Interest Payment Date, or by wire transfer made on such Interest Payment Date upon written instructions of any Owner of \$1,000,000 or more in aggregate principal amount of 2024 Bonds delivered to the Fiscal Agent prior to the applicable Record Date, which will continue in effect until revoked in writing, or until such 2024 Bonds are transferred to a new Owner.

The principal of the 2024 Bonds and any interest and premium on the 2024 Bonds are payable in lawful money of the United States of America upon surrender of the 2024 Bonds at the Principal Office of the Fiscal Agent.

Redemption

Optional Redemption. The 2024 Bonds maturing on or after September 1, 20__ are subject to optional redemption as directed by the City, from sources of funds other than prepayments of Special Taxes, prior to their stated maturity on any date on or after September 1, 20__, as a whole or in part, at a redemption price (expressed as a percentage of the principal amount of the 2024 Bonds to be redeemed), as set forth below, together with accrued interest thereon to the date fixed for redemption.

| <u>Redemption Dates</u> | <u>Redemption Price</u> |
|---|-------------------------|
| September 1, ____ through August 31, ____ | ____% |
| September 1, ____ through August 31, ____ | ____ |
| September 1, ____ through August 31, ____ | ____ |
| September 1, ____ and any date thereafter | ____ |

Mandatory Sinking Fund Redemption. The 2024 Bonds maturing on September 1, 20__ (the "Term Bonds"), are subject to mandatory redemption in part by lot, from sinking fund payments made by the City from the Bond Fund, at a redemption price equal to the principal amount thereof to be redeemed, without premium, in the aggregate respective principal amounts all as set forth in the following table:

| <u>Sinking Fund Redemption Date (September 1)</u> | <u>Sinking Fund Payments</u> |
|---|------------------------------|
| 20__ | \$ |
| 20__ | |
| 20__ | |
| 20__ (maturity) | |

However, if some but not all of the Term Bonds of a given maturity have been redeemed through optional redemption or mandatory prepayment redemption, the total amount of all future Sinking Fund Payments relating to such maturity will be reduced by the aggregate principal amount of Term Bonds of such maturity so redeemed, to be allocated among such Sinking Fund Payments on a pro rata basis in integral multiples of \$5,000 as determined by the City, notice of which will be given by the City to the Fiscal Agent, and the notice will include a revised sinking fund schedule.

Redemption from Special Tax Prepayments. Special Tax Prepayments and any corresponding transfers from the 2024 Reserve Fund will be used to redeem 2024 Bonds on the next Interest Payment Date for which notice of redemption can timely be given under the Fiscal Agent Agreement, among maturities so as to maintain substantially the same debt service profile for the 2024 Bonds as in effect prior to such redemption and by lot within a maturity, at a redemption price (expressed as a percentage of the principal amount of the 2024 Bonds to be redeemed), as set forth below, together with accrued interest to the date fixed for redemption:

| <u>Redemption Dates</u> | <u>Redemption Price</u> |
|--|-------------------------|
| Any Interest Payment Date on or before March 1, 20__ | ___% |
| September 1, 20__ and March 1, 20__ | ___% |
| September 1, 20__ and March 1, 20__ | ___% |
| September 1, 20__ and any Interest Payment Date thereafter | ___% |

Purchase in Lieu of Redemption. In lieu of redemption, moneys in the Bond Fund may be used and withdrawn by the Fiscal Agent for purchase of Outstanding 2024 Bonds upon the filing with the Fiscal Agent of an Officer’s Certificate requesting such purchase, at public or private sale as and when, and at such prices (including brokerage and other charges) as such Officer’s Certificate may provide, but in no event may 2024 Bonds be purchased at a price in excess of the principal amount thereof, plus interest accrued to the date of purchase and any premium which would otherwise be due if such 2024 Bonds were to be redeemed in accordance with the Fiscal Agent Agreement.

Notice of Redemption. The Fiscal Agent will cause notice of any redemption to be mailed by first-class mail, postage prepaid, at least 20 days but not more than 60 days prior to the date fixed for redemption, to the Securities Depositories and to the respective registered Owners of any 2024 Bonds designated for redemption, at their addresses appearing on the 2024 Bond registration books in the Principal Office of the Fiscal Agent; but such mailing will not be a condition precedent to such redemption and failure to mail or to receive any such notice, or any defect therein, will not affect the validity of the proceedings for the redemption of such 2024 Bonds. In addition, the Fiscal Agent will file each notice of redemption with the MSRB through its EMMA system. The sole remedy under the Fiscal Agent Agreement for failure to file such notices through EMMA will be an action by the holders of the 2024 Bonds in mandamus for specific performance or a similar remedy to compel performance.

However, while the 2024 Bonds are subject to DTC’s book-entry system, the Fiscal Agent will be required to give notice of redemption only to DTC as provided in the letter of representations executed by the City and received and accepted by DTC. DTC and the Participants will have sole responsibility for providing any such notice of redemption to the Beneficial Owners of the 2024 Bonds to be redeemed. Any failure of DTC to notify any Participant, or any failure of Participants to notify the Beneficial Owner of any 2024 Bonds to be redeemed, of a notice of redemption or its content or effect will not affect the validity of the notice of redemption, or alter the effect of redemption set forth in the Fiscal Agent Agreement.

Conditional Redemption Notice; Rescission of Redemption. The City has the right to send a conditional optional redemption notice and to rescind any notice of the optional redemption of 2024 Bonds by written notice to the Fiscal Agent on or prior to the date fixed for redemption. Any notice of redemption will be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the 2024 Bonds then called for redemption, and such cancellation will not constitute a default under the Fiscal Agent Agreement. The City and the Fiscal Agent have no liability to the Owners or any other party related to or arising from such rescission of redemption. The Fiscal Agent will mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent under the Fiscal Agent Agreement.

Selection of 2024 Bonds for Partial Redemption. Whenever provision is made in the Fiscal Agent Agreement for the redemption of less than all the 2024 Bonds of any maturity or any given portion thereof, unless otherwise directed by the City, the Fiscal Agent will select the 2024 Bonds to be redeemed by lot. The selection of 2024 Bonds and series shall be determined by the City to the extent not otherwise set forth in the Fiscal Agent Agreement.

Effect of Redemption. From and after the date fixed for redemption, if funds available for the payment of the principal of, and interest and any premium on, the 2024 Bonds so called for redemption have been deposited in the Bond Fund, such Bonds so called will cease to be entitled to any benefit under the Fiscal Agent Agreement other than the right to receive payment of the redemption price, and no interest will accrue thereon on or after the redemption date specified in the notice of redemption. All 2024 Bonds redeemed and purchased by the Fiscal Agent under the Fiscal Agent Agreement will be canceled by the Fiscal Agent.

Registration, Transfer and Exchange

The following provisions regarding the exchange and transfer of the 2024 Bonds apply only during any period in which the 2024 Bonds are not subject to DTC's book-entry system. While the 2024 Bonds are subject to DTC's book-entry system, their exchange and transfer will be effected through DTC and the Participants and will be subject to the procedures, rules and requirements established by DTC. See "APPENDIX H – DTC and the Book-Entry Only System."

Registration. The Fiscal Agent will keep, or cause to be kept, at its Principal Office sufficient books for the registration and transfer of the 2024 Bonds (the "**Bond Register**"), which books will show the series number, date, amount, rate of interest and last known owner of each 2024 Bond and will at all times be open to inspection by the City during regular business hours upon reasonable notice; and, upon presentation for such purpose, the Fiscal Agent will, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on such books, the ownership of the 2024 Bonds as provided in the Fiscal Agent Agreement.

The City and the Fiscal Agent will treat the Owner of any 2024 Bond whose name appears on the Bond Register as the absolute Owner of such 2024 Bond for any and all purposes, and the City and the Fiscal Agent will not be affected by any notice to the contrary. The City and the Fiscal Agent may rely on the address of the Bondowner as it appears in the Bond Register for any and all purposes.

Exchange or Transfer. Any 2024 Bond may, in accordance with its terms, be transferred, upon the Bond Register by the person in whose name it is registered, in person or by such person's duly authorized attorney, upon surrender of such 2024 Bond for cancellation, accompanied by delivery of a duly written instrument of transfer in a form acceptable to the Fiscal Agent.

The 2024 Bonds may be exchanged at the Principal Office of the Fiscal Agent solely for a like aggregate principal amount of 2024 Bonds of authorized denominations and of the same maturity.

The cost for any services rendered or any expenses incurred by the Fiscal Agent in connection with any such transfer or exchange will be paid by the City. The Fiscal Agent will collect from the Owner requesting such transfer or exchange any tax or other governmental charge required to be paid with respect to such transfer or exchange. Whenever any 2024 Bond or 2024 Bonds are surrendered for transfer or exchange, the City will execute and the Fiscal Agent will authenticate and deliver a new 2024 Bond or 2024 Bonds, for a like aggregate principal amount.

No transfers or exchanges of 2024 Bonds will be required to be made (i) 15 days prior to the date established by the Fiscal Agent for selection of 2024 Bonds for redemption or (ii) with respect to a 2024

Bond after such 2024 Bond has been selected for redemption; or (iii) between a Record Date and the succeeding Interest Payment Date.

Prior to any transfer of the 2024 Bonds outside the book-entry system (including, but not limited to, the initial transfer outside the book-entry system) the transferor must provide or cause to be provided to the Fiscal Agent all information necessary to allow the Fiscal Agent to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Internal Revenue Code Section 6045, as amended. The Fiscal Agent will conclusively rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

DEBT SERVICE SCHEDULE

The following table presents the annual debt service (including mandatory sinking fund payments) on the 2024 Bonds, assuming there are no optional redemptions or special redemptions from Special Tax Prepayments.

The 2024 Bonds have been sized to be payable from maximum Facilities Special Tax revenues derived from the two parcels currently classified as Developed Property (Parcels G and J), less administrative expenses, resulting in at least 110% debt service coverage. See "PROPERTY TAX REVENUES AND PROPERTY VALUES – Estimated Maximum Special Tax Proceeds and Debt Service Coverage."

| Year Ending September 1 | 2024 Bonds Principal | 2024 Bonds Interest | 2024 Bonds Total |
|----------------------------|-------------------------|------------------------|---------------------|
| 2025 | | | |
| 2026 | | | |
| 2027 | | | |
| 2028 | | | |
| 2029 | | | |
| 2030 | | | |
| 2031 | | | |
| 2032 | | | |
| 2033 | | | |
| 2034 | | | |
| 2035 | | | |
| 2036 | | | |
| 2037 | | | |
| 2038 | | | |
| 2039 | | | |
| 2040 | | | |
| 2041 | | | |
| 2042 | | | |
| 2043 | | | |
| 2044 | | | |
| 2045 | | | |
| 2046 | | | |
| 2047 | | | |
| 2048 | | | |
| 2049 | | | |
| 2050 | | | |
| 2051 | | | |
| 2052 | | | |
| 2053 | | | |
| 2054 | | | |
| Total: | | | |

SECURITY FOR THE 2024 BONDS

This section generally describes the security for the 2024 Bonds set forth in the Fiscal Agent Agreement, which is summarized in more detail in APPENDIX D. Capitalized terms used but not defined in the section are defined in APPENDIX D.

General

The 2024 Bonds and any future Parity Bonds (collectively, the “**Bonds**”) are secured by a first pledge (which will be effected in the manner and to the extent provided in the Fiscal Agent Agreement) of all of the Special Tax Revenues and all moneys deposited in the Bond Fund (including the Special Tax Prepayments Account), and, until disbursed as provided therein, in the Special Tax Fund.

“**Special Tax Revenues**” are defined in the Fiscal Agent Agreement as the proceeds of the Facilities Special Taxes received by the City, including any scheduled payments thereof and any Special Tax Prepayments, interest thereon and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Facilities Special Taxes to the amount of said lien and interest thereon. *However*, Special Tax Revenues do not include any interest in excess of the interest due on the Bonds, or any penalties collected in connection with any such foreclosure.

The Special Tax Revenues and all moneys deposited into such funds (except as otherwise provided in the Fiscal Agent Agreement) are dedicated to the payment of the principal of, and interest and any premium on, the Bonds as provided in the Fiscal Agent Agreement and in the Act until all of the Bonds have been paid and retired or until moneys or Federal Securities have been set aside irrevocably for that purpose under the Fiscal Agent Agreement.

The 2024 Bonds and any future Parity Bonds designated as “2024 Related Parity Bonds” as described below will be secured by a first pledge (which will be effected in the manner and to the extent provided in the Fiscal Agent Agreement) of all moneys deposited in the 2024 Reserve Fund. The moneys in the 2024 Reserve Fund (except as otherwise provided in the Fiscal Agent Agreement) are dedicated to the payment of the principal of, and interest and any premium on, the 2024 Bonds and all 2024 Related Parity Bonds as provided in the Fiscal Agent Agreement and in the Act until all of the 2024 Bonds and all 2024 Related Parity Bonds have been paid and retired or until moneys or Federal Securities have been set aside irrevocably for that purpose under the Fiscal Agent Agreement. See “2024 Reserve Fund” below.

Amounts in the Improvement Fund (and the accounts therein), the Administrative Expense Fund and the Costs of Issuance Fund are not pledged to the repayment of the Bonds. The facilities to be financed with the proceeds of the 2024 Bonds are not pledged to the repayment of the Bonds, nor are the proceeds of any condemnation or insurance award received by the City with respect to those facilities.

Limited Obligation

The 2024 Bonds are not general obligations of the City, but are limited obligations, payable solely from the Special Tax Revenues and the funds pledged therefor under the Fiscal Agent Agreement. Neither the faith and credit nor the taxing power of the City (except to the limited extent set forth in the Fiscal Agent Agreement) or of the State or any political subdivision thereof is pledged to the payment of the 2024 Bonds.

Collection of Facilities Special Taxes

Processing. On or within five Business Days of each June 1, the Fiscal Agent shall provide the Director of Finance with a notice stating (i) the amount then on deposit in the Bond Fund, the 2024

Reserve Fund and any reserve account for Parity Bonds that are not 2024 Related Parity Bonds that is held by the Fiscal Agent, and (ii) if the amount in the 2024 Reserve Fund is less than the 2024 Reserve Requirement or the amount in such other reserve account held by the Fiscal Agent is less than its required amount, informing the City that replenishment of the 2024 Reserve Fund or such other reserve account is necessary. The receipt of or failure to receive such notice by the Director of Finance will in no way affect the obligations of the Director of Finance under the following paragraphs and the Fiscal Agent will not be liable for failure to provide such notices to the Director of Finance. Upon receipt of such notice, the Director of Finance will communicate with the Alameda County Auditor-Controller (the “**County Auditor**”) to ascertain the relevant parcels on which the Facilities Special Taxes are to be levied, taking into account any parcel splits or combinations during the preceding and then current year.

Levy. The Director of Finance will effect the levy of the Facilities Special Taxes each Fiscal Year in accordance with Ordinance 13760 C.M.S. (“Ordinance Authorizing Levying Special Taxes Within the City of Oakland Community Facilities District No. 2023-1 (Brooklyn Basin Facilities and Services); and Adopting Appropriate Findings Under the California Environmental Quality Act”) of the City (the “**Special Tax Ordinance**”) by each August 1 that the Bonds are outstanding, or otherwise such that the computation of the levy is complete before the final date on which the County Auditor will accept the transmission of the Facilities Special Tax amounts for the parcels within the District for inclusion on the next real property tax roll. Upon the completion of the computation of the amounts of the levy, the Director of Finance will prepare or cause to be prepared, and will transmit to the County Auditor, such data as the County Auditor requires to include the levy of the Facilities Special Taxes on the next real property tax roll.

Computation. The Director of Finance will fix and levy the amount of Facilities Special Taxes within the District required to pay the following amounts (the “**Facilities Special Tax Requirement**”), taking into account the balances in the applicable funds established under the Fiscal Agent Agreement and its obligation under the Acquisition Agreement:

(i) the principal of and interest on any outstanding Bonds of the District becoming due and payable during the ensuing calendar year,

(ii) any necessary replenishment or expenditure of the 2024 Reserve Fund and any other reserve account for Parity Bonds that are not 2024 Related Parity Bonds to the extent such replenishment has not been included in the computation of the Facilities Special Taxes in a previous Fiscal Year,

(iii) the Administrative Expenses, including amounts necessary to discharge any rebate obligation, during such year,

(iv) an amount to cure delinquencies in the payment of principal or interest on Bonds that occurred in the previous Fiscal Year, and

(v) any Authorized Facilities costs to be paid from Facilities Special Taxes to the extent required by the Acquisition Agreement or permitted by the Rate and Method.

Collection. Except as set forth in the Special Tax Ordinance, Facilities Special Taxes will be payable and be collected in the same manner and at the same time and in the same installment as the general taxes on real property are payable, and have the same priority, become delinquent at the same time and in the same proportionate amounts and bear the same proportionate penalties and interest after delinquency as do the ad valorem taxes on real property.

Because the Facilities Special Tax levy is limited to the maximum Facilities Special Tax rates set forth in the Rate and Method, no assurance can be given that, in the event of Facilities Special Tax

delinquencies, the receipts of Facilities Special Taxes will, in fact, be collected in sufficient amounts in any given year to pay debt service on the Bonds. Further, under no circumstances will the Facilities Special Tax levied against any parcel of residential property for which an occupancy permit for private residential use has been issued be increased by more than 10% as a consequence of delinquency or default by the owner of any other parcel within the District. See “BOND OWNERS’ RISKS – Property Tax Delinquencies.”

Rate and Method

General. The Facilities Special Taxes will be levied and collected according to the Rate and Method, which provides the means by which the City Council may annually levy the Facilities Special Taxes within the District, up to the maximum Facilities Special Tax rates, and to determine the amount of the Facilities Special Taxes that will need to be collected each fiscal year from the property in the District subject to the levy of the Facilities Special Taxes, which consists only of Developed Property (defined as property containing completed buildings for which a certificate of occupancy was issued after January 1, 2023, and on or before June 30 of the previous fiscal year) and, if needed, Taxable Welfare Exemption Property.

The Rate and Method also provides for the levy of Services Special Taxes, which will constitute an additional lien on the property being taxed, but is not pledged to pay debt services on the 2024 Bonds.

The following is a summary of the provisions of the Rate and Method that relate to the levy of the Facilities Special Taxes, which should be read in conjunction with the complete text of the Rate and Method, including its attachments, which is attached as APPENDIX B. Capitalized terms used but not defined in this section have the meanings as set forth in APPENDIX B. *This section provides only a summary of the Rate and Method, and is qualified by more complete and detailed information contained in the entire Rate and Method attached as APPENDIX B.*

Tax Zones. The Rate and Method establishes two tax zones, Zone 1 and Zone 2, which are mutually exclusive geographic areas in the District within which the Special Taxes may be levied. Only Parcels D, E, G, H and J are within Tax Zone 1 and only Parcels K, L and M are located within Tax Zone 2 and, accordingly, the balance of the property in the District is not subject to the levy of the Special Taxes. As a result, as used in the Rate and Method, Taxable Property is limited to these eight parcels that are within a Tax Zone.

Facilities Special Tax Requirement. Annually, at the time of levying the Special Tax, the person or firm designated by the City to administer the Special Taxes (the “**Administrator**”) will determine the Facilities Special Tax Requirement, which is defined as the amount necessary in any Fiscal Year to:

(i) pay principal and interest on Bonds that are due in the calendar year that begins in such Fiscal Year;

(ii) pay periodic costs on the Bonds, including but not limited to, credit enhancement, liquidity support, and rebate payments on the Bonds;

(iii) replenish reserve funds created for the Bonds under the Indenture to the extent such replenishment has not been included in the computation of the Facilities Special Tax Requirement in a previous Fiscal Year;

(iv) cure any delinquencies in the payment of principal or interest on Bonds which have occurred in the prior Fiscal Year;

(v) pay Administrative Expenses not covered in the Services Special Tax Requirement;
and

(vi) pay directly for Authorized Facilities, so long as such levy under this clause (vi) does not increase the Facilities Special Tax levied on Taxable Welfare Exemption Property.

The amounts referred to in clauses (i) and (ii) of the definition of Facilities Special Tax Requirement may be reduced in any Fiscal Year by: (a) interest earnings on or surplus balances in funds and accounts for the Bonds to the extent that such earnings or balances are available to apply against such costs pursuant to the Indenture; (b) in the sole and absolute discretion of the City, proceeds received by the District from the collection of penalties associated with delinquent Facilities Special Taxes; and (c) any other revenues available to pay such costs, each as determined in the sole discretion of the City.

Annual Determination of Property Categories for Administration of Special Tax. Each Fiscal Year, the Administrator will (i) assign each Parcel of Taxable Property to the appropriate Development Class, (ii) for Developed Property, categorize each parcel as Residential Property or Non-Residential Property, (iii) for Residential Property, determine the number of For Sale Units, Rental Units, or Interim Units on each Parcel, (iv) for Non-Residential Property, determine the Square Footage on each parcel, (v) determine the Facilities Special Tax Requirement and Services Special Tax Requirement for the fiscal Year, and (vi) determine if the Trigger Event occurred in the prior Fiscal Year. In addition, the Administrator shall, on an ongoing basis, monitor Tentative Maps, Final Maps, Building Permits, and Certificates of Occupancy to determine if there are any proposed Land Use Changes that would change the Expected Maximum Services Special Tax Revenues. If the Expected Maximum Services Special Tax Revenues will be revised pursuant to a proposed Land Use Change, the Administrator shall apply the steps set forth in the Rate and Method.

Maximum Facilities Special Tax. The Maximum Facilities Special Tax for a Parcel of Developed Property before the Trigger Event is the greater of: (i) the Base Facilities Special Tax set forth in Table 1 below; or (ii) the amount determined pursuant to Section D to the Rate and Method. After the Trigger Event, the Maximum Facilities Special Tax shall be reduced to \$0 for all Residential Units in both Tax Zones.

Once a Special Tax has been levied on a Parcel of Developed Property, the Maximum Facilities Special Tax applicable to that Parcel may only be reduced in future Fiscal Years prior to the date of issuance of the first series of bonds or after the date of the Trigger Event, regardless of changes in land use or other changes on the Parcel as described in Section D to the Rate and Method.

“Trigger Event” means that (i) all bonds secured by the levy and collection of Facilities Special Taxes have been fully repaid, (ii) all Administrative Expenses from prior Fiscal Years have been paid, funded, and/or reimbursed to the City, and (iii) there are no other Authorized Facilities that the City intends to fund with Bonds and Facilities Special Taxes. In the first Fiscal Year in which the Administrator determines that the Trigger Event occurred in the prior Fiscal Year, and in each Fiscal Year thereafter, the Facilities Special Tax shall cease to be levied, and the Maximum Services Special Tax for each Parcel shall be adjusted pursuant to the Rate and Method.

The Expected Maximum special tax Revenues were originally calculated based on the expected Land Uses at CFD Formation. The Administrator will review all Land Use Changes and compare the revised land uses to the Expected Land Uses to evaluate the impact on the Expected Maximum Special Tax Revenues. See the Rate and Method attached as APPENDIX B for additional details.

Table 1 below reflects the maximum Fiscal Year 2024-25 Special Tax rates.

Table 1
City of Oakland
Community Facilities District No. 2023-1
(Brooklyn Basin Facilities and Services)
Fiscal Year 2024-25 Maximum Facilities Special Tax Rates

| Tax Zone | Land Use Category | FY 2024-25 Maximum Special Tax Rate ⁽¹⁾⁽²⁾ |
|----------|--------------------------|---|
| 1 | Residential Property | |
| | For Sale Unit (3) | \$453.62 |
| | Rental Unit | 453.62 |
| | Interim Unit | 453.62 |
| 1 | Non-Residential Property | N/A |
| 2 | Residential Property | |
| | For Sale Unit (3) | \$1,560.60 |
| | Rental Unit | 1,560.60 |
| | Interim Unit | 1,560.60 |
| 2 | Non-Residential Property | N/A |

- (1) Escalates each fiscal year at a rate equal to 2.0% of the amount in effect for the prior fiscal year.
- (2) Pursuant to the Rate and Method, the Maximum Facilities Special Tax is the greater of the Base Facilities Special Tax, or the amount determined pursuant to Section D of the Rate and Method. Subject to change if the Expected Land Uses in the District change.
- (3) Pursuant to Section D.5 of the Rate and Method, under certain conditions the Base Facilities Special Tax for For-Sale Units may be reduced prior to the first series of bonds partially secured by such units. The 2024 Bonds are not initially secured by any Facilities Special Tax revenues from For-Sale units, and thus the Base Special Tax rate for those units has not been modified.

Source: Goodwin Consulting Group, Inc.

Method of Special Tax Levy. Each Fiscal Year, the Facilities Special Tax will be levied according to the following steps:

- Step 1:** The Administrator shall determine the Facilities Special Tax Requirement to be collected in that Fiscal Year.
- Step 2:** The Facilities Special Tax shall be levied Proportionately on each Parcel of Developed Property up to 100% of the Maximum Facilities Special Tax for each Parcel until the amount levied is equal to the Facilities Special Tax Requirement prior to applying any Capitalized Interest, if any, that is available in the CFD accounts.
- Step 3:** If additional revenue is needed after Step 1 and after any Capitalized Interest has been applied to reduce the Facilities Special Tax Requirement, the Facilities Special Tax shall be levied Proportionately on each Parcel of Taxable Welfare Exemption Property, up to 100% of the Maximum Facilities Special Tax for each Parcel until the amount levied is equal to the Facilities Special Tax Requirement.

Exemptions. Notwithstanding any other provision of the Rate and Method, no Special Tax will be levied on Public Property, Owners Association Property, Welfare Exemption Property, except Taxable Welfare Exemption Property, Parcels owned by a public utility for an unmanned facility, and Parcels subject to an easement that precludes any other use on the Parcel.

Covenant to Foreclose

Sale of Property for Nonpayment of Taxes. The Fiscal Agent Agreement provides that the Facilities Special Taxes are to be collected in the same manner as ordinary *ad valorem* property taxes are collected and, except as provided in the special covenant for foreclosure described below and in the Act, is to be subject to the same penalties and the same procedure, sale and lien priority in case of delinquency as is provided for *ad valorem* property taxes. Under these procedures, if taxes on residential parcels are unpaid for a period of five years or more, the property is subject to sale by the County.

Foreclosure Under the Act. Under Section 53356.1 of the Act, if any delinquency occurs in the payment of the Facilities Special Tax, the City may order the institution of a Superior Court action to foreclose the lien therefor within specified time limits. In such an action, the real property subject to the unpaid amount may be sold at judicial foreclosure sale.

While judicial foreclosure is not mandatory under the Act, the City has covenanted in the Fiscal Agent Agreement that on or about March 30 and June 30 of each Fiscal Year, the Director of Finance will compare the amount of Special Taxes previously levied in the District to the amount of Special Tax Revenues received by the City, and if delinquencies have occurred, proceed as follows:

Individual Parcel Delinquencies. If the Director of Finance determines that any single parcel subject to the Facilities Special Tax in the District is delinquent in the payment of Special Taxes in the aggregate amount of \$5,000 or more, then the Director of Finance will send or cause to be sent a notice of delinquency (and a demand for immediate payment thereof) to the property owner within 45 days of such determination, and (if the delinquency remains uncured) foreclosure proceedings will be commenced by the City within 90 days of such determination.

Notwithstanding the foregoing, the Director of Finance may defer any such actions with respect to a delinquent parcel if (1) the District is then participating in the Alternative Method of Distribution of Tax Levies and Collections described in Revenue & Taxation Code Section 4701 et seq., or an equivalent procedure, (2) the amount in the 2024 Reserve Fund is at least equal to the 2024 Reserve Requirement and (3) the amount in the reserve account for any future Parity Bonds that are not 2024 Related Parity Bonds is at least equal to the required amount.

Aggregate Delinquencies. If the Director of Finance determines that (i) the total amount of delinquent Special Tax for the prior Fiscal Year for the entire District (including the total of delinquencies above), exceeds 5% of the total Special Tax due and payable for the prior Fiscal Year, or (ii) there are 10 or fewer owners of real property within the District, determined by reference to the latest available secured property tax roll of the County, the Director of Finance will notify or cause to be notified property owners who are then delinquent in the payment of Special Taxes (and demand immediate payment of the delinquency) within 45 days of such determination, and will commence foreclosure proceedings within 90 days of such determination against each parcel of land in the District with a Special Tax delinquency.

Individual Owner Delinquencies. As to any owner of more than one parcel within the District, if the Director of Finance determines that the aggregate amount of delinquent Special Taxes for all preceding tax years on all parcels owned by such owner (whether such parcels are owned solely by such owner or jointly by such owner and one or more others) exceeds \$5,000, then the Director of Finance will send or cause to be sent a notice of delinquency (and a demand

for immediate payment thereof) to the property owner within 45 days of such determination, and (if the delinquency remains uncured) shall commence foreclosure proceedings within 90 days of such determination, regardless of when such delinquencies occurred.

Sufficiency of Foreclosure Sale Proceeds; Foreclosure Limitations and Delays. No assurances can be given that the real property subject to a judicial foreclosure sale will be sold or, if sold, that the proceeds of sale will be sufficient to pay any delinquent Special Tax installment. The Act does not require the City to purchase or otherwise acquire any lot or parcel of property foreclosed upon if there is no other purchaser at such sale.

Section 53356.6 of the Act requires that property sold pursuant to foreclosure under the Act be sold for not less than the amount of judgment in the foreclosure action, plus post-judgment interest and authorized costs, unless the consent of the owners of 75% of the outstanding Bonds is obtained. However, under Section 53356.5 of the Act, the City, as judgment creditor, is entitled to purchase any property sold at foreclosure using a “credit bid,” where the City could submit a bid crediting all or part of the amount required to satisfy the judgment for the delinquent amount of the Facilities Special Taxes. If the City becomes the purchaser under a credit bid, the City must pay the amount of its credit bid into the redemption fund established for the Bonds, but this payment may be made up to 24 months after the date of the foreclosure sale.

Foreclosure by court action is subject to normal litigation delays, the nature and extent of which are largely dependent on the nature of the defense, if any, put forth by the debtor and the Superior Court calendar. In addition, the ability of the City to foreclose the lien of delinquent unpaid Special Taxes may be limited in certain instances and may require prior consent of the property owner if the property is owned by or in receivership of the Federal Deposit Insurance Corporation (the “**FDIC**”). See “**BOND OWNERS’ RISKS – Bankruptcy Delays.**”

Special Tax Delinquencies; No Teeter Plan. Although the Board of Supervisors of Alameda County (the “**County**”) has adopted the alternative method for the distribution of property taxes to local agencies known as the “Teeter Plan” (Sections 4701-4717 of the California Revenue and Taxation Code), the County has not elected to apply its Teeter Plan to the collection of the Facilities Special Taxes in the District. Therefore, the receipt of Special Taxes by the City will reflect actual delinquencies.

See “**SPECIAL TAX REVENUES AND PROPERTY VALUES – Special Tax Delinquency History.**”

Special Tax Fund

Deposits. Under the Fiscal Agent Agreement, the Special Tax Fund is established as a separate fund to be held by the Fiscal Agent, to the credit of which the Fiscal Agent will deposit amounts received from or on behalf of the City consisting of Special Tax Revenues and amounts transferred from the Administrative Expense Fund and the Bond Fund. The City will promptly remit any Special Tax Revenues received by it to the Fiscal Agent for deposit by the Fiscal Agent in the Special Tax Fund. Moneys in the Special Tax Fund will be held by the Fiscal Agent for the benefit of the City and Owners of the Bonds, will be disbursed as provided in the Fiscal Agent Agreement and, pending disbursement, will be subject to a lien in favor of the Owners of the Bonds.

Notwithstanding the foregoing,

(i) Special Tax Revenues in an amount not to exceed the amount included in the Facilities Special Tax levy for such Fiscal Year for Administrative Expenses will be separately identified by the Director of Finance and will be deposited in the Administrative Expense Fund;

(ii) any Special Tax Revenues constituting the collection of delinquencies in payment of Special Taxes shall be separately identified by the Director of Finance and will be disposed of by the Fiscal Agent first, for deposit in the Bond Fund to pay any past due Debt Service on the Bonds; second, without preference or priority, for deposit in the 2024 Reserve Fund to the extent needed to increase the amount then on deposit in the 2024 Reserve Fund up to the then 2024 Reserve Requirement and for deposit in the reserve account for any future Parity Bonds that are not 2024 Related Parity Bonds to the extent needed to increase the amount then on deposit therein to the required level (and in the event the collection of delinquencies in payment of Special Taxes are not sufficient for the purposes of this clause, such amounts shall be applied to the 2024 Reserve Fund and any other reserve accounts ratably based on the then Outstanding principal amount of the Bonds); and third, to be held in the Special Tax Fund for use as described in “– Disbursements” below; and

(iii) any proceeds of Special Tax Prepayments will be separately identified by the Director of Finance and will be deposited by the Fiscal Agent as follows: (a) that portion of any Special Tax Prepayment constituting a prepayment of construction costs (which otherwise could have been included in the proceeds of Parity Bonds) will be deposited by the Fiscal Agent in the Bond Proceeds Account of the Improvement Fund and (b) the remaining Special Tax Prepayment will be deposited by the Fiscal Agent in the Special Tax Prepayments Account established pursuant to the Fiscal Agent Agreement.

Disbursements. At least 7 Business Days prior to each Interest Payment Date, the Fiscal Agent will withdraw from the Special Tax Fund the following amounts in the following order of priority:

(i) for deposit in the Bond Fund an amount, taking into account any amounts then on deposit in the Bond Fund and any expected transfers from the Improvement Fund, the 2024 Reserve Fund and any reserve account for Parity Bonds that are not 2024 Related Parity Bonds and the Special Tax Prepayments Account to the Bond Fund such that the amount in the Bond Fund equals the principal (including any sinking payment), premium, if any, and interest due on the Bonds on such Interest Payment Date and any past due principal or interest on the Bonds not theretofore paid from a transfer of funds derived from the collection of delinquencies in payment of Special Taxes described above,

(ii) without preference or priority (a) for deposit in the 2024 Reserve Fund an amount, taking into account amounts then on deposit in the 2024 Reserve Fund, such that the amount in the 2024 Reserve Fund is equal to the 2024 Reserve Requirement, and (b) for deposit in the reserve account for any future Parity Bonds that are not 2024 Related Parity Bonds, taking into account amounts then on deposit in such reserve account, such that the amount in such reserve account is equal to the amount required to be on deposit therein (and in the event that amounts in the Special Tax Fund are not sufficient for the purposes of this paragraph, such amounts will be applied to the 2024 Reserve Fund and any other reserve accounts ratably based on the then Outstanding principal amount of the Bonds),

(iii) between each September 2, beginning with the initial Fiscal Year in which the Facilities Special Tax is levied in the District and continuing for the next 10 Fiscal Years thereafter, for deposit in the Remainder Taxes Account of the Improvement Fund, and

(iv) beginning on the September 2 following the period described in the previous clause (iii), the Fiscal Agent will, as directed by the City in an Officer's Certificate (i) transfer amounts remaining on deposit in the Special Tax Fund to the City for deposit in the Administrative Expense Fund to the extent such amounts are needed to pay Administrative Expenses or (ii) apply amounts for any lawful purposes of the District.

Bond Fund

Deposits. Under the Fiscal Agent Agreement, the Bond Fund is established as a separate fund to be held by the Fiscal Agent, to the credit of which deposits will be made from transfer from the Special Tax Fund, the Reserve Fund and the Improvement Fund. The Fiscal Agent will hold the moneys in the Bond Fund for the benefit of the City and the Owners of the Bonds, and will disburse those funds for the payment of the principal of, and interest and any premium on, the Bonds as described below.

There is also created in the Bond Fund a separate account to be held by the Fiscal Agent, designated the "Special Tax Prepayments Account," to the credit of which deposits will be made as provided in the Fiscal Agent Agreement.

Deposits and Disbursements. At least 10 Business Days before each Interest Payment Date, the Fiscal Agent will notify the Director of Finance in writing in the form of an invoice of the following: (i) the principal and premium, if any, and interest due on the Bonds on the next Interest Payment Date (whether as a result of scheduled principal of and interest on the Bonds, optional redemption of the Bonds or a mandatory sinking fund redemption), (ii) the amount in the Bond Fund (and any accounts therein) that is available to pay the amounts due on such Interest Payment Date, (iii) the amount needed to be transferred by the City to the Fiscal Agent in order for the Fiscal Agent to pay the amount due on such Interest Payment Date, and (iv) the amount needed (a) to be deposited in the 2024 Reserve Fund, taking into account amounts then on deposit in the 2024 Reserve Fund, such that the amount in the 2024 Reserve Fund is equal to the 2024 Reserve Requirement, and (b) to be deposited in the reserve account for any future Parity Bonds that are not 2024 Related Parity Bonds, taking into account amounts then on deposit in the such reserve account, such that the amount in such reserve account is equal to the amount required to be on deposit therein.

At least 7 Business Days prior to each Interest Payment Date, the Fiscal Agent will transfer from the Special Tax Fund for deposit in the Bond Fund an amount equal to the lesser of (i) the amount in the Special Tax Fund and (ii) the amount described in clause (iii) of the previous paragraph.

On the fourth Business Day prior to each Interest Payment Date, the Fiscal Agent will determine if the amounts then on deposit in the Bond Fund are sufficient to pay the Debt Service due on the Bonds on the next Interest Payment Date. In the event that amounts in the Bond Fund are insufficient for such purpose, the Fiscal Agent promptly will notify the Director of Finance by telephone (and confirm in writing) of the amount of the insufficiency, then do the following:

(i) Withdraw from the 2024 Reserve Fund, in accordance with the provisions of the Fiscal Agent Agreement, to the extent of any funds or Permitted Investments therein, amounts to cover the amount of such Bond Fund insufficiency related to the 2024 Bonds and any 2024 Related Parity Bonds. Amounts so withdrawn from the 2024 Reserve Fund will be deposited in the Bond Fund.

(ii) Withdraw from the reserve funds, if any, established under a Supplemental Agreement related to Parity Bonds that are not 2024 Related Parity Bonds, to the extent of any funds or Permitted Investments therein, amounts to cover the amount of such Bond Fund

insufficiency related to such Parity Bonds. Amounts so withdrawn from any such reserve fund will be deposited in the Bond Fund.

On each Interest Payment Date, the Fiscal Agent will withdraw from the Bond Fund and pay to the Owners of the Bonds the principal of, and interest and any premium, due and payable on such Interest Payment Date on the Bonds. If, after the foregoing transfers and application of such funds for their intended purposes, there are insufficient funds in the Bond Fund to make the payments due and payable on such Interest Payment Date, the Fiscal Agent will apply the available funds first to the payment of interest on the Bonds, then to the payment of principal due on the Bonds other than by reason of sinking payments, if any, and then to payment of principal due on the bonds by reason of sinking payments. Each such payment shall be made ratably to the Owners of the Bonds based on the then Outstanding principal amount of the Bonds, if there are insufficient funds to make the corresponding payment for all of the then Outstanding Bonds, subject to the restrictions on the uses of any funds as set forth in the Fiscal Agent Agreement. Any sinking payment not made as scheduled shall be added to the sinking payment to be made on the next sinking payment date.

Disbursements from the Special Tax Prepayments Account. Moneys in the Special Tax Prepayments Account will be transferred by the Fiscal Agent to the Bond Fund on the next date for which notice of redemption of Bonds can timely be given under the Fiscal Agent Agreement and the provisions of any Supplemental Agreement related to Parity Bonds, and notice to the Fiscal Agent can timely be given under the Fiscal Agent Agreement and the provisions of any Supplemental Agreement related to Parity Bonds, and will be used (together with any amounts transferred pursuant to the Fiscal Agent Agreement) to redeem Bonds on the redemption date selected in accordance the Fiscal Agent Agreement and the provisions of any Supplemental Agreement related to Parity Bonds.

Deficiency. If at any time it appears to the Fiscal Agent that there is a danger of deficiency in the Bond Fund and that the Fiscal Agent may be unable to pay Debt Service on the Bonds in a timely manner, the Fiscal Agent will report to the Director of Finance such fact. The City covenants to increase the levy of the Special Taxes in the next Fiscal Year (subject to the maximum amount authorized by the Rate and Method) in accordance with the procedures set forth in the Act for the purpose of curing Bond Fund deficiencies. In no event will the Fiscal Agent be responsible or liable for any such deficiency.

Excess. Any excess moneys remaining in the Bond Fund following the payment of Debt Service on the Bonds on any September 1 will be accounted for by the Fiscal Agent when it invoices the City for the next Interest Payment Date.

2024 Reserve Fund

General. In order to further secure the payment of principal of and interest on the 2024 Bonds and any series of Parity Bonds the principal of and interest on which is payable from amounts in the 2024 Reserve Fund (previously defined as “**2024 Related Parity Bonds**”), certain proceeds of the 2024 Bonds will be deposited into the 2024 Reserve Fund in an amount equal to the “**2024 Reserve Requirement**” (as defined below). See “FINANCING PLAN – Estimated Sources and Uses of Funds.”

2024 Reserve Requirement. The “**2024 Reserve Requirement**” is defined in the Fiscal Agent Agreement to mean the amount as of any date of calculation equal to the least of (a) Maximum Annual Debt Service on the 2024 Bonds and 2024 Related Parity Bonds, if any, (b) 125% of average Annual Debt Service on the 2024 Bonds and 2024 Related Parity Bonds, if any, and (c) 10% of the outstanding principal of the 2024 Bonds and 2024 Related Parity Bonds, if any; provided, however:

(A) that with respect to the calculation of clause (c), the issue price of the 2024 Bonds or any 2024 Related Parity Bonds excluding accrued interest shall be used rather than the outstanding principal amount, if (i) the net original issue discount or premium of the 2024 Bonds

or any 2024 Related Parity Bonds was less than 98% or more than 102% of the original principal amount of the 2024 Bonds or any 2024 Related Parity Bonds and (ii) using the issue price would produce a lower result than using the outstanding principal amount;

(B) that in no event shall the amount calculated exceed the amount on deposit in the 2024 Reserve Fund on the date of issuance of the 2024 Bonds (if they are the only Bonds covered by the 2024 Reserve Fund) or the most recently issued series of 2024 Related Parity Bonds (if any 2024 Related Parity Bonds are covered by the 2024 Reserve Fund) except in connection with any increase associated with the issuance of 2024 Related Parity Bonds; and

(C) that in no event shall the amount required to be deposited into the 2024 Reserve Fund in connection with the issuance of a series of 2024 Related Parity Bonds exceed the maximum amount under the Tax Code that can be financed with tax-exempt bonds and invested an unrestricted yield.

Disbursements. Except as otherwise provided in the Fiscal Agent Agreement, all amounts deposited in the 2024 Reserve Fund will be used and withdrawn by the Fiscal Agent solely for the purpose of making transfers to the Bond Fund in the event of any deficiency at any time in the Bond Fund of the amount then required for payment of the principal of, and interest and any premium on, the 2024 Bonds and any 2024 Related Parity Bonds or, in accordance with the provisions of the Fiscal Agent Agreement, for the purpose of redeeming 2024 Bonds and any 2024 Related Parity Bonds from the Bond Fund. Whenever a transfer is made from the 2024 Reserve Fund to the Bond Fund due to a deficiency in the Bond Fund for payment of the principal of, and interest and any premium on, the 2024 Bonds and any 2024 Related Parity Bonds, the Fiscal Agent will provide written notice thereof to the Director of Finance, specifying the amount withdrawn.

Transfer Upon Special Tax Prepayment. Whenever Special Taxes are prepaid and 2024 Bonds or any 2024 Related Parity Bonds are to be redeemed with the proceeds of such prepayment pursuant to the Fiscal Agent Agreement or a Supplemental Agreement related to any 2024 Related Parity Bonds, a proportionate amount in the 2024 Reserve Fund (determined on the basis of the principal of 2024 Bonds and 2024 Related Parity Bonds to be redeemed and the then-Outstanding principal of the 2024 Bonds and 2024 Related Parity Bonds, but in any event not in excess of the amount that will leave the balance in the 2024 Reserve Fund following the proposed redemption equal to the 2024 Reserve Requirement) shall be transferred on the Business Day prior to the redemption date by the Fiscal Agent to the Bond Fund to be applied to the redemption of the 2024 Bonds or 2024 Related Parity Bonds, as applicable. The Director of Finance shall deliver to the Fiscal Agent an Officer's Certificate specifying any amount to be so transferred, and the Fiscal Agent may rely on any such Officer's Certificate.

Qualified Reserve Account Credit Instruments. The City has the right at any time to direct the Fiscal Agent to release funds from the 2024 Reserve Fund, in whole or in part, by tendering to the Fiscal Agent: (i) a Qualified Reserve Account Credit Instrument, and (ii) an opinion of Bond Counsel stating that neither the release of such funds nor the acceptance of such Qualified Reserve Account Credit Instrument will cause interest on the 2024 Bonds or any 2024 Related Parity Bonds the interest on which is excluded from gross income of the owners thereof for federal income tax purposes to become includable in gross income for purposes of federal income taxation.

The City will have no obligation to replace a Qualified Reserve Account Credit Instrument or to fund the 2024 Reserve Fund with cash if, at any time that the 2024 Bonds are Outstanding, the Qualified Reserve Account Credit Instrument (or its provider) is downgraded or the provider becomes insolvent, if there is an unscheduled termination of the Qualified Reserve Account or if for any reason insufficient amounts are available to be drawn upon under the Qualified Reserve Account Credit Instrument; provided, however, that the City will reimburse the provider, in accordance with the terms of the Qualified Reserve Account Credit Instrument, for any draws made thereon.

The City and the Fiscal Agent will comply with the terms of the Qualified Reserve Account Credit Instrument as will be required to receive payments thereunder in the event and to the extent required under the Fiscal Agent Agreement.

See APPENDIX D for a complete description of the timing, purpose and manner of disbursements from the 2024 Reserve Fund.

Investment of Moneys in Funds

Moneys in any fund or account created or established by the Fiscal Agent Agreement and held by the Fiscal Agent will be invested by the Fiscal Agent in Permitted Investments, which in any event by their terms mature prior to the date on which such moneys are required to be paid out under the Fiscal Agent Agreement. See APPENDIX D for a definition of “Permitted Investments.”

Issuance of Future Parity Bonds

Parity Bonds. In addition to the 2024 Bonds, the City may issue one or more additional series of Bonds as Parity Bonds, in such principal amount as may be determined by the City, under a Supplemental Agreement entered into by the City and the Fiscal Agent. Any such Parity Bonds will constitute Bonds under the Fiscal Agent Agreement and will be secured by a lien on the Special Tax Revenues and funds pledged for the payment of the Bonds under the Fiscal Agent Agreement on a parity with the 2024 Bonds and all other Bonds Outstanding thereunder, except as provided in the Fiscal Agent Agreement or in a Supplemental Agreement.

The City may only issue Parity Bonds if the City complies with the following specific conditions precedent:

(A) Following issuance of the Parity Bonds, the City shall be in compliance with all covenants set forth in the Fiscal Agent Agreement and all Supplemental Agreements, and issuance of the Parity Bonds shall not cause the City to exceed the bonded indebtedness limit of the District.

(B) The Supplemental Agreement providing for the issuance of such Parity Bonds must provide that interest thereon will be payable on the Interest Payment Dates, and principal thereof shall be payable on September 1 in any year in which principal is payable on the Parity Bonds (provided that there will be no requirement that any future Parity Bonds pay interest on a current basis).

(C) The Supplemental Agreement providing for the issuance of such Parity Bonds may provide for the establishment of separate funds and accounts. The Supplemental Agreement providing for issuance of the Parity Bonds must provide for either of the following:

(i) a deposit to the 2024 Reserve Fund in an amount necessary such that the amount deposited therein will equal the 2024 Reserve Requirement following issuance of the Parity Bonds, or

(ii) a deposit to a reserve account for the Parity Bonds (and such other series of Parity Bonds identified by the City) in an amount defined in such Supplemental Agreement, as long as such Supplemental Agreement expressly declares that the Owners of such Parity Bonds will have no interest in or claim to the 2024 Reserve Fund and that the Owners of the Bonds covered by the 2024 Reserve Fund will have no interest in or claim to such other reserve account, or

(iii) no deposit to either the 2024 Reserve Fund or another reserve account as long as such Supplemental Agreement expressly declares that the Owners of such Parity Bonds will have no interest in or claim to the 2024 Reserve Fund or any other reserve account.

(D) The CFD Value (as defined below) must be at least 10 times the sum of: (i) the aggregate principal amount of all Bonds then Outstanding, plus (ii) the aggregate principal amount of the series of Parity Bonds proposed to be issued, plus (iii) the aggregate principal amount of any fixed assessment liens on the parcels in the CFD subject to the levy of Special Taxes, plus (iv) a portion of the aggregate principal amount of any and all other community facilities district bonds then outstanding and payable at least partially from special taxes to be levied on parcels of land within the CFD (the “**Other District Bonds**”) equal to the aggregate principal amount of the Other District Bonds multiplied by a fraction, the numerator of which is the amount of special taxes levied for the Other District Bonds on parcels of land within the CFD, and the denominator of which is the total amount of special taxes levied for the Other District Bonds on all parcels of land against which the special taxes are levied to pay the Other District Bonds (such fraction to be determined based upon the maximum assigned special taxes which could be levied in the year in which maximum annual debt service on the Other District Bonds occurs), based upon information from the most recent available Fiscal Year.

(E) An Independent Financial Consultant must certify that for each Fiscal Year after issuance of the Parity Bonds, the maximum amount of the Facilities Special Taxes that may be levied for such Fiscal Year under the Special Tax Ordinance, the Fiscal Agent Agreement and any Supplemental Agreement less estimated Administrative Expenses for each respective Fiscal Year, will be at least 110% of the total Annual Debt Service of the then Outstanding Bonds and the proposed Parity Bonds for each Bond Year that commences in each such Fiscal Year. For the purpose of calculating the Facilities Special Taxes that may be levied for each Fiscal Year after issuance of the Parity Bonds, the City shall not include for any Fiscal Year the Facilities Special Taxes that may be levied on any parcel that is delinquent in the payment of Special Taxes on the date of the Officer’s Certificate required by this paragraph.

(F) To the extent required by the City Charter, the Parity Bonds shall have been approved by an ordinance of the City Council.

(G) The City must deliver to the Fiscal Agent an Officer’s Certificate certifying that the conditions precedent to the issuance of such Parity Bonds set forth in paragraphs (A), (B), (C), (D) and (E) above have been satisfied.

Notwithstanding the foregoing, the City may issue Refunding Bonds (as defined below) as Parity Bonds without the need to satisfy the requirements of paragraphs (D) or (E) above, and, in connection therewith, the Officer’s Certificate in paragraph (F) above need not make reference to said paragraphs (D) or (E).

“**Refunding Bonds**” means bonds issued by the City for the District, the net proceeds of which are used to refund all or a portion of the then-Outstanding Bonds; provided that the principal and interest on the Refunding Bonds to their final maturity date is less than the principal and interest on the Bonds being refunded to their final maturity date, and the final maturity of the Refunding Bonds is not later than the final maturity of the Bonds being refunded.

“**CFD Value**” means the assessed or market value, as of the date of the appraisal described below and/or the date of the most recent County real property tax roll, as applicable, of all parcels of real property in the District subject to the levy of the Facilities Special Taxes and not delinquent in the payment of any

Special Taxes then due and owing, including with respect to such nondelinquent parcels the value of the then existing improvements and any facilities to be constructed or acquired with any amounts then on deposit in the Improvement Fund and with the proceeds of any proposed series of Parity Bonds, as determined with respect to any parcel or group of parcels by reference to:

(i) an appraisal performed within 6 months of the date of issuance of any proposed Parity Bonds by an MAI appraiser selected by the City, or

(ii) in the alternative, the assessed value of all such nondelinquent parcels and improvements thereon as shown on the then current County real property tax roll available to the Director of Finance.

It is expressly acknowledged that, in determining the CFD Value, the City may rely on an appraisal to determine the value of some or all of the parcels in the District and/or the most recent County real property tax roll as to the value of some or all of the parcels in the District.

Limitation on Principal Amount of Parity Bonds. The City has covenanted in the Fiscal Agent Agreement that, following the issuance of the 2024 Bonds, the City will not issue more than \$45,000,000* initial principal amount of Parity Bonds (exclusive of any Refunding Bonds).

Subordinate Bonds. Nothing in the Fiscal Agent Agreement prohibits the City from issuing any other bonds or otherwise incurring debt secured by a pledge of the Special Tax Revenues subordinate to the pledge thereof under the Fiscal Agent Agreement.

See APPENDIX D for additional details regarding the conditions for issuing Parity Bonds.

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* Preliminary; subject to change.

THE BROOKLYN BASIN DEVELOPMENT

The information provided in this section has been included because it may be considered relevant to an informed evaluation and analysis of the 2024 Bonds and the District. No assurance can be given, however, that the proposed development of the property within the District will occur in a timely manner or in the configuration or to the density described herein, or that Zarsion-OHP I, 260 BB Way Development, CV OW Parcel J Owner, any owners or affiliates thereof, or any other property owner described herein will or will not retain ownership of its respective property within the District. Neither the 2024 Bonds nor any of the Facilities Special Taxes are personal obligations of any property owner within the District. The 2024 Bonds are secured solely by the Facilities Special Taxes levied on property within the District and amounts on deposit in certain of the funds and accounts maintained by the Fiscal Agent under the Fiscal Agent Agreement. The following information regarding ownership and planned development of the District as well as certain legal matters relating to Zarsion-OHP I and 260 BB Way Development was provided by Zarsion-OHP I, and information regarding the ownership and completed development of Parcel J by CV OW Parcel J Owner was obtained from publicly available sources and the Appraisal. No representation is made by the District or the Underwriter as to the accuracy or adequacy of such information so provided.

Overview

Brooklyn Basin History. Brooklyn Basin was historically owned and operated by the City, acting by and through its Board of Port Commissioners. A large portion of the Brooklyn Basin project area was once occupied by a large, natural marsh that was filled throughout the late 1800s and early 1900s, and the filled areas were subsequently developed for commercial, industrial, and marine-related uses. Additional fill activities occurred in 1944, with the creation of the majority of the Pacific Dry Dock Yard II parcel for use as a U.S. Naval training station. Between the initial filling of the site and into the 1970s, the primary land uses were lumberyards, break-bulk cargo handling, chemical mixing and storage, petroleum product storage in above ground bulk tank farms, ship repair, compressed gas manufacturing, sand and gravel operations, food warehouses, and trucking operations. From the 1970s through the late 1990s, the industrial and chemical handling activities on the site generally declined; other than limited warehousing and other industrial uses, large portions of the site became and remained vacant.

In the late 1990's/early 2000's, the City, acting through its Board of Port Commissioners, began redevelopment of the site area and requested bids from developers. Oakland Harbor Partners ("OHP") was awarded an exclusive negotiating agreement in 2001, and an option to purchase certain portions of the property and ground lease other portions (including the marina and open space parcels) in 2003. In 2006, OHP's entitlements for the project were approved and then challenged. In 2009, OHP received final approval for all entitlements. Due to the 2008-09 economic downturn, financing for the project was not secured until 2013, through a joint venture between OHP and Zarsion America, Inc. (which resulted in the formation of the Master Developer and OHP's transfer of all rights in the development to the Master Developer). Development of horizontal infrastructure and environmental remediation at Brooklyn Basin commenced in 2014 and has been ongoing since then.

Brooklyn Basin Development Plan and Development Status. The Brooklyn Basin project is planned for four phases, the first phase of which is substantially complete. The first residential building in Phase 1 was completed in 2019 and all seven are now completed. In total, Phase 1 includes 1,318 rental residential apartments including 853 market rate units in three projects and 465 units in four projects designated as affordable housing.

The District includes one completed apartment building in Phase 1 (Parcel G), one completed apartment building in Phase 2 (Parcel J) and undeveloped property in the balance of Phases 2, 3 and 4 planned for future development. The completed buildings in Phase 1 - other than Parcel G - are not

subject to the levy of the Facilities Special Taxes. At present, development plans for the undeveloped property in the District remain uncertain and subject to market conditions.

At final build out, the Brooklyn Basin project is planned for development of approximately 3,700 multifamily residential units (a mix of affordable, market rate, and senior housing units), up to 200,000 square feet of ground floor commercial space, approximately 32 acres of parks and open space, and marina improvements to accommodate a water taxi/shuttle service.

The four development phases within the Brooklyn Basin project are further described below.

Phase 1. Phase 1 includes the development of Parcels A, B, C, F, and G, onsite and offsite improvements, and demolition and remediation projects related to the Estuary Park peninsula on the western end of the District, the 9th Avenue Terminal Building, and conversion of the former industrial pier into the Phase 1 portion of Township Commons park. Township Commons is a unique park located on an existing wharf, providing it with the greatest opportunity to host festivals and organized events, as well as include intensive design treatment such as hardscape and furnishings. Township Commons Park has a multipurpose functionality in that it accommodates events and gatherings, includes a waterfront promenade, as well as significant hardscape and site furnishings (including a variety of seating, art opportunities, and lighting). A large open space is framed by the remaining portion of the 9th Avenue Terminal on one end and a pergola structure (based on the steel frame of the 9th Avenue Terminal) on the opposite end of the open space, marking the approximate location of the 9th Avenue Terminal once stood.

Phase 2. Phase 2 includes the development of Parcels D, E, H and J and onsite improvements (including completion of the Phase 2 portion of Township Commons park, and construction of a portion of Clinton Basin Quay), offsite improvements, and site remediation. Clinton Basin Quay consists of two promenades along both sides of Clinton Basin and Brooklyn Plaza in the center. Located adjacent to Embarcadero, the design of Brooklyn Plaza will welcome the public to Brooklyn Basin. It creates permeable buffer providing both open views towards the water and creates a central gathering space along the waterfront promenade designed with landscaping, seating, and amenities including restaurants and cafes along the edges of Brooklyn Basin. Additionally, the promenades and Brooklyn Plaza extend the Bay Trail segment through the project.

Phase 3. Phase 3 includes the development of Parcels K and L, onsite and offsite improvements, construction of the balance of Clinton Basin Quay, Sii Tka Park improvements, and demolition and remediation projects. Sii Tka Park and Mayhew Park will provide spaces for quiet views to the water surrounded by native plantings. Sii Tka Park is designed to include a landscaped meadow, picnic areas, native planting and activation at the edges along with providing clear nodes for accessing the Bay Trail at the water's edge.

Phase 4. Phase 4 includes the development of Parcel M and onsite and offsite improvements and the construction of Mayhew Park improvements. The central and northern edges of Mayhew Park are designed for larger groups and more dynamic passive recreation. Adjacent to Mayhew Park is a large flexible pavement area that accommodates opportunities for parking by cars or bicycles as well as utilization as a staging area for events. The design of the pavement area will be right sized for changing needs of transportation and events. At the water's edge the shoreline will be planted with native landscaping defining the upland portion of Mayhew Park.

The table below shows an overview of the Brooklyn Basin development.

Table 2
City of Oakland
Community Facilities District No. 2023-1
(Brooklyn Basin Facilities and Services)
Brooklyn Basin Project Overview and Development Status

| Parcel | Project | Planned Units | Completed Units | Project Type | Development Status | Special Tax Levy Upon Completion | |
|--|---------------|---------------|-----------------|---------------|--------------------|----------------------------------|-----------------------|
| | | | | | | Facilities Special Tax? | Services Special Tax? |
| Phase 1 | | | | | | | |
| A | Foon Lok West | 130 | 130 | Affordable | Completed | No | Yes |
| | Foon Lok East | 124 | | Affordable | Under Construction | No | Yes |
| B | Orion | 241 | 241 | Market Rate | Completed | No | Yes |
| C | Artizan | 241 | 241 | Market Rate | Completed | No | Yes |
| F | Vista Estero | 110 | 110 | Affordable | Completed | No | Yes |
| | Paseo Estero | 101 | 101 | Affordable | Completed | No | Yes |
| G | Caspian | 371 | 371 (1) | Market Rate | Completed | Yes | Yes |
| Phase 2 | | | | | | | |
| D | | 243 | 0 | Market Rate | Timing uncertain | Yes | Yes |
| E | Saltaire | 191 | 0 | Senior Living | Timing uncertain | Yes | Yes |
| H | | 382 | 0 | Market Rate | Timing uncertain | Yes | Yes |
| J | Portico | 378 | 378 (1) | Market Rate | Completed | Yes | Yes |
| Phase 3 | | | | | | | |
| K | | 400 | 0 | Market Rate | Timing uncertain | Yes | Yes |
| L | | 250 | 0 | Market Rate | Timing uncertain | Yes | Yes |
| Phase 4 | | | | | | | |
| M | | 538 | 0 | Market Rate | Timing uncertain | Yes | Yes |
| TOTAL | | 3,700 | 1,572 | | | | |
| Potentially Taxable Property ⁽²⁾ | | 2,753 | 749 | | | | |

(1) The Facilities Special Tax is only levied on Developed Property (with a certificate of occupancy issued) under the Rate and Method. Only two projects, Parcel G (Caspian) and Parcel J (Portico) are currently characterized as Developed Property.

(2) Potentially Taxable Property includes all property within the District that currently is or could become Developed Property upon receipt of a certificate of occupancy. Only Parcel G and Parcel J are currently classified as Developed Property. No assurances can be provided that development will proceed on currently undeveloped property in the manner suggested above.

Sources: *Integra Realty Resources, Inc.*

The Master Developer

Zarsion-OHP I is the Master Developer for the Brooklyn Basin Project. Zarsion-OHP I, is a joint venture between the original developer, OHP, and Zarsion America, Inc. Signature Development and Zarsion America, Inc., a California corporation, are in contract with Zarsion-OHP I to act as co-

development managers for the Brooklyn Basin project, responsible for implementing the day-to-day management and operation of Zarsion OHP-I's property within the District.

See "THE DEVELOPERS."

The Development Agreement

On August 24, 2006, the City, the City's former Redevelopment Agency, and OHP entered into a Development Agreement, which was recorded in the Official Records of Alameda County as Document No. 2006-331819, which was amended by the First Administrative Amendment to Development Agreement, dated August 28, 2014, by and between Zarsion-OHP I, LLC, as successor-by-assignment to OHP and the City, and recorded in the Official Records of Alameda County as Document No. 2014-211182, which was amended by the Second Administrative Amendment to Development Agreement, dated June 28, 2017 and recorded in the Official Records of Alameda County as Document No. 2017-141021, which was amended by the Third Amendment to Development Agreement, dated September 14, 2023 and recorded in the Official Records of Alameda County as Document No. 2023-123776 (as amended, the "**Development Agreement**").

In connection with the formation of Master Developer, the Development Agreement was assigned thereto by OHP pursuant to an Assignment and Assumption of the Development Agreement Among City of Oakland, Redevelopment Agency of the City of Oakland, and Oakland Harbor Partners, LLC in 2014.

Entitlements

All discretionary environmental and land use approvals needed for development to occur within the District have been secured and only building permits need to be obtained for planned construction.

The City's land use entitlements include: a general plan amendment, amending the Estuary Plan, adoption of the Planned Waterfront Zoning District PWD-4, approval of Preliminary Development Plan and Design Guidelines in June of 2006; execution of the Development Agreement in August 2006; and approval of Tract Map No. 7621 (for Phase 1) in May 2015 and Tract Map No. 8395 (for Phase 2) in June 2017. Final subdivision maps have been approved and recorded for Phase 1 (Parcels A, B, C, F and G) and Phase 2 (Parcels D, E, H and J). Tentative maps have been approved for Phase 3 (Parcels K and L) and Phase 4 (Parcel M).

In May 2023 the City Council certified the Brooklyn Basin Marina Expansion Project Supplemental Environmental Impact Report, approved text amendments to the General Plan Estuary Policy Plan to increase the maximum average density in the Estuary Policy Plan Planned Waterfront Development-4 land use designation, approved zoning text amendments to increase the maximum average density and modified the parking requirements within the project site and approved the Third Amendment to the Development Agreement for the Brooklyn Basin to increase the Brooklyn Basin residential density by 600 units, permitting up to 3,700 units.

Additional environmental and land use approvals issued by other federal, state and local governmental agencies include: Bay Conservation Development Commission Permit No. 7-06 issued on February 4, 2011 authorizing the construction of improvements within BCDC's 100' wide shoreline band; US Army Corps of Engineers Permit No. 2005-29702S issued on July 14, 2015, and Waste Discharge Requirements and Water Quality Certification Permit No. R2-2015-0005 issued on January 28, 2015.

Site Development and Infrastructure

Phase 1. The required demolition and remediation, onsite improvements and offsite improvements for Phase 1 have been completed at a cost of approximately \$60.5 million.

Approximately 325,000 square feet of existing buildings and approximately 120,000 square feet of timber supported pier structure were demolished.

Completed on-site improvements consisted of grading, installation of wet and dry utilities, construction of streets, installation of street lights, street trees, landscaping, sidewalks and bay trail connections, construction of the Phase 1 portion of Township Common Park including pier installation and renovation, landscaping improvements, bike paths, reconstruction of former rail trestle bridge, pedestrian walkways, bay trail connections and shoreline improvements, and renovation for adaptive reuse of approximately 20,000 square feet of the existing 9th Avenue building.

Completed off-site improvements consisted of removal of existing Embarcadero street section, sidewalks and landscaping from 10th Avenue on-ramp to the Embarcadero Bridge, and widening Embarcadero from 10th Avenue on-ramp to the Embarcadero Bridge including construction of street section, installation of wet and dry utilities fronting the project, sidewalks, bike lanes, landscape improvements, street lighting and traffic signals.

Phase 2. The required remediation, onsite improvements (except park improvements), and offsite improvements for Phase 2 have been completed at a cost of approximately \$24.0 million.

Construction of the Phase 2 park improvements has commenced and are required by the Development Agreement to be completed prior to the earlier to occur of (i) the issuance of the first building permit for Phase 3, and (ii) April 6, 2025.

Completed onsite improvements consisted of grading, installation of wet and dry utilities, construction of streets, installation of streetlights, street trees, landscaping, sidewalks and bay trail connections.

Offsite improvements currently underway consist of construction of the remainder of Township Commons Park, Brooklyn Plaza and the eastern portion Clinton Basin Quay, including all landscaping, tree removal and installation, bike paths, pedestrian walkways, bay trail connections, and shoreline improvements.

Phases 3 and 4. Site development of Phases 3 and 4 will occur as warranted by market conditions, subject to the Development Agreement requirement that Phase 3 park improvements be completed prior to the earlier to occur of (i) the issuance of the first building permit in Phase 4, and (ii) April 6, 2028, and the Phase 4 park improvements be completed prior to the earlier to occur of (i) the issuance of a certificate of occupancy for the 3,700th residential unit for the project, and (ii) April 6, 2031 (subject to Zarsion-OHP-1's right to re-sequence the project, such as developing Phase 4 before Phase 3).

The development of Phases 3 and 4 will require demolition of existing structures, implementation and closure of site remediation efforts consistent with the approved Remedial Action Plan under the regulatory oversight of the California State Department of Substance Control (DTSC), construction of onsite improvements including grading, streets, underground wet and dry utility installation, construction of streets, bike paths, pedestrian trails, bay trail connections, sidewalks, street trees and landscaping, and construction of the open space improvements consisting of Sii Tka Park, the balance of the Clinton Basin Quay, and Mayhew Park, including all landscaping, tree removal and installation, bike paths, pedestrian walkways, bay trail connections, and shoreline improvements

Except as described in this Official Statement and except for those consents, permits, authorizations, certifications and approvals of governmental entities required in the ordinary course of development, Zarsion-OHP I does not have any actual knowledge of any impediment to construction or

obtaining land use entitlements which could be reasonably expected to have a material adverse effect on its ability to complete its obligations under the Development Agreement as described in this Official Statement.

Zarsion-OHP I expects to use internal funding, the proceeds of land sales, and the proceeds of bond sales (including the proceeds of the 2024 Bonds) to complete its development obligations under the Development Agreement, and Zarsion-OHP I believes that it will have sufficient funds available to complete its planned development as described in this Official Statement.

Although Zarsion-OHP I expects to have sufficient funds available to complete its development in the District as described in this Official Statement, there can be no assurance that remaining costs to complete obligations under the Development Agreement will not materially increase or that amounts necessary to finance the development costs will be available from Zarsion-OHP I, any of its members, or any other source when needed.

If and to the extent that internal funding, the proceeds of land sales, and the proceeds of bond sales (including the proceeds of the 2024 Bonds) are inadequate to pay the costs to complete the planned development by Zarsion-OHP I within the District and other financing is not put into place, there could be a shortfall in the funds required to complete the planned development by Zarsion-OHP I in the District.

Environmental Matters

Flood Hazard Map Information. Parcel G and Parcel J were each issued a separate Letter of Map Revision Based on Fill by the Federal Emergency Management Agency (“**FEMA**”), each issued on December 21, 2018, which determined that Parcel G and Parcel J were not within a Special Flood Hazard Area (“**SFHA**”), an area inundated by the flood having a 1% chance of being equaled or exceeded in any given year (also known as a 100-year flood plain), based on site development that raised the site and buildings above the 100-year flood plain.

The remaining development parcels (Parcels D, E, H, K, L and M) are currently within the 100-year flood plain, and are anticipated to be raised above the 100-year flood plain and issued appropriate permits from FEMA following site development and building construction.

However, the District lies along the waterfront of the Oakland Estuary and could be subject to future flooding. See “**BOND OWNERS’ RISKS – Climate Change; Risk of Sea Level Rise and Flooding Damage**” for a discussion of potential impacts from sea level rise.

Seismic Conditions. Like other areas of Northern California, property in the District is subject to the risk of major earthquake damage. The District, as well as various other parts of the City, are located in areas subject to potential liquefaction in various maps of the United States Geological Survey indicating areas subject to earthquakes. The Hayward fault, at its closest, is about three miles to the east of the District; the San Andreas fault, at its closest, is about 18 miles to the west of the District. A significant earthquake along these or other faults is possible during the period the 2024 Bonds will be outstanding.

Hazardous Materials Remediation. As part of the project, Master Developer agreed to address chemicals of concern (“**COCs**”) in soil, soil gas, and groundwater across all 64 acres, under the oversight and to the satisfaction of California Environmental Protection Agency, Department of Toxic Substances Control (“**DTSC**”). The objectives of the Remedial Action Plan for impacted soil, soil gas, and groundwater in the project area include the removal, treatment or containment of COCs that pose significant human health and environmental hazards through continued release or migration and limiting potential human exposures to COCs in excess of specified levels.

Environmental remediation for the Brooklyn Basin project under the Remedial Action Plan has three main components: (1) active remediation of soil, water and soil gas to the designated standard; (2) construction and implementation of site controls, including, structures, hardscapes (roads, sidewalks, etc.), and softscapes with a clean soil cap (parks and landscape areas), and (3) long-term monitoring and site management (including imposition of land use covenants, operation and maintenance plans and posting financial security for the performance of operation and maintenance obligations). Although compliance with the foregoing allows the development and use of the parcels as permitted by the entitlements, it does not insulate any parcel from the imposition DTSC by of additional or different obligations, where DTSC has the authority to do so.

The Remedial Action Plan provides for implementation in phases with respect to identified areas, as development of Brooklyn Basin progresses within such phases and areas. Site remediation efforts for Phase 1 and the applicable portions of Phase 2 of the Brooklyn Basin project were completed consistent with the approved implementation plans required by the Remedial Action Plan and under the regulatory oversight of the California State Department of Substance Control.

See “BOND OWNERS’ RISKS – Property Values – Hazardous Substances.”

Utilities

Utility providers for the Developed Property within the District are set forth below.

| <u>Utility</u> | <u>Provider</u> |
|----------------|-----------------|
| Water | East Bay MUD |
| Sewer | East Bay MUD |
| Gas | PG&E |
| Electric | PG&E |
| Telecom | AT&T, Comcast |

THE DISTRICT

Formation and Background

The District was established by the City Council under the Act on September 19, 2023, following a noticed public hearing. On the same date, an election was held in which the qualified electors within the District approved a ballot proposition authorizing the City to incur bonded indebtedness for the District of up to \$50,000,000 to finance the acquisition and construction of the Authorized Facilities, to levy the Facilities Special Taxes within the District, and to establish an appropriations limit for the District. See “FINANCING PLAN – Authorized Facilities” above for a description of the Authorized Facilities anticipated to be financed with the proceeds of the 2024 Bonds.

Description and Location

General. The District is located in the City, along the waterfront of the Oakland Estuary across from Alameda Island, approximately two miles southeast of downtown Oakland and one mile east of Oakland’s Jack London Square, adjacent to the Embarcadero and near Interstate Highway I-880.

which at full build-out is anticipated to include a total of 3,700 multifamily residential units (a mix of affordable, market rate, and senior housing units), up to 200,000 square feet of ground floor commercial space, and approximately 32 acres of parks and open spaces. See “THE BROOKLYN BASIN DEVELOPMENT” for further information regarding the Brooklyn Basin project.

See APPENDIX A for demographic and other information regarding the City and the County.

District Boundary Map and Planning Map. The following maps depict the boundaries of the District and a diagram showing the planning areas within the District.

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District Boundary Map

[Insert District Boundary Map]

Color Planning Map

Projected Landed Uses and Facilities Special Tax Revenues. The table below sets forth the expected land uses and maximum Facilities Special Tax revenues assuming full buildout within the District. Only the eight development parcels within the District listed below are or could be subject to the levy of the Facilities Special Tax securing the 2024 Bonds. No assurance can be given that the undeveloped parcels shown in the table below will be developed as currently anticipated.

**Table 3
City of Oakland
Community Facilities District No. 2023-1
(Brooklyn Basin Facilities and Services)
Expected Land Uses and Expected Maximum Facilities Special Tax Revenues at Buildout**

| Development Parcel | Project Name | Tax Zone | Expected Land Uses (1) | | | Expected FY 2024-25 Maximum Facilities Special Tax Revenues (2) | Percent of Expected Maximum Facilities Special Tax Revenues |
|-----------------------------|--------------|----------|------------------------|--------------|--------------------------------|---|---|
| | | | For Sale Units | Rental Units | Non-Residential Square Footage | | |
| <i>Developed</i> | | | | | | | |
| G | Caspian | 1 | 0 | 371 | 31,526 | 168,293 | 6.6% |
| J | Portico | 1 | 0 | 378 | 2,720 | 171,468 | 6.7% |
| <i>Subtotal Developed</i> | | | | 749 | 34,246 | 339,761 | 13.3% |
| <i>Undeveloped</i> | | | | | | | |
| D | N/A | 1 | 0 | 243 | 4,000 | \$110,230 | 4.3% |
| E | N/A | 1 | 0 | 191 | 0 | 86,641 | 3.4% |
| H | N/A | 1 | 0 | 382 | 17,000 | 173,283 | 6.8% |
| K & L | N/A | 2 | 0 | 620 | 0 | 1,014,390 | 39.5% |
| M | N/A | 2 | 0 | 568 | 0 | 839,603 | 32.7% |
| <i>Subtotal Undeveloped</i> | | | | 2,004 | 21,000 | 2,224,147 | 86.70% |
| Totals | | | 0 | 2,753 | 55,246 | \$2,563,908 | 100.0% |

(1) Reflects the anticipated For Sale Units, Rental Units, and Non-Residential square footage at the time the District was formed. Expected land uses may change as development occurs.

(2) Equals the Expected Land Uses times the Base Facilities Special Tax rates for fiscal year 2024-25, assuming the development is fully built out.

Sources: Signature Development Group; Goodwin Consulting Group, Inc.

Developed Property

Developed Property in the District currently consists of Parcel G and Parcel J, which are the only two parcels in the District currently subject to the Facilities Special Taxes.

Parcel G (Caspian). Parcel G is a mixed use project developed by 260 BB Way known as Caspian. The seven-story building contains 371 apartment units, 31,526 square feet of retail space and 411 parking spaces. The improvements were completed in the third quarter of 2023. As of the date of value of the Appraisal, the apartments were 37% leased and the retail space was 0% leased.

Amenities include a fitness center, game room, co-working space, common area lounge, outdoor space and hot tub.

Further details on the Caspian project are set forth below. Includes model units as applicable.

| Floor Plan | Units | Average Unit Size | Total SF | Leased Units | Vacant Units | Percent Occupied | Average Asking Rent |
|--------------------|------------|-------------------|----------------|--------------|--------------|------------------|---------------------|
| Studio | 71 | 585 | 41,535 | 27 | 44 | 38% | \$2,306 |
| 1 Bd / 1 Ba | 219 | 718 | 157,242 | 81 | 138 | 37% | 2,642 |
| 2 Bd / 2 Ba | 71 | 1,126 | 79,946 | 27 | 44 | 38% | 3,764 |
| 3 Bd / 2 Ba | 10 | 1,395 | 13,950 | 4 | 6 | 40% | 4,838 |
| Total Units | 371 | 789 | 292,673 | 139 | 232 | 37% | Avg.: 2,852 |

Source: the Appraisal.

Parcel J (Portico). Parcel J is a mixed use project, known as Portico. The eight-story building contains 378 apartment units, 2,720 square feet of retail space and 329 parking spaces. The property was developed by Cityview, with the improvements completed in late 2023. The project opened to residents in January 2024. As of the date of value of the Appraisal, the apartments were 15% leased and the retail space was 0% leased.

Amenities include a fitness center, co-working space, dog park, outdoor kitchen, swimming pool and hot tub.

Further details on the Portico project are set forth below. Includes model units as applicable.

| Floor Plan | Units | Average Unit Size | Total SF | Leased Units | Vacant Units | Percent Occupied | Average Asking Rent |
|--------------------|------------|-------------------|----------------|--------------|--------------|------------------|---------------------|
| Studio | 94 | 616 | 57,904 | 14 | 80 | 15% | \$2,668 |
| 1 Bd / 1 Ba | 190 | 720 | 136,800 | 28 | 162 | 15% | 3,111 |
| 2 Bd / 2 Ba | 79 | 1,120 | 88,480 | 12 | 67 | 15% | 4,203 |
| 3 Bd / 2 Ba | 10 | 1,309 | 13,090 | 1 | 9 | 10% | 6,152 |
| 2 Bd / 2 Ba TH | 5 | 1,409 | 7,045 | 1 | 4 | 20% | 6,267 |
| Total Units | 378 | 802 | 303,319 | 56 | 322 | 15% | Avg.: 3,351 |

Source: the Appraisal.

Undeveloped Property

Parcels D, E, H, K, L and M are currently undeveloped and each parcel will only become subject to the Facilities Special Tax after a building has been completed on such parcel and receives a certificate of occupancy, at which point it will become Developed Property under the Rate and Method.

It should be noted that the timing of development for these parcels is unknown and subject to market conditions, and these parcels may be developed by their current owners or may be sold to other

developers. No assurance that these parcels will be developed, or that the development plans described below will be realized.

Parcel D, which is currently undeveloped and is owned by CV OW Parcel D Owner, LLC, which is an affiliate of CV OW Parcel J Owner and Cityview. Parcel D is planned for 243 multifamily units.

Parcel E, which is currently undeveloped and is owned by SRMBROOKLYN, LLC, a Delaware limited liability company. Parcel E is planned for 191 senior units.

Parcel H, which is currently undeveloped and is owned by 277 Brooklyn Basin Way, LLC, a Delaware limited liability company. Parcel H is planned for 382 multifamily units.

Parcels K, L, and M, which are currently undeveloped and are owned by Zarsion-OHP I, the master developer of the Brooklyn Basin project. Parcels K and L are planned for 620 units that may be offered for sale or rent depending on market conditions. Parcel M is planned for 568 for-rent units that may be offered for sale or rent depending on market conditions.

Non-Taxable Property

The balance of the property included in the boundaries of the District is not subject to the Facilities Special Tax because (i) it is classified as Exempt Property due to government ownership, (ii) it is currently used for non-residential purposes, (iii) it received a certificate of occupancy for completed construction before January 1, 2023 and therefore is not classified as Developed Property, or (iv) it is not included within a Tax Zone under the Rate and Method and therefore is not subject to the Facilities Special Taxes. Non-taxable property includes:

Parcels A and F have been developed or are being developed by MidPen Housing as affordable for-rent housing known as “Foon Lok West” and “Foon Lok East,” Vista Estero” and “Paseo Estero.”

Parcel B has been developed by 250 Ninth Avenue Partners, LLC, as for-rent housing known as “Orion Apartments.”

Parcel C has been developed by Zarsion Essex LLC as for-rent housing known as “Artizan Apartments.”

The former 9th Avenue Terminal Building, which has been converted into a commercial and retail space.

SPECIAL TAX REVENUES AND PROPERTY VALUES

Estimated Maximum Special Tax Proceeds and Debt Service Coverage

The 2024 Bonds have been sized to be payable from maximum Facilities Special Tax revenues derived from the two parcels currently classified as Developed Property (Parcels G and J), less administrative expenses, with anticipated debt service coverage of at least 110% for the life of the Bonds, as set forth in the table below, assuming no Facilities Special Tax delinquencies, Facilities Special Tax prepayments or redemptions.

Table 4
City of Oakland
Community Facilities District No. 2023-1
(Brooklyn Basin Facilities and Services)
Projected Debt Service Coverage from Developed Property

| Year Ending Sept. 1 | Developed Property Special Tax Revenues | Less: Administrative Expenses* | Net Developed Property Special Tax Revenues* | Series 2024 Debt Service* | Debt Service Coverage* |
|---------------------------|--|--------------------------------------|--|------------------------------|---------------------------|
| 2025 | \$339,761 | (\$50,000) | \$289,761 | \$263,419 | 110.00% |
| 2026 | 346,557 | (51,000) | 295,557 | 268,688 | 110.00% |
| 2027 | 353,488 | (52,020) | 301,468 | 274,062 | 110.00% |
| 2028 | 360,557 | (53,060) | 307,497 | 279,543 | 110.00% |
| 2029 | 367,769 | (54,122) | 313,647 | 285,134 | 110.00% |
| 2030 | 375,124 | (55,204) | 319,920 | 290,836 | 110.00% |
| 2031 | 382,626 | (56,308) | 326,318 | 296,653 | 110.00% |
| 2032 | 390,279 | (57,434) | 332,845 | 302,586 | 110.00% |
| 2033 | 398,085 | (58,583) | 339,502 | 308,638 | 110.00% |
| 2034 | 406,046 | (59,755) | 346,292 | 314,811 | 110.00% |
| 2035 | 414,167 | (60,950) | 353,218 | 321,107 | 110.00% |
| 2036 | 422,451 | (62,169) | 360,282 | 327,529 | 110.00% |
| 2037 | 430,900 | (63,412) | 367,487 | 334,080 | 110.00% |
| 2038 | 439,518 | (64,680) | 374,837 | 340,761 | 110.00% |
| 2039 | 448,308 | (65,974) | 382,334 | 347,576 | 110.00% |
| 2040 | 457,274 | (67,293) | 389,981 | 354,528 | 110.00% |
| 2041 | 466,420 | (68,639) | 397,780 | 361,618 | 110.00% |
| 2042 | 475,748 | (70,012) | 405,736 | 368,851 | 110.00% |
| 2043 | 485,263 | (71,412) | 413,851 | 376,228 | 110.00% |
| 2044 | 494,968 | (72,841) | 422,128 | 383,752 | 110.00% |
| 2045 | 504,868 | (74,297) | 430,570 | 391,427 | 110.00% |
| 2046 | 514,965 | (75,783) | 439,182 | 399,256 | 110.00% |
| 2047 | 525,264 | (77,299) | 447,965 | 407,241 | 110.00% |
| 2048 | 535,769 | (78,845) | 456,925 | 415,386 | 110.00% |
| 2049 | 546,485 | (80,422) | 466,063 | 423,694 | 110.00% |
| 2050 | 557,415 | (82,030) | 475,384 | 432,168 | 110.00% |
| 2051 | 568,563 | (83,671) | 484,892 | 440,811 | 110.00% |
| 2052 | 579,934 | (85,344) | 494,590 | 449,627 | 110.00% |
| 2053 | 591,533 | (87,051) | 504,482 | 458,620 | 110.00% |
| 2054 | 603,363 | (88,792) | 514,571 | 467,792 | 110.00% |

* Preliminary; subject to change.

Sources: *Stifel, Nicolaus & Company, Inc.*; *Goodwin Consulting Group, Inc.*

The City is authorized to issue up to \$50,000,000 in indebtedness secured by the Facilities Special Taxes. The 2024 Bonds represent the first series of special tax bonds issued pursuant to this

authorization; additional bonds may be issued in the future on a parity with the 2024 Bonds. See “SECURITY FOR THE BONDS –Issuance of Future Parity Bonds.”

Projected Share of Facilities Special Tax Levy

The table below shows the projected Fiscal Year 2024-25 Facilities Special Tax Levy allocated by property ownership within the District.

**Table 5
City of Oakland
Community Facilities District No. 2023-1
(Brooklyn Basin Facilities and Services)
Projected Fiscal Year 2024-25 Facilities Special Tax Levy**

| Development Status (1) | Parcel | Project | | Units | Projected | Percent of |
|-------------------------------|--------|---------|------------------------|------------|---|---|
| | | Name | Owner | | FY 2024-25 Facilities Special Tax Levy (2) | FY 2024-25 Facilities Special Tax Levy |
| Developed Property | G | Caspian | 260 BB Way Development | 371 | \$168,293 | 49.5% |
| | J | Portico | CV OW Parcel J Owner | 378 | 171,468 | 50.5% |
| Subtotal - Developed Property | | | | 749 | \$339,761 | 100.0% |
| Total | | | | 749 | \$339,761 | 100.0% |

* Preliminary; subject to change.
 (1) Pursuant to the RMA, parcels for which a certificate of occupancy was issued after January 1, 2023 and on or before June 30 of the previous fiscal year are classified as Developed Property and become subject to the Facilities Special Tax.
 (2) The City has issued Certificates of Occupancy for Development Parcels G and J as of May 6, 2024, thus they will be classified as Developed Property for the fiscal year 2024-25 Facilities Special Tax levy. Assumes the City will levy the maximum Facilities Special Tax in fiscal year 2024-25.

Source: Goodwin Consulting Group, Inc.

Appraised Values

General. The City ordered preparation of the Appraisal to estimate the value of Parcel G and Parcel J as of a May 6, 2024, date of value, and the Appraisal Update Letter dated _____, 2024. The Appraisal was prepared by Integra Realty Resources, San Francisco, California (the “Appraiser”). The Appraisal and the Appraisal Update Letter are set forth in their entirety as APPENDIX C hereto.

The descriptions herein of the Appraisal and the Appraisal Update Letter are intended for limited purposes only; the Appraisal should be read in its entirety. The conclusions reached in the Appraisal and the Appraisal Update Letter are subject to certain assumptions, conditions and qualifications which are set forth in the Appraisal and the Appraisal Update Letter.

Property Appraised. The properties appraised are Parcels G and J, which are the only properties constituting Developed Property under the Rate and Method and subject to the Facilities Special Tax.

Value Estimate. The Appraisal estimated that the market values of Parcel G and Parcel J, as of the May 6, 2024, date of value, were as follows:

| | Residential | |
|--------------------|--------------|-----------------|
| | Rental Units | Appraised Value |
| Parcel G - Caspian | 371 | \$131,760,000 |
| Parcel J - Portico | 378 | 147,770,000 |
| Total | 749 | \$279,530,000 |

Appraisal Update Letter. The Appraisal Update Letter confirmed that the estimated value of the Appraised Property was not less than \$279,530,000 as of _____, 2024.

Appraisal Methodology. The Appraiser utilized the sales comparison approach and the income capitalization approach when determining the appraisal value, as defined below.

- The sales comparison approach assumes that an informed purchaser would pay no more for a property than the cost of acquiring another existing property with the same utility. This approach is especially appropriate when an active market provides sufficient reliable data. The sales comparison approach is less reliable in an inactive market or when estimating the value of properties for which no directly comparable sales data is available. The sales comparison approach is often relied upon for owner-user properties

- The income capitalization approach reflects the market’s perception of a relationship between a property’s potential income and its market value. This approach converts the anticipated net income from ownership of a property into a value indication through capitalization. The primary methods are direct capitalization and discounted cash flow analysis, with one or both methods applied, as appropriate. This approach is widely used in appraising income-producing properties

Hypothetical Condition; Assumptions. The value conclusions in the Appraisal are subject to the following extraordinary assumptions. An extraordinary assumption is an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser’s opinions or conclusions.

- A detailed unit mix of number of units for each individual floor plan for Parcel J was requested but not provided. Instead, the unit count for each unit type (studios, one bedrooms, two bedrooms, three bedrooms, and townhomes) was provided. The Appraisal therefore relies on a representative unit for each floor plan type. The Appraisal assumes the representative units selected for analysis are reasonably similar in size to the weighted average unit sizes at the project.

The value conclusions in the Appraisal are based on the following hypothetical conditions. A hypothetical condition is a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

- It is a hypothetical condition of the Appraisal that proceeds from the 2024 Bonds are available to reimburse for certain public improvements completed to date.

See “APPENDIX C – The Appraisal” hereto for a description of additional assumptions made by the Appraiser. Accordingly, because the Appraiser arrived at an estimate of current market value based upon certain assumptions which may or may not be fulfilled, no assurance can be given that should the parcels become delinquent due to unpaid Special Taxes, and be foreclosed upon and offered for sale for the amount of the delinquency, that any bid would be received for such property or, if a bid is received, that such bid would be sufficient to pay such delinquent Special Taxes.

Limitations of Appraisal Valuation. Property values may not be evenly distributed throughout the District; thus, certain units may have a greater value than others. This disparity is significant because in the event of nonpayment of the Facilities Special Taxes, the only remedy is to foreclose against the delinquent units. No assurance can be given that the foregoing valuation can or will be maintained during the period of time that the 2024 Bonds are outstanding in that the City has no control over the market value of the property within the District or the amount of additional indebtedness that may be issued in the future by other public agencies, the payment of which, through the levy of a tax or an assessment, may be on a parity with the Facilities Special Taxes.

For a description of certain risks that might affect the assumptions made in the Appraisal, see “BOND OWNERS’ RISKS.” *Neither the City nor the Underwriter makes any representation as to the accuracy or completeness of the Appraisal. See APPENDIX C for the Appraisal Report.*

Assessed Value History

General Information Regarding Assessed Values. Article XIII A of the California Constitution (“**Proposition 13**”) defines “full cash value” to mean “the county assessor’s valuation of real property as shown on the 1975-76 bill under ‘full cash value’, or, thereafter, the appraised value of real property when purchased or newly constructed or when a change in ownership has occurred after the 1975 assessment,” subject to exemptions in certain circumstances of property transfer or reconstruction. The “full cash value” is subject to annual adjustment to reflect increases, not to exceed 2% for any year, or decreases in the consumer price index or comparable local data, or to reflect reductions in property value caused by damage, destruction or other factors.

Because of the general limitation to 2% per year in increases in full cash value of properties that remain in the same ownership, the county tax roll does not reflect values uniformly proportional to actual market values.

Assessed Value History. The table below sets forth a five-year history of County assessed valuation of the property within the District.

**Table 6
City of Oakland
Community Facilities District No. 2023-1
(Brooklyn Basin Facilities and Services)
Assessed Valuation History (1)**

| Developed Property (2) | | | | | Undeveloped Property (3) | | | |
|------------------------|--------------|-------------------|--------------|-------------------|--------------------------|-------------------|-------------|-------------------|
| Fiscal Year | Land Value | Improvement Value | Total Value | Percentage Change | Land Value | Improvement Value | Total Value | Percentage Change |
| 2019-20 | \$18,975,218 | \$0 | \$18,975,218 | | \$8,593,530 | \$0 | \$8,593,530 | |
| 2020-21 | 19,354,577 | 0 | 19,354,577 | 2% | 23,412,705 | 0 | 23,412,705 | 172% |
| 2021-22 | 46,061,762 | 0 | 46,061,762 | 138% | 36,499,224 | 0 | 36,499,224 | 56% |
| 2022-23 | 46,982,826 | 0 | 46,982,826 | 2% | 61,193,084 | 0 | 61,193,084 | 68% |
| 2023-24 | 47,922,453 | 146,650,000 | 194,572,453 | 314% | 62,416,896 | 0 | 62,416,896 | 2% |

- (1) The District was formed in 2023, so no Facilities Special Tax was levied in fiscal years 2019-20 through 2023-24. Historical values are provided for informational purposes only.
 - (2) Only includes assessed values of Parcel G and Parcel J reflecting development status as of the January 1 lien date.
 - (3) Includes assessed values from Parcels D, E, H, K, L, and M, which are currently undeveloped.
- Sources: Alameda County Assessor's Office; Goodwin Consulting Group, Inc.

Appraised Value-to-Lien Ratios

Value-to-Lien Analysis by Phase and Ownership. The table below shows the Fiscal Year 2023-24 assessed values, the appraised values, the projected Fiscal Year 2024-25 Facilities Special Tax levy, the allocable share of the proposed principal amount of the 2024 Bonds and overlapping debt, and a summary of value-to-lien ratios allocated to the owners of Parcels G and J and to the owners of the property that could become Developed Property in the future.

No assurance can be given that the amounts shown below will conform to those ultimately realized in the event of a foreclosure action following delinquency in the payment of the Facilities Special Taxes.

Table 7
City of Oakland
Community Facilities District No. 2023-1
(Brooklyn Basin Facilities and Services)
Projected Fiscal Year 2024-25 Special Tax Levy and Summary of Value-to-Lien Ratios

| Development Status (1) | Parcel | Project Name | Owner | Units | FY 2023-24 | | Projected FY 2024-25 | Percent of FY 2024-25 | Allocated Special Tax Bond Debt (5)* | Overlapping Debt (6) | Total Debt | Average Value-to-Lien (7)* |
|---------------------------------|--------|--------------|------------------------|------------|----------------------|----------------------|---------------------------------|-----------------------------|--------------------------------------|----------------------|---------------------|----------------------------|
| | | | | | Assessed Value (2) | Appraised Value (3) | Facilities Special Tax Levy (4) | Facilities Special Tax Levy | | | | |
| Developed Property | G | Caspian | 260 BB Way Development | 371 | \$53,405,905 | \$131,760,000 | \$168,293 | 49.5% | \$2,476,636 | \$1,550,442 | \$4,027,077 | 32.72 |
| | J | Portico | CV OW Parcel J Owner | 378 | 141,166,548 | 147,770,000 | 171,468 | 50.5% | 2,523,364 | 4,098,245 | 6,621,610 | 22.32 |
| Subtotal - Developed Property | | | | 749 | \$194,572,453 | \$279,530,000 | \$339,761 | 100.0% | \$5,000,000 | \$5,648,687 | \$10,648,687 | 26.25 |
| Undeveloped Property | D | N/A | CV OW Parcel D Owner | 0 | \$15,468,300 | \$0 | \$0 | 0.0% | \$0 | \$0 | \$0 | N/A |
| | E | N/A | SRMBROOKLYN | 0 | 15,452,199 | 0 | 0 | 0.0% | 0 | 0 | 0 | N/A |
| | H | N/A | 277 Brooklyn Basin Way | 0 | 26,481,648 | 0 | 0 | 0.0% | 0 | 0 | 0 | N/A |
| | K & L | N/A | Zarsion-OHP I | 0 | 2,862,345 | 0 | 0 | 0.0% | 0 | 0 | 0 | N/A |
| | M | N/A | Zarsion-OHP I | 0 | 2,152,404 | 0 | 0 | 0.0% | 0 | 0 | 0 | N/A |
| Subtotal - Undeveloped Property | | | | 0 | \$62,416,896 | \$0 | \$0 | 0.0% | \$0 | \$0 | \$0 | N/A |
| Total | | | | 749 | \$256,989,349 | \$279,530,000 | \$339,761 | 100.0% | \$5,000,000 | \$5,648,687 | \$10,648,687 | 26.25 |

* Preliminary; subject to change.

(1) Pursuant to the Rate and Method, parcels for which a certificate of occupancy was issued after January 1, 2023 and on or before June 30 of the previous fiscal year are classified as Developed Property and become subject to the Facilities Special Tax.

(2) No Facilities Special Taxes were levied in fiscal year 2023-24; provided for informational purposes only.

(3) Based on the Appraisal Report, as of May 6, 2024. Only Development Parcels G and J were appraised.

(4) The City has issued Certificates of Occupancy for Development Parcels G and J as of May 6, 2024, thus they will be classified as Developed Property for the fiscal year 2024-25 Facilities Special Tax levy. Assumes the City will levy the maximum Facilities Special Tax in fiscal year 2024-25.

(5) Includes the estimated par amount of the 2024 Bonds. Allocated based on the Projected Fiscal Year 2024-25 Facilities Special Tax Levy.

(6) Includes the overlapping debt liens listed under "Direct and Overlapping Tax and Assessment Debt" in the overlapping debt report prepared by California Municipal Statistics, Inc. Does not include any overlapping general fund debt.

(7) Appraised Value divided by total debt.

Sources: Alameda County Assessor's Office; Integra Realty Resources, Inc.; Stifel, Nicolaus & Company, Inc.; California Municipal Statistics, Inc.; Goodwin Consulting Group, Inc.

Illustrative Tax Bill

The table below shows illustrative tax bills for Parcel G and Parcel J.

Table 8
City of Oakland
Community Facilities District No. 2023-1
(Brooklyn Basin Facilities and Services)
Fiscal Year 2024-25 Illustrative Tax Bill

| | | Parcel G | Parcel J |
|---|-------------|--------------------|--------------------|
| | | Caspian | Portico |
| Net Taxable Value | | Amount | Amount |
| Appraised Value (1) | | \$131,760,000 | \$147,770,000 |
| Ad Valorem Property Taxes | Rate | Amount | Amount |
| Base Property Tax | 1.0000% | \$1,317,600 | \$1,477,700 |
| County Go Bond | 0.0088% | 11,595 | 13,004 |
| City Of Oakland 1 | 0.2035% | 268,132 | 300,712 |
| School Unified | 0.0990% | 130,442 | 146,292 |
| School Comm Coll | 0.0418% | 55,076 | 61,768 |
| Bay Area Rapid Transit | 0.0134% | 17,656 | 19,801 |
| East Bay Regional Park | 0.0057% | 7,510 | 8,423 |
| Total Ad Valorem Property Taxes | 1.3722% | \$1,808,011 | \$2,027,700 |
| Direct Charges | | Amount | Amount |
| City of Oakland CFD No. 2023-1 - Facilities (2) | | \$168,293 | \$171,468 |
| City of Oakland CFD No. 2023-1 - Services (2) | | 287,080 | 292,496 |
| All Other Direct Charges (3) | | 347,028 | 353,562 |
| Total Direct Charges | | \$802,401 | \$817,526 |
| Total Taxes | | \$2,610,411 | \$2,845,226 |
| Total Effective Tax Rate | | 1.98% | 1.93% |

(1) Assumes taxes based on appraised values in 2024-25.

(2) Based on the maximum Facilities and Services Special Tax rates for CFD No. 2023-1 for fiscal year 2024-25.

(3) Direct charges estimated for 2024-25 based on fiscal year 2023-24 tax bills. Subject to change in future years.

Sources *Integra Realty Resources, Inc.; Alameda County Tax Collector's Office; Goodwin Consulting Group, Inc.*

Direct and Overlapping Governmental Obligations

Overlapping Debt Statement. Contained within the boundaries of the District are certain overlapping local agencies providing public services. Many of these local agencies have outstanding debt. The direct and overlapping debt affecting all of the property within the District (including the property not subject to the levy of the Facilities Special Taxes) as of May 1, 2024 is shown in the table below, a direct and overlapping debt report (the “**Debt Report**”) prepared by California Municipal Statistics, Inc. The Debt Report is included for general information purposes only. Neither the City nor the Underwriter has reviewed the Debt Report for completeness or accuracy and neither makes any representation in connection therewith.

The Debt Report generally includes long term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the District in whole or in part. These long-term obligations are not payable from revenues of the District (except as indicated) nor are they necessarily obligations secured by land within the District.

The contents of the Debt Report are as follows: (1) the first column indicates the public agencies that have outstanding debt as of the date of the Debt Report and whose territory overlaps the District; (2) the second column shows the percentage of the assessed valuation of the overlapping public agency identified in column 1 which is represented by property located within the District; and (3) the third column is an apportionment of the dollar amount of each public agency’s outstanding debt (which is not shown in Table 5) to property in the District, as determined by multiplying the total outstanding debt of each agency by the percentage of the public agency’s assessed valuation represented in column 2.

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**Table 9
City of Oakland
Community Facilities District No. 2023-1
(Brooklyn Basin Facilities and Services)
Direct and Overlapping Governmental Obligations
As of May 1, 2024**

2023-24 Assessed Valuation: \$194,572,453

| <u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u> | <u>% Applicable</u> | <u>Debt 5/1/24</u> |
|---|---------------------|--------------------|
| Alameda County | 0.049% | \$ 241,319 |
| Bay Area Rapid Transit District | 0.019 | 471,210 |
| East Bay Regional Park District | 0.030 | 43,765 |
| Peralta Community College District | 0.131 | 567,960 |
| Oakland Unified School District | 0.231 | 2,648,788 |
| City of Oakland | 0.228 | 1,675,645 |
| City of Oakland Community Facilities District No. 2023-1 | 100 | 0 (1) |
| TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT | | \$5,648,687 |

| <u>OVERLAPPING GENERAL FUND DEBT:</u> | | |
|---|--------|------------------|
| Alameda County and Coliseum Authority General Fund Obligations | 0.049% | 425,353 |
| Alameda-Contra Costa Transit District Certificates of Participation | 0.057 | 5,952 |
| Peralta Community College District Pension Obligation Bonds | 0.131 | 150,620 |
| City of Oakland and Coliseum Authority General Fund Obligations | 0.228 | 72,478 |
| City of Oakland Pension Obligation Bonds | 0.228 | 236,916 |
| TOTAL OVERLAPPING GENERAL FUND DEBT | | \$891,319 |

COMBINED TOTAL DEBT \$6,540,006 (2)

Ratios to 2023-24 Assessed Valuation:

| | |
|--|--------------|
| Direct Debt (\$0) | 0.00% |
| Total Direct and Overlapping Tax and Assessment Debt | 2.90% |
| Combined Total Debt | 3.36% |

(1) Excludes the 2024 Bonds.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Source: *California Municipal Statistics, Inc.*

Special Tax Delinquency History

The Facilities Special Taxes will first be levied in Fiscal Year 2024-25. Therefore, there has been no history of Special Tax collections in the District.

Potential Consequence of Special Tax Delinquencies

General. Delinquencies in the payment of property taxes (including the Facilities Special Taxes) with respect to property in the District could result in draws on the 2024 Reserve Fund established for the 2024 Bonds, and perhaps, ultimately, a default in the payment on the 2024 Bonds. See “BOND OWNERS’ RISKS.”

Special Tax Enforcement and Collection Procedures. The City could receive additional funds for the payment of debt service through foreclosures sales of delinquent property, but no assurance can be given as to the amount of foreclosure sale proceeds or when foreclosure sale proceeds would be received. The City has covenanted in the Fiscal Agent Agreement to take certain enforcement actions and commence and pursue foreclosure proceedings against delinquent parcels under the terms and conditions described herein. See “SECURITY FOR THE 2024 BONDS — Covenant to Foreclose” and “BOND OWNERS’ RISKS.”

Foreclosure actions would include, among other steps, formal City Council action to authorize commencement of foreclosure proceedings, mailing multiple demand letters to the record owners of the delinquent parcels advising them of the consequences of failing to pay the applicable Special Taxes and contacting secured lenders to obtain payment. If these efforts were unsuccessful, they would be followed (as needed) by the filing of an action to foreclose in superior court against each parcel that remained delinquent.

Limitations on Increases in Special Tax Levy. If owners are delinquent in the payment of Special Taxes, the City may not increase Special Tax levies to make up for delinquencies for prior Fiscal Years above the Maximum Special Tax rates specified for each category of property within the District. See “SECURITY FOR THE 2024 BONDS – Rate and Method.” In addition, Section 53321(d) of the Act provides that the special tax levied against any parcel for which an occupancy permit for private residential use has been issued may not be increased as a consequence of delinquency or default by the owner of any other parcel within a community facilities district by more than 10% above the amount that would have been levied in such Fiscal Year had there never been any such delinquencies or defaults. In cases of significant delinquency, these factors may result in defaults in the payment of principal of and interest on the 2024 Bonds. See “BOND OWNERS’ RISKS.”

THE DEVELOPERS

The information provided in this section has been included because it may be considered relevant to an informed evaluation and analysis of the 2024 Bonds and the District. No assurance can be given, however, that the proposed development of the property within the District will occur in a timely manner or in the configuration or to the density described herein, or that Zarsion-OHP I, 260 BB Way Development, 277 Brooklyn Basin Way and CV OW Parcel J Owner, any owners or affiliates thereof, or any other property owner described herein will or will not retain ownership of its respective property within the District. Neither the 2024 Bonds nor any of the Facilities Special Taxes are personal obligations of any property owner within the District. The 2024 Bonds are secured solely by the Facilities Special Taxes levied on property within the District and amounts on deposit in certain of the funds and accounts maintained by the Fiscal Agent under the Fiscal Agent Agreement. The following information regarding ownership and planned development of the District as well as certain legal matters relating to Zarsion-OHP I, 260 BB Way Development and 277 Brooklyn Basin Way was provided by Zarsion-OHP I, and information regarding the ownership and completed development of Parcel J by CV OW Parcel J Owner was obtained from publicly available sources and the Appraisal. No representation is made by the District or the Underwriter as to the accuracy or adequacy of such information so provided.

Zarsion-OHP I. Zarsion-OHP I is the Master Developer for the Brooklyn Basin Project. Zarsion-OHP I, is a joint venture between the original developer, OHP, and Zarsion America, Inc. Signature Development and Zarsion America, Inc., a California corporation, are in contract with Zarsion-OHP I to act as co-development managers for the Brooklyn Basin project, responsible for implementing the day-to-day management and operation of Zarsion OHP-I's property within the District.

Zarsion America, Inc., is an affiliate of Beijing Zarsion Holdings Group Co., Ltd. Beijing Zarsion Holdings Group Co., Ltd. was established in May 1994 and headquartered in Beijing, China. It is a long-established prestigious enterprise with a diverse portfolio spanning multiple industries. Zarsion has more than 100 subsidiaries and 3000 employees in China and excels in real estate development, architectural decoration and renovation, property management, smart home solutions, and financial investment. Over the past 30 years, Zarsion has built a strong presence in 11 provinces and 20 cities across China. It holds the National Level I Qualification, the highest qualification for a real estate development enterprise. Zarsion's diversification in project types include residential, commercial, office buildings, hotels, and school campuses. Zarsion has completed and delivered approximately 172 million square feet of gross floor area ("GFA"), comprised of 58 development projects in China. In the last three years, the annual GFA under construction has averaged 48 million square feet, with the average annual GFA completed and delivered has been 21.5 million square feet. Additionally, Zarsion provides professional and customer-focused property management services to over 100,000 residents across more than 150 complexes comprised of a GFA of more than 183 million square feet in China. Besides offering property management services to the projects developed by Zarsion itself, it provides property managements services for shopping malls, government office buildings, industrial parks, commercial banks, hospitals, schools, prisons, and train stations.

OHP is a joint venture between Signature Harbor Partners (formed by the principals of Signature Development and Signature Homes, Inc.) and Reynolds & Brown Company, who have extensive experience with large-scale mixed use projects as well as first hand experience developing and building economically successful high-density projects in urban centers, including Oakland. The principal owner of Signature Development holds indirect, minority membership interests in OHP, 260 BB Way Development, and 277 Brooklyn Basin Way.

Further information regarding Zarsion America, Inc. and Beijing Zarsion Holdings Group Co., Ltd, is available at www.cicipo.com and zarsion.com. Further information regarding Signature Development is available at sighomes.com. *These Internet websites are included for reference only, and the information on these Internet sites is not a part of this Official Statement and is not incorporated by*

reference into this Official Statement. No representation is made in this Official Statement as to the accuracy or adequacy of the information contained on these Internet websites.

260 BB Way Development. 260 BB Way Development the owner of Parcel G, developed a 371-unit attached, for-rent apartment project with approximately 31,000 square feet of ground-floor commercial space, in a building known as “Caspian.” Signature Development is in contract with 260 BB Way Development to act as its development manager until the project reaches certain occupancy thresholds, at which time, Signature Development will act as its asset manager for the project on Parcel G. The principal owner of Signature Development holds an indirect minority ownership interest in 260 BB Way Development, through its sole member of 260 Brooklyn Basin Way, LLC.

277 Brooklyn Basin Way. 277 Brooklyn Basin Way is the owner and developer of Parcel H. Signature Development is in contract with 277 Brooklyn Basin Way to act as its development manager for the project on Parcel H, and the principal owner of Signature Development holds an indirect minority ownership interest in 270 Brooklyn Basin Way.

CV OW Parcel J Owner and Cityview. CV OW Parcel J Owner is the owner and developer of the 378-unit building known as “Portico.” CV OW Parcel J Owner is an affiliate of Cityview, a private equity firm founded in 2003 and headquartered in Los Angeles, California. Cityview is a vertically integrated real estate investment management and development firm focused on multifamily housing in gateway markets in the western United States specializing in developing, acquiring, and operating opportunistic and value-add multifamily projects. Further information regarding Citiview is available at www.cityview.com. *This Internet website is included for reference only, and the information on this Internet site is not a part of this Official Statement and is not incorporated by reference into this Official Statement. No representation is made in this Official Statement as to the accuracy or adequacy of the information contained on this Internet website.*

BOND OWNERS' RISKS

The purchase of the 2024 Bonds described in this Official Statement involves a degree of risk that may not be appropriate for some investors. The following includes a discussion of some of the risks which should be considered before making an investment decision. This discussion does not purport to be comprehensive or definitive and does not purport to be a complete statement of all factors which may be considered as risks in evaluating the credit quality of the 2024 Bonds.

Limited Obligation of the City to Pay Debt Service

The City has no obligation to pay principal of and interest on the 2024 Bonds if Special Tax collections are delinquent or insufficient, other than from amounts, if any, on deposit in the 2024 Reserve Fund or funds derived from the tax sale or foreclosure and sale of parcels for Special Tax delinquencies. The City is not obligated and does not plan to advance funds to pay debt service on the 2024 Bonds.

Concentration of Ownership

Currently, only Parcel G, which is owned by 260 BB Way Development, and Parcel J, which is CV OW Parcel J Owner, constitute Developed Property that is subject to the levy of Facilities Special Taxes under the Rate and Method. Parcel G is projected to be responsible for approximately 49.5% of the Fiscal Year 2024-25 Special Tax Levy, and Parcel J is expected to be responsible for approximately 50.5% of the Fiscal Year 2024-25 Special Tax Levy. Unless or until further development proceeds, property ownership of Developed Property is expected to remain highly concentrated. Even upon full build-out, property ownership will likely remain concentrated given the size and nature of the District. See "SPECIAL TAX REVENUES AND PROPERTY VALUES."

See "THE DISTRICT – Property Ownership Summary."

The owners of property in the District are not personally obligated to pay the Facilities Special Tax attributable to their property. Rather, the Facilities Special Tax is an obligation only against the parcel of property, secured by the amount which could be realized in a foreclosure proceeding against the property, and not by any promise of the owner to pay. If the value of the property is not sufficient, taking into account other obligations also constituting a lien against the property, the City, Fiscal Agent and owners of the 2024 Bonds have no recourse against the owner, such as filing a lawsuit to collect money.

Failure of 260 BB Way Development or CV OW Parcel J Owner, or any future owner of significant property subject to the levy of Facilities Special Taxes in the District, to pay installments of Special Taxes when due could cause the depletion of the reserve fund prior to reimbursement from the resale of foreclosed property or payment of the delinquent Special Tax and, consequently, result in the delinquency rate reaching a level that would cause an insufficiency in collection of the Facilities Special Taxes for the City to pay debt service with respect to the 2024 Bonds.

No assurance can be given that development will continue within the District or that any additional property will become Developed Property and subject to the levy of Facilities Special Taxes in the future. Therefore, the Facilities Special Taxes could be concentrated in a small number of parcels for an indefinite period.

Future Property Development

Future development of undeveloped property in the District may not proceed as planned, and may be adversely affected by changes in general or local economic conditions, fluctuations in or a deterioration of the real estate market, increased construction costs, development, financing and marketing capabilities of the respective parcel developers water or electricity shortages, discovery on the

undeveloped property of any plants or animals in their habitat that have been listed as endangered species, discovery of hazardous material on the property in the District, changes in laws, and other factors outside the control of the owners of land in the District. Development in the District may also be affected by development in surrounding areas, which may compete with the property in the District.

Levy and Collection of the Facilities Special Taxes

General. The principal source of payment of principal of and interest on the 2024 Bonds is the proceeds of the annual levy and collection of the Facilities Special Taxes against Developed Property within the District.

Limitation on Maximum Facilities Special Tax Rate. The annual levy of the Facilities Special Taxes is subject to the maximum annual Facilities Special Tax rate authorized in the Rate and Method. The levy cannot be made at a higher rate even if the failure to do so means that the estimated proceeds of the levy and collection of the Facilities Special Taxes, together with other available funds, will not be sufficient to pay debt service on the 2024 Bonds.

No Relationship Between Property Value and Facilities Special Tax Levy. Because the Facilities Special Tax formula set forth in the Rate and Method is not based on property value, the levy of the Facilities Special Taxes will rarely, if ever, result in a uniform relationship between the value of particular parcels and the amount of the levy of the Facilities Special Taxes against those parcels. Thus, there will rarely, if ever, be a uniform relationship between the value of the parcels subject to the levy of the Facilities Special Taxes and their proportionate share of debt service on the 2024 Bonds, and certainly not a direct relationship.

Factors that Could Lead to Special Tax Deficiencies. The following are some of the factors that might cause the levy of the Facilities Special Taxes on any particular parcel to vary from the Facilities Special Taxes that might otherwise be expected:

Transfers to Governmental Entities. The number of parcels subject to the levy of Facilities Special Taxes could be reduced through the acquisition of such parcels by a governmental entity and failure of the government to pay the Facilities Special Taxes based upon a claim of exemption or, in the case of the federal government or an agency thereof, immunity from taxation, thereby resulting in an increased tax burden on the remaining taxed parcels. See “–Exempt Properties” below.

Property Tax Delinquencies. Failure of the property owners to pay property taxes (and, consequently, the Facilities Special Taxes), or delays in the collection of or inability to collect the Facilities Special Taxes by tax sale or foreclosure and sale of the delinquent parcels, could result in a deficiency in the collection of Special Tax Revenues. See “– Property Tax Delinquencies” below.

Delays Following Facilities Special Tax Delinquencies and Foreclosure Sales. The Fiscal Agent Agreement generally provides that the Facilities Special Taxes are to be collected in the same manner as ordinary *ad valorem* property taxes are collected and, except as provided in the special covenant for foreclosure described in “SECURITY FOR THE 2024 BONDS – Covenant to Foreclose” and in the Act, is subject to the same penalties and the same procedure, sale and lien priority in case of delinquency as is provided for ordinary *ad valorem* property taxes. Under these procedures, if taxes are unpaid for a period of five years or more, the property is deeded to the State and then is subject to sale by the County.

If sales or foreclosures of property are necessary, there could be a delay in payments to owners of the 2024 Bonds pending such sales or the prosecution of foreclosure proceedings and receipt by the

City of the proceeds of sale if the 2024 Reserve Fund is depleted. See “SECURITY FOR THE 2024 BONDS – Covenant to Foreclose.”

The ability of the City to collect interest and penalties specified by State law and to foreclose against properties having delinquent installments of the Facilities Special Taxes may be limited in certain respects with regard to properties in which a federal governmental agency has or obtains an interest. See “ – FDIC/Federal Government Interests in Properties” below.

Other laws generally affecting creditors’ rights or relating to judicial foreclosure may affect the ability to enforce payment of Facilities Special Taxes or the timing of enforcement of Facilities Special Taxes. For example, the Soldiers and Sailors Civil Relief Act of 1940 affords protections such as a stay in enforcement of the foreclosure covenant, a six-month period after termination of such military service to redeem property sold to enforce the collection of a tax or assessment, and a limitation on the interest rate on the delinquent tax or assessment to persons in military service if the court concludes the ability to pay such taxes or assessments is materially affected by reason of such service.

Property Tax Delinquencies

General. Delinquencies in the payment of property taxes and, consequently, the Facilities Special Taxes, can occur because the owners of delinquent parcels may not have received property tax bills from the County in a timely manner. Delinquencies can also reflect economic difficulties and duress by the property owner.

Numerous future delinquencies by the owners of property subject to the levy of Facilities Special Taxes in the payment of property taxes (and, consequently, the Facilities Special Taxes, which are collected on the ordinary property tax bills) when due could result in a deficiency in Special Tax Revenues necessary to pay debt service on the 2024 Bonds, which could in turn result in the depletion of the 2024 Reserve Fund, prior to reimbursement from the resale of foreclosed property or payment of the delinquent Facilities Special Taxes. In that event, there could be a delay or failure in payments of the principal of and interest on the 2024 Bonds. See “SECURITY FOR THE 2024 BONDS – 2024 Reserve Fund,” and “THE DISTRICT – Potential Consequences of Facilities Special Tax Delinquencies.”

Measures to Mitigate Consequences of Continuing Delinquencies. The City intends to take certain actions designed to mitigate the impact of future delinquencies, including: enforcing the lien of the Facilities Special Taxes through collection procedures that will include foreclosure actions under certain circumstances (see “SECURITY FOR THE 2024 BONDS – Covenant to Foreclose”); and increasing the levy of Facilities Special Taxes against non-delinquent property owners in the District to the extent permitted under the Rate and Method and the Act, and to the extent the Facilities Special Taxes are not already being levied at the maximum Special Tax rate. See “THE DISTRICT – Potential Consequences of Facilities Special Tax Delinquencies.”

Limitations on Increases in Special Tax Levy. If property owners are delinquent in the payment of the Facilities Special Taxes, the City may not increase Facilities Special Tax levies to make up for delinquencies for prior fiscal years above the maximum annual Facilities Special Tax rates specified in the Rate and Method.

In addition, the City’s ability to increase Facilities Special Tax levies on residential property to make up for delinquencies for prior Fiscal Years is limited by Section 53321(d) of the Act, which provides that the special tax levied against any parcel for which an occupancy permit for private residential use has been issued may not be increased as a consequence of delinquency or default by the owner of any other parcel by more than 10% above the amount that would have been levied in such Fiscal Year had there never been any such delinquencies or defaults.

In cases of significant delinquency, these factors may result in defaults in the payment of principal of and interest on the 2024 Bonds.

Payment of Facilities Special Tax is not a Personal Obligation of the Property Owner

An owner of property subject to the levy of the Facilities Special Taxes is not personally obligated to pay the Facilities Special Taxes. Rather, the Facilities Special Taxes are an obligation running only against such parcels. If, after a default in the payment of the Facilities Special Taxes and a foreclosure sale by the City, the resulting proceeds are insufficient, taking into account other obligations also constituting a lien against the affected parcels, the City has no recourse against the owner.

Mandatory Redemption from Prepayment of Facilities Special Taxes

The 2024 Bonds are subject to mandatory redemption from prepayment of Facilities Special Taxes. Such prepayment could be made by any of the owners of property within the District subject to the levy of the Facilities Special Taxes, including 260 BB Way Development, CV OW Parcel J Owner, a developer purchasing from any of them, or any other property owner. Such prepayments could also be made from the proceeds of bonds issued by or on behalf of an overlapping special assessment district or community facilities district. The resulting redemption of 2024 Bonds that were purchased at a price greater than the applicable redemption price could reduce the otherwise expected yield on such 2024 Bonds.

Appraised Values

The Appraisal summarized in Appendix C estimates the market value of Parcel G and Parcel J. This market value is merely the opinion of the Appraiser as of the date of value set forth in the Appraisal, and is subject to the assumptions and limiting conditions stated in the Appraisal. The City has not sought an updated opinion of value by the Appraiser subsequent to the date of value of the Appraisal, or an opinion of the value of Parcel G and Parcel J or any other property in the District by any other appraiser. A different opinion of value might be rendered by a different appraiser.

The opinion of value assumes a sale by a willing seller to a willing buyer, each having similar information and neither being forced by other circumstances to sell or to buy. Consequently, the opinion is of limited use in predicting the selling price at a foreclosure sale, because the sale is forced and the buyer may not have the benefit of full information.

In addition, the opinion of value is made as of the date of value set forth in the Appraisal, based upon facts and circumstances existing as of the date of value. Differing facts and circumstances may lead to differing opinions of value. The appraised value is not evidence of future value because future facts and circumstances may differ significantly from the facts and circumstances at the time the Appraisal was prepared.

No assurance can be given that Parcel G or Parcel J could be sold for the estimated market value contained in the Appraisal if that property should become delinquent in the payment of Facilities Special Taxes and be foreclosed upon.

Property Values

The value of the property within the District that is subject to the levy of Facilities Special Taxes is a critical factor in determining the investment quality of the 2024 Bonds. If a property owner defaults in the payment of the Facilities Special Taxes, the City's only remedy is to foreclose on the delinquent property in an attempt to obtain funds with which to pay the delinquent Facilities Special Taxes. Land values could be adversely affected by economic and other factors beyond the City's control, such as a

general economic downturn, relocation of employers out of the area, shortages of water, electricity, natural gas or other utilities, destruction of property caused by earthquake, flood, landslides, wildfires, or other natural disasters, environmental pollution or contamination, or unfavorable economic conditions.

The following is a discussion of specific risk factors that could affect the value of property in the District.

Economic Factors. A prolonged economic downturn or other economic factors could adversely affect the market for rental housing in developments such as the Brooklyn Basin project, which could adversely affect the property of the property in the District.

Natural Disasters. The property values can be adversely affected by a variety of natural occurrences, particularly those that may affect infrastructure and other public improvements and private improvements on the taxable property and the continued habitability and enjoyment of such private improvements.

The areas in and surrounding the District, like those in much of California, may be subject to unpredictable seismic activity, including earthquakes and landslides. Other natural disasters could include, without limitation, floods, landslides, wildfires, droughts or tornadoes. One or more natural disasters could occur and could result in damage to improvements of varying seriousness. The damage may entail significant repair or replacement costs and that repair or replacement may never occur either because of the cost, or because repair or replacement will not facilitate habitability or other use, or because other considerations preclude such repair or replacement. Under any of these circumstances there could be significant delinquencies in the payment of Facilities Special Taxes, and the value of the property subject to the levy of the Facilities Special Taxes may well depreciate or disappear. See “THE DISTRICT – Environmental Matters” for additional details on certain environmental matters.

With respect to droughts specifically, California has a history of suffering drought conditions periodically, with the most recent drought being declared over in 2023. Notwithstanding the improved water conditions, the City cannot predict or make any representations regarding the effects that the recent drought and related conditions had or may have on the value of property subject to the levy of Facilities Special Taxes, or to what extent the effects the recent drought or any future drought may have on the pace of development in the District.

Legal Requirements. Other events that may affect property values include changes in the law or application of the law. Such changes may include, without limitation, local growth control initiatives, local utility connection moratoriums and local application of statewide tax and governmental spending limitation measures.

Hazardous Substances. One of the most serious risks in terms of the potential reduction in property values is a claim with regard to a hazardous substance. In general, the owners and operators of property may be required by law to remedy conditions of the parcel relating to releases or threatened releases of hazardous substances. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as “CERCLA” or the “Superfund Act,” is the most well-known and widely applicable of these laws, but California laws with regard to hazardous substances are also stringent and similar. Under many of these laws, the owner or operator is obligated to remedy a hazardous substance condition of property whether or not the owner or operator has anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the property subject to the levy of Facilities Special Taxes be affected by a hazardous substance, is to reduce the marketability and value of the parcel by the costs of remedying the condition, because the purchaser, upon becoming owner, will become obligated to remedy the condition just as is the seller.

The property values set forth in this Official Statement do not take into account the possible reduction in marketability and property values by reason of the possible liability of the owner or operator for the remedy of a hazardous substance condition of the parcel. Although the City is not aware of any such current liability with respect to the property subject to the levy of Facilities Special Taxes, it is possible that such liabilities do currently exist and that the City is not aware of them.

Further, it is possible that liabilities may arise in the future resulting from the existence, currently, on the parcel of a substance presently classified as hazardous but that has not been released or the release of which is not presently threatened, or may arise in the future resulting from the existence, currently on the parcel of a substance not presently classified as hazardous but that may in the future be so classified. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling it. All of these possibilities could significantly affect property value.

For particular environmental matters that may impact the value of land within the District, see “THE DISTRICT – Environmental Matters.”

Climate Change; Risk of Sea Level Rise and Flooding Damage

Numerous scientific studies on global climate change show that, among other effects on the global ecosystem, sea levels will rise, extreme temperatures will become more common, and extreme weather events will become more frequent as a result of increasing global temperatures attributable to atmospheric pollution.

The Fourth National Climate Assessment, published by the U.S. Global Change Research Program in November 2018 (“NCA4”), finds that more frequent and intense extreme weather and climate-related events, as well as changes in average climate conditions, are expected to continue to damage infrastructure, ecosystems and social systems over the next 25 to 100 years. NCA4 states that rising temperatures, sea level rise, and changes in extreme events are expected to increasingly disrupt and damage critical infrastructure and property and regional economies and industries that depend on natural resources and favorable climate conditions. Disruptions could include more frequent and longer-lasting power outages, fuel shortages and service disruptions. NCA4 states that the continued increase in the frequency and extent of high-tide flooding due to sea level rise threatens coastal public infrastructure. NCA4 also states that expected increases in the severity and frequency of heavy precipitation events will affect inland infrastructure, including access to roads, the viability of bridges and the safety of pipelines.

Sea levels are expected to continue to rise in the future due to the increasing temperature of the oceans causing thermal expansion and growing ocean volume from glaciers and ice caps melting into the ocean. Between 1854 and 2016, sea level rose about nine inches according to the tidal gauge at Fort Point, a location underneath the Golden Gate Bridge. Weather and tidal patterns, including 100-year or more storms and king tides, may exacerbate the effects of climate related sea level rise. Coastal areas like the City and those of the District are at risk of substantial flood damage over time, affecting private development and public infrastructure, including roads, utilities, emergency services, schools, and parks. As a result, the City could lose considerable tax revenues and many residents, businesses, and governmental operations along the waterfront could be displaced, and the City could be required to mitigate these effects at a potentially material cost.

The Brooklyn Basin project has been designed, and Phases 1 and 2 have been constructed, to provide sea level rise protection through a perimeter protection strategy along the project boundary with a perimeter elevation of approximately +6.0 feet above Mean High Water. The perimeter protection is designed to provide flood protection for 100-year flood conditions plus freeboard of approximately 28 inches. The additional freeboard provides flood protection against a future 100-year flood event (tide or wave induced), which could be brought about by rising sea levels. Further, buildings have been planned with minimum interior building elevations with finish floor elevation of not less than +6.5 feet above Mean

High Water to protect against a storm surge event of up to approximately 34-inches higher than a 100-year flood event. Looking to the future, the proposed interior elevations are estimated to be high enough to provide flood protection for an estimated 50-year planning horizon of sea level rise. Beyond the planning horizons, additional sea level rise protection for Brooklyn Basin can be achieved through shoreline adaptation. The horizontal space exists along the shoreline, within the open space areas, for a variety of adaptations that would allow for increases in perimeter elevations in the future as necessary.

The District may be particularly susceptible to the impacts of sea level rise or other impacts of climate change or flooding because of its location on the waterfront of the City. The City is unable to predict whether sea level rise or other impacts of climate change or flooding from a major storm will occur, when they may occur, and if any such events occur, whether they will have a material adverse effect on the business operations or financial condition of the City, the local economy or, in particular, the development in the District and the ability of any property owner in the District to pay the levy of Facilities Special Taxes.

Other Possible Claims Upon the Property Values

While the Facilities Special Taxes are secured by the property in the District classed as Developed Property, the security only extends to the value of such property that is not subject to priority and parity liens and similar claims.

The tables in the sections entitled “THE DISTRICT – Direct and Overlapping Governmental Obligations” and “– Illustrative Tax Bill,” show the presently outstanding amount of governmental obligations, the tax or assessment for which is or may become an obligation of one or more of the parcels of property subject to the levy of Facilities Special Taxes. The tables do not specifically identify which of the governmental obligations are secured by liens on one or more of these parcels.

In addition, other governmental obligations may be authorized and undertaken or issued in the future, the tax, assessment or charge for which may become an obligation of one or more of the parcels of property subject to the levy of Facilities Special Taxes, and may be secured by a lien on a parity with the lien of the Facilities Special Taxes securing the 2024 Bonds.

The principal of and interest on the 2024 Bonds are payable from the Facilities Special Taxes authorized to be collected within the District, and payment of the Facilities Special Taxes is secured by a lien on property within the District classified as Developed Property. Such lien is co-equal to and independent of the lien for general taxes and any other liens imposed under the Act, regardless of when they are imposed on the property in the District. The imposition of additional special taxes, assessments and general property taxes will increase the amount of independent and co-equal liens which must be satisfied in foreclosure if unpaid. The City, the County and certain other public agencies are authorized by the Act to form other community facilities districts and, under other provisions of State law, to form special assessment districts, either or both of which could include all or a portion of the land within the District. Finally, although the Facilities Special Taxes will generally have priority over non-governmental liens on a parcel of property in the District, regardless of whether the non-governmental liens were in existence at the time of the levy of the Facilities Special Taxes or not, this result may not apply in the case of bankruptcy. See “BOND OWNERS’ RISKS– Bankruptcy Delays” below.

Exempt Properties

Certain properties are exempt from the Facilities Special Taxes in accordance with the Rate and Method and the Act, which provides that properties or entities of the state, federal or local government are exempt from the Facilities Special Taxes; provided, however, that property within the District acquired by a public entity through a negotiated transaction or by gift or devise, which is not otherwise exempt

from the Special Tax, will continue to be subject to the Special Tax. See “SECURITY FOR THE 2024 BONDS –Rate and Method.”

In addition, although the Act provides that if property subject to the levy of Facilities Special Taxes is acquired by a public entity through eminent domain proceedings, the obligation to pay the Facilities Special Taxes with respect to that property is to be treated as if it were a special assessment, the constitutionality and operation of these provisions of the Act have not been tested, meaning that such property could become exempt from the Facilities Special Taxes. The Act further provides that no other properties or entities are exempt from the Facilities Special Taxes unless the properties or entities are expressly exempted in a resolution of consideration to levy a new special tax or to alter the rate or method of apportionment of an existing special tax.

FDIC/Federal Government Interests in Properties

General. The ability of the City to foreclose the lien of delinquent unpaid installments of the Facilities Special Taxes may be limited with regard to properties in which the FDIC, the Federal National Mortgage Association, the Drug Enforcement Agency, the Internal Revenue Service, or other federal agency has or obtains an interest.

Federal courts have held that, based on the supremacy clause of the United States Constitution, in the absence of Congressional intent to the contrary, a state or local agency cannot foreclose to collect delinquent taxes or assessments if foreclosure would impair the federal government interest.

The supremacy clause of the United States Constitution reads as follows: “This Constitution, and the Laws of the United States which shall be made in Pursuance thereof; and all Treaties made, or which shall be made, under the Authority of the United States, shall be the supreme Law of the Land; and the Judges in every State shall be bound thereby, any Thing in the Constitution or Laws of any State to the contrary notwithstanding.”

This means that, unless Congress has otherwise provided, if a federal governmental entity owns a parcel that is subject to Facilities Special Taxes but does not pay taxes and assessments levied on the parcel (including Facilities Special Taxes), the applicable state and local governments cannot foreclose on the parcel to collect the delinquent taxes and assessments.

Moreover, unless Congress has otherwise provided, if the federal government has a mortgage interest in the parcel and the City wishes to foreclose on the parcel as a result of delinquent Facilities Special Taxes, the property cannot be sold at a foreclosure sale unless it can be sold for an amount sufficient to pay delinquent taxes and assessments on a parity with the Facilities Special Taxes and preserve the federal government’s mortgage interest. In *Rust v. Johnson* (9th Circuit; 1979) 597 F.2d 174, the United States Court of Appeal, Ninth Circuit held that the Federal National Mortgage Association (“**FNMA**”) is a federal instrumentality for purposes of this doctrine, and not a private entity, and that, as a result, an exercise of state power over a mortgage interest held by FNMA constitutes an exercise of state power over property of the United States.

The City has not undertaken to determine whether any federal governmental entity currently has, or is likely to acquire, any interest (including a mortgage interest) in any of the parcels subject to the Facilities Special Taxes, and therefore expresses no view concerning the likelihood that the risks described above will materialize while the 2024 Bonds are outstanding.

FDIC. In the event that any financial institution making any loan which is secured by real property within the District is taken over by the FDIC, and prior thereto or thereafter the loan or loans go into default, resulting in ownership of the property by the FDIC, then the ability of the City to collect interest

and penalties specified by State law and to foreclose the lien of delinquent unpaid Facilities Special Taxes may be limited.

The FDIC's policy statement regarding the payment of state and local real property taxes (the "**Policy Statement**") provides that property owned by the FDIC is subject to state and local real property taxes only if those taxes are assessed according to the property's value, and that the FDIC is immune from real property taxes assessed on any basis other than property value. According to the Policy Statement, the FDIC will pay its property tax obligations when they become due and payable and will pay claims for delinquent property taxes as promptly as is consistent with sound business practice and the orderly administration of the institution's affairs, unless abandonment of the FDIC's interest in the property is appropriate. The FDIC will pay claims for interest on delinquent property taxes owed at the rate provided under state law, to the extent the interest payment obligation is secured by a valid lien. The FDIC will not pay any amounts in the nature of fines or penalties and will not pay nor recognize liens for such amounts. If any property taxes (including interest) on FDIC-owned property are secured by a valid lien (in effect before the property became owned by the FDIC), the FDIC will pay those claims. The Policy Statement further provides that no property of the FDIC is subject to levy, attachment, garnishment, foreclosure or sale without the FDIC's consent. In addition, the FDIC will not permit a lien or security interest held by the FDIC to be eliminated by foreclosure without the FDIC's consent.

The Policy Statement states that the FDIC generally will not pay non-ad valorem taxes, including special assessments, on property in which it has a fee interest unless the amount of tax is fixed at the time that the FDIC acquires its fee interest in the property, nor will it recognize the validity of any lien to the extent it purports to secure the payment of any such amounts. Special taxes imposed under the Act and a special tax formula which determines the special tax due each year are specifically identified in the Policy Statement as being imposed each year and therefore covered by the FDIC's federal immunity. The Ninth Circuit has issued a ruling on August 28, 2001 in which it determined that the FDIC, as a federal agency, is exempt from Mello-Roos special taxes.

The City is unable to predict what effect the application of the Policy Statement would have in the event of a delinquency in the payment of Facilities Special Taxes on a parcel within the District in which the FDIC has or obtains an interest, although prohibiting the lien of the Facilities Special Taxes to be foreclosed out at a judicial foreclosure sale could reduce or eliminate the number of persons willing to purchase a parcel at a foreclosure sale. Such an outcome could cause a draw on the 2024 Reserve Fund and perhaps, ultimately, if enough property were to become owned by the FDIC, a default in payment on the 2024 Bonds.

Depletion of 2024 Reserve Fund

The 2024 Reserve Fund is to be maintained at an amount equal to the Reserve Requirement for the 2024 Bonds. See "SECURITY FOR THE 2024 BONDS – 2024 Reserve Fund." The 2024 Reserve Fund will be used to pay principal of and interest on the 2024 Bonds (and any 2024 Related Parity Bonds) if insufficient funds are available from the proceeds of the levy and collection of the Facilities Special Taxes against property within the District. If the 2024 Reserve Fund is depleted, it can be replenished from the proceeds of the levy and collection of the Facilities Special Taxes that exceed the amounts to be paid to the owners of the 2024 Bonds (and any 2024 Related Parity Bonds) under the Fiscal Agent Agreement. However, because the levy of the Facilities Special Taxes is limited to the maximum annual Facilities Special Tax rates, it is possible that no replenishment would be possible if the Special Tax Revenues, together with other available funds, remain insufficient to pay all such amounts. Thus, it is possible that the 2024 Reserve Fund will be depleted and not be replenished by the levy and collection of the Facilities Special Taxes.

Bankruptcy Delays

The payment of the Facilities Special Taxes and the ability of the City to foreclose the lien of a delinquent unpaid Facilities Special Taxes, as discussed in "SECURITY FOR THE 2024 BONDS," may be limited by bankruptcy, insolvency or other laws generally affecting creditors' rights or by the laws of the State of California relating to judicial foreclosure. The various legal opinions to be delivered concurrently with the delivery of the 2024 Bonds (including Bond Counsel's approving legal opinion) will be qualified as to the enforceability of the various legal instruments by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights, by the application of equitable principles and by the exercise of judicial discretion in appropriate cases.

Although bankruptcy proceedings would not cause the Facilities Special Taxes to become extinguished, bankruptcy of a property owner or any other person claiming an interest in the property could result in a delay in superior court foreclosure proceedings and could result in the possibility of installments of the Facilities Special Taxes not being paid in part or in full. Such a delay would increase the likelihood of a delay or default in payment of the principal of and interest on the 2024 Bonds.

In addition, the amount of any lien on property securing the payment of delinquent Facilities Special Taxes could be reduced if the value of the property were determined by the bankruptcy court to have become less than the amount of the lien, and the amount of the delinquent Facilities Special Taxes in excess of the reduced lien could then be treated as an unsecured claim by the court. Any such stay of the enforcement of the lien of the Facilities Special Taxes, or any such delay or non-payment, would increase the likelihood of a delay or default in payment of the principal of and interest on the 2024 Bonds and the possibility of delinquent Facilities Special Taxes not being paid in full.

The chances are increased that the 2024 Reserve Fund established for the 2024 Bonds could be fully depleted during any such delay in obtaining payment of delinquent Facilities Special Taxes. As a result, sufficient moneys would not be available in the 2024 Reserve Fund to make up shortfalls resulting from delinquent payments of the Facilities Special Taxes and thereby to pay principal of and interest on the 2024 Bonds on a timely basis.

Disclosure to Future Purchasers

The City has recorded a notice of the lien of the Facilities Special Taxes in the Office of the County Recorder. While title companies normally refer to such notices in title reports, there can be no guarantee that such reference will be made or, if made, that a prospective purchaser or lender will consider such special tax obligation in the purchase of a parcel of land or a home in the District or the lending of money secured by property in the District. The Act requires the subdivider of a subdivision (or its agent or representative) to notify a prospective purchaser or long-term lessor of any lot, parcel, or unit subject to a Mello-Roos special tax of the existence and maximum amount of such special tax using a statutorily prescribed form. California Civil Code Section 1102.6b requires that in the case of transfers other than those covered by the above requirement, the seller must at least make a good faith effort to notify the prospective purchaser of the special tax lien in a format prescribed by statute. Failure by an owner of the property to comply with these requirements, or failure by a purchaser or lessor to consider or understand the nature and existence of the Facilities Special Taxes, could adversely affect the willingness and ability of the purchaser or lessor to pay the Facilities Special Taxes when due.

No Acceleration Provisions

The 2024 Bonds do not contain a provision allowing for their acceleration in the event of a payment default or other default under the terms of the 2024 Bonds or the Fiscal Agent Agreement. Under the Fiscal Agent Agreement, a Bondholder is given the right for the equal benefit and protection of all Bondowners similarly situated to pursue certain remedies. See "APPENDIX D – Summary of

Certain Provisions of the Fiscal Agent Agreement.” So long as the 2024 Bonds are in book-entry form, DTC will be the sole bondholder and will be entitled to exercise all rights and remedies of bondholders.

Impact of Certain Events on Tax Exemption

As discussed under the caption “TAX MATTERS,” interest on the 2024 Bonds might become includable in gross income for purposes of federal income taxation retroactive to the date the 2024 Bonds were issued as a result of future acts or omissions of the City in violation of its covenants in the Fiscal Agent Agreement. The Fiscal Agent Agreement does not contain a special redemption feature triggered by the occurrence of an event of taxability. As a result, if interest on the 2024 Bonds were to become includable in gross income for purposes of federal income taxation, the 2024 Bonds would continue to remain outstanding until maturity unless earlier redeemed pursuant to optional or mandatory redemption or redemption upon prepayment of the Facilities Special Taxes. See “THE 2024 BONDS – Redemption.”

Future legislative proposals, if enacted into law, clarification of the Tax Code (defined herein) or court decisions may cause interest on the 2024 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Bondowners from realizing the full current benefit of the tax status of such interest.

IRS Audit of Tax-Exempt Bond Issues

The Internal Revenue Service (the “IRS”) has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the 2024 Bonds will be selected for audit by the IRS. It is also possible that the market value of such 2024 Bonds might be affected as a result of such an audit of such 2024 Bonds (or by an audit of similar bonds or securities).

Voter Initiatives

Under the California Constitution, the power of initiative is reserved to the voters for the purpose of enacting statutes and constitutional amendments. Since 1978, the voters have exercised this power through the adoption of Proposition 13 and similar measures, including Proposition 218, which was approved in the general election held on November 5, 1996, and Proposition 26, which was approved on November 2, 2010.

Any such initiative may affect the collection of fees, taxes and other types of revenue by local agencies such as the City. Subject to overriding federal constitutional principles, such collection may be materially and adversely affected by voter-approved initiatives, possibly to the extent of creating cash-flow problems in the payment of outstanding obligations such as the 2024 Bonds.

Proposition 218—Voter Approval for Local Government Taxes—Limitation on Fees, Assessments, and Charges—Initiative Constitutional Amendment, added Articles XIIC and XIID to the California Constitution, imposing certain vote requirements and other limitations on the imposition of new or increased taxes, assessments and property-related fees and charges.

On November 2, 2010, California voters approved Proposition 26, entitled the “Supermajority Vote to Pass New Taxes and Fees Act”. Section 1 of Proposition 26 declares that Proposition 26 is intended to limit the ability of the State Legislature and local government to circumvent existing restrictions on increasing taxes by defining the new or expanded taxes as “fees.” Proposition 26 amended Articles XIIC and XIID of the State Constitution. The amendments to Article XIIC limit the ability of the State Legislature to impose higher taxes (as defined in Proposition 26) without a two-thirds vote of the Legislature. Article XIIC requires that all new local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes require a majority vote and taxes for specific purposes (“special taxes”) require a two-thirds vote.

The City believes that issuance of the 2024 Bonds and levying of the Facilities Special Taxes does not require the conduct of further proceedings under the Mello-Roos Act, Proposition 218, or Proposition 26.

Like their antecedents, Proposition 218 and Proposition 26 (and Initiative 1935, assuming it is approved and becomes effective) are likely to undergo both judicial and legislative scrutiny before the impact on the City and its obligations can be determined. Certain provisions of Proposition 218 and Proposition 26 (and Initiative 1935, assuming it is approved and becomes effective) may be examined by the courts for their constitutionality under both State and federal constitutional law, the outcome of which cannot be predicted.

The City cannot predict the ultimate outcome or effect of any such judicial scrutiny, legislative actions, or future initiatives. These initiatives, and any future initiatives, may affect the collection of fees, taxes and other types of revenue by local agencies such as the City. Subject to overriding federal constitutional principles, such collection may be materially and adversely affected by voter-approved initiatives, possibly to the extent of creating cash-flow problems in the payment of outstanding obligations such as the 2024 Bonds.

Cybersecurity and Threats

As a large public sector organization, the City manages a complex technical environment. Through its normal operations, the City collects, processes, and maintains potentially sensitive information about residents, businesses, employees, contractors, and elected officials, making it a target for sophisticated, professional criminal organizations. As such, cybersecurity is of the utmost importance to the successful ongoing operations of the City. The City's Information Technology Department ("ITD") continually initiates projects aimed at strengthening the City's overall technology infrastructure and automating processes, monitoring systems, and analyzing operational and security issues in real-time. The City believes these measures improve its ability to effectively respond to incidents once detected. Regarding specific security measures, the City has invested significant resources to establish a new Information Security Office ("ISO") as part of ITD, reporting directly to the City's Chief Information Officer.

The ISO is responsible for the active monitoring of the City's technology systems, as well as analysis, discussion and development of information security policy. The City is finalizing the implementation of citywide policies and procedures aligned to the National Institute of Standards and Technology, Special Publication 800-53, Security and Privacy Controls for Information Systems and Organizations ("**NIST SP800-53 Rev 5**"). In addition to frameworks and policies, the ISO also recognizes the need for dedicated security personnel and ongoing training. Frameworks and policies are only effective if they are enforced and tools are only effective if they remain current. Combating cybersecurity threats from both inside and outside the organization is an ongoing active endeavor, as the threats are continually evolving. While the City maintains its technology systems and continuously implements new information security controls, no assurances can be given that the City's will be successful in guarding against all cyber threats and attacks. To help mitigate the impacts of any such impacts, the City carries a cyber insurance policy.

In February 2023, the City experienced a security incident that resulted in several IT systems being taken offline, as well as the exfiltration of certain City records and data. From the start of the incident through present day, the City has regularly and diligently kept its residents and impacted parties notified, working with industry experts to identify and resolve issues, and has instituted and maintained a state of emergency to facilitate rapid contracting in support of its investigative and remediation efforts. Specifically, on the morning of February 9, 2023, the ITD became aware of activity on the City's network. The City immediately engaged with a forensics firm and by midafternoon, the threat had been fully

contained. The City further determined its 911, Office 365, and financial enterprise resource planning systems (Oracle) were not impacted.

On February 10, 2023, the City engaged outside legal counsel and technical assistance through its cyber liability insurance service. The City also notified the public that it had recently been subject to a ransomware attack. On February 14, 2023, the City Council enacted a local state of emergency to enable rapid responses and contracting and activated its Emergency Operations Center (“**EOC**”) to mobilize all City departments, agencies, and resources to respond to the incident (the “**Local State of Emergency**”). On February 15, 2023, the City posted a voluntary EMMA Notice disclosing the occurrence of the security incident. Twelve days after the initial attack, the City announced that its core network, access to public computers and services at libraries and Wi-Fi at City facilities were restored and that critical (i.e., non-emergency) public safety services were also restored, including the City’s network. By February 22, 2023, more public safety systems, and access to the City’s financial system were restored along with permitting services. By February 28, 2023, the City’s contracting and funding opportunities system were restored.

On March 3, 2023, the City learned the threat actor had published approximately 10GB of exfiltrated data acquired from the breach of the City’s network on the “dark web.” i.e., a website not searchable via the traditional Internet. The City subsequently determined that the personal information of employees employed between July 2010 - January 2022 was published and began notifying impacted employees and mailing notification letters to impacted residents to provide them with further details and resources to help protect their personal information. The City posted fraud protection best practices to its website and created a dedicated email line for affected parties.

In April 2023, the City completed an extensive manual review of the data and determined that the personal information of certain current and former employees and a limited subset of residents (such as some individuals who filed a claim against the City or applied for certain federal programs with the City) was exposed in the confirmed incident. On April 5, 2023, the City became aware that the same unauthorized third-party had posted additional data allegedly taken from City systems during the incident in February to the dark web. The second data leak totaled approximately 590GB. By May 4, 2023, nearly all City IT systems that were impacted as a result of this incident had been restored; GIS, work order systems, business licenses, and more were fully operational. As part of its remediation effort, the City also significantly improved its security operations, including the deployment of multifactor authentication, and implementation of 24/7 monitoring and remediation services, and began development of formal incident response plans to guide the activities of the EOC should such an event happen again.

On June 23, 2023, despite service restoration, the Local State of Emergency was renewed and continued to allow for procurement of emergency technical services and to assess and provide for new safeguards leading into budget season. On August 24, 2023, the City announced the results of its analysis of the second, larger data leak and began notifying impacted individuals and providing free credit monitoring services. Although the City incurred costs and expenses related to the considerable staff time involved, engaging outside consulting services to respond to and address the incident, and ongoing budget impacts for enhanced IT (as described below), the City’s finances were not materially impacted by the incident.

The City’s 2023-2025 biennial budget allocates approximately \$9.1 million over two years to further improve and enhance security and technology throughout the City, including upgrading IT infrastructure; hiring new operations and security staff; migrating to Cloud services; and investing in new security tools and technologies such as business continuity and disaster recovery systems, and procedures. Alongside these efforts, the City’s ERP financial system is being migrated to Oracle Cloud Infrastructure (OCI) with an expected completion date of mid-2024.

No assurances can be made that the security and other measures taken by the City will be successful in guarding against another cyber threat or attack. The City cannot predict the outcome of any

future attack nor its effect on the City's operations and finances. The results of any attack on the City's computer and information technology systems could have a material adverse impact on the operations of the City and damage its digital networks and systems.

Secondary Market for Bonds

There can be no guarantee that there will be a secondary market for the 2024 Bonds or, if a secondary market exists, that any 2024 Bonds can be sold for any particular price. Prices of bond issues for which a market is being made will depend upon then-prevailing circumstances. Such prices could be substantially different from the original purchase price.

No assurance can be given that the market price for the 2024 Bonds will not be affected by the introduction or enactment of any future legislation (including without limitation amendments to the Internal Revenue Code), or changes in interpretation of the Internal Revenue Code, or any action of the Internal Revenue Service, including but not limited to the publication of proposed or final regulations, the issuance of rulings, the selection of the 2024 Bonds for audit examination, or the course or result of any Internal Revenue Service audit or examination of the 2024 Bonds or obligations that present similar tax issues as the 2024 Bonds.

LEGAL MATTERS

Legal Opinions

The legal opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, approving the validity of the 2024 Bonds will be made available to purchasers at the time of original delivery and is attached in substantially final form as APPENDIX E.

Jones Hall, A Professional Law Corporation, San Francisco, California, has served as Bond Counsel and Disclosure Counsel to the City. Stradling Yocca Carlson & Rauth, A Professional Corporation, Newport Beach, California, is serving as counsel to the Underwriter.

No Litigation

At the time of delivery of the 2024 Bonds, the City will certify that there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, pending with respect to which the City has been served with process or threatened, which:

- in any way questions the powers of the City Council, City or District, or
- in any way questions the validity of any proceeding taken by the City Council in connection with the issuance of the 2024 Bonds, or
- wherein an unfavorable decision, ruling or finding could materially adversely affect the transactions contemplated by the purchase contract with respect to the 2024 Bonds, or
- which, in any way, could adversely affect the validity or enforceability of the resolutions of the City Council adopted in connection with the formation of the District or the issuance of the 2024 Bonds, the Fiscal Agent Agreement, the Continuing Disclosure Certificate or the purchase contract with respect to the 2024 Bonds, or
- to the knowledge of the City, which in any way questions the exclusion from gross income of the recipients thereof of the interest on the 2024 Bonds for federal income tax purposes, or
- in any other way questions the status of the 2024 Bonds under State tax laws or regulations.

TAX MATTERS

Federal Tax Status. In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the 2024 Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. Interest on the 2024 Bonds may be subject to the corporate alternative minimum tax.

The opinions set forth in the preceding paragraph are subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986, as amended (the "**Tax Code**") that must be satisfied subsequent to the issuance of the 2024 Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The City has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the 2024 Bonds.

Tax Treatment of Original Issue Discount and Premium. If the initial offering price to the public at which a 2024 Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes "original issue discount" for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public at which a 2024 Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes "bond premium" for purposes of federal income taxes and State of California personal income taxes.

Under the Tax Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the 2024 Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such 2024 Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such 2024 Bond. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the 2024 Bonds who purchase the 2024 Bonds after the initial offering of a substantial amount of such maturity. Owners of such 2024 Bonds should consult their own tax advisors with respect to the tax consequences of ownership of 2024 Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering to the public at the first price at which a substantial amount of such 2024 Bonds is sold to the public.

Under the Tax Code, bond premium is amortized on an annual basis over the term of the 2024 Bond (said term being the shorter of the 2024 Bond's maturity date or its call date). The amount of bond premium amortized each year reduces the adjusted basis of the owner of the 2024 Bond for purposes of determining taxable gain or loss upon disposition. The amount of bond premium on a 2024 Bond is amortized each year over the term to maturity of the 2024 Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized 2024 Bond premium is not deductible for federal income tax purposes. Owners of premium 2024 Bonds, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such 2024 Bonds.

California Tax Status. In the further opinion of Bond Counsel, interest on the 2024 Bonds is exempt from California personal income taxes.

Other Tax Considerations. Current and future legislative proposals, if enacted into law, clarification of the Tax Code or court decisions may cause interest on the 2024 Bonds to be subject, directly or indirectly, 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, clarification of the Tax Code or court decisions may also affect the market price for, or marketability of, the 2024 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, such legislation would apply to bonds issued prior to enactment.

The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of such opinion, and Bond Counsel has expressed no opinion with respect to any proposed legislation or as to the tax treatment of interest on the 2024 Bonds, or as to the consequences of owning or receiving interest on the 2024 Bonds, as of any future date. Prospective purchasers of the 2024 Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Owners of the 2024 Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the 2024 Bonds may have federal or state tax consequences other than as described above. Other than as expressly described above, Bond Counsel expresses no opinion regarding other federal or state tax consequences arising with respect to the 2024 Bonds, the ownership, sale or disposition of the 2024 Bonds, or the amount, accrual or receipt of interest on the 2024 Bonds.

CONTINUING DISCLOSURE

City Continuing Disclosure. The City will covenant for the benefit of owners of the 2024 Bonds to provide certain financial information and operating data relating to the District and the 2024 Bonds by not later than nine months after the end of the City’s fiscal year (currently March 31 based on the City’s fiscal year end of June 30) (the “**Annual Report**”) and to provide notices of the occurrence of certain listed events.

These covenants have been made in order to assist the Underwriter in complying with Securities Exchange Commission Rule 15c2-12(b)(5) (the “**Rule**”). The specific nature of the information to be contained in the Annual Report or the notices of listed events is set forth in APPENDIX F.

The City, on its own behalf and on behalf of related entities, has entered into a number of prior continuing disclosure undertakings under the Rule in connection with the issuance of long-term obligations, and has provided annual financial information and event notices in accordance with those undertakings. Based on an independent, third-party review, the City is not aware of any instances in the past five years of any material failures by it to comply with its continuing disclosure undertaking under the Rule with respect to any bond issue of the City.

Property Owner Continuing Disclosure. Master Developer will covenant in a continuing disclosure certificate, the form of which is set forth in APPENDIX G (the “**Property Owner Continuing Disclosure Certificate**”), for the benefit of holders and beneficial owners of the 2024 Bonds, to provide certain information relating to itself and the status of its property within the District on an annual basis, beginning on November 15, 2024, and to provide notices of the occurrence of certain enumerated events. Master Developer is not an obligated person as defined under the Rule.

Master Developer has not previously entered into any undertaking under the Rule.

NO RATING

The City has not obtained a credit rating on the 2024 Bonds. Nothing should be assumed from any credit rating that the City may obtain for other purposes. Prospective purchasers of the 2024 Bonds are required to make independent determinations as to the credit quality of the 2024 Bonds and their appropriateness as an investment.

UNDERWRITING

The 2024 Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated (the “**Underwriter**”), at a purchase price of \$_____ (which represents the aggregate principal amount of the 2024 Bonds (\$_____), [*plus*]/[*less*] an original issue [*premium*]/[*discount*] of \$_____, *less* an Underwriter’s discount of \$_____).

The purchase agreement relating to the 2024 Bonds provides that the Underwriter will purchase all of the 2024 Bonds, if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in such purchase agreement.

The Underwriter may offer and sell the 2024 Bonds to certain dealers and others at prices lower than the offering prices stated on the inside cover page hereof. The offering prices may be changed from time to time by the Underwriter.

MUNICIPAL ADVISOR

KNN Public Finance is acting as a municipal advisor to the City (the “**Municipal Advisor**”) with respect to the 2024 Bonds. The Municipal Advisor has assisted the City in the review and preparation of this Official Statement and in other matters relating to the planning, structuring, execution and delivery of the 2024 Bonds. The Municipal Advisor has not independently verified any of the data contained herein or conducted a detailed investigation of the District, the Development or the Developers to determine the accuracy or completeness of this Official Statement and assumes no responsibility for the accuracy or completeness of any of the information contained herein.

PROFESSIONAL FEES

In connection with the issuance of the 2024 Bonds, fees or compensation payable to certain professionals are contingent upon the issuance and delivery of the 2024 Bonds. Those professionals include:

- the Underwriter;
- Jones Hall, A Professional Law Corporation, as Bond Counsel and Disclosure Counsel;
- Stradling Yocca Carlson & Rauth, A Professional Corporation, as Underwriter’s Counsel;
- KNN Public Finance, LLC, as municipal advisor;
- A portion of the fees of Goodwin Consulting Group, Inc., as special tax consultant; and
- Wilmington Trust, National Association, as Fiscal Agent.

EXECUTION

The execution and delivery of this Official Statement has been duly authorized by the City Council, acting as the legislative body of the District.

CITY OF OAKLAND

By: _____
City Administrator

APPENDIX A

GENERAL INFORMATION ABOUT THE CITY OF OAKLAND AND ALAMEDA COUNTY

The following information concerning the City of Oakland (the “City”) and the County of Alameda (the “County”) is included only for the purpose of supplying general information regarding the area in and around the City. The County, including its Board of Supervisors, officers, officials, agents and other employees, are required, only to the extent required by law, to: (i) levy and collect ad valorem taxes for payment of the 2024 Bonds in accordance with the law; and (ii) transmit the proceeds of such taxes to the paying agent for the payment of the principal of and interest on 2024 Bonds at the time such payment is due.

General

The City. The City of Oakland (the “City”) was incorporated as a town in 1852 and as a city in 1854 and became a charter city in 1889. The City is in the County of Alameda (the “County”) on the eastern shore of the San Francisco Bay, approximately seven miles from downtown San Francisco via the San Francisco-Oakland Bay Bridge. Occupying approximately 53.8 square miles, the City is the largest and most established of the “East Bay” cities. Its geography ranges from industrialized areas in the west, which border the San Francisco Bay, to suburban foothills in the east. The City is the hub of an extensive transportation network, which includes several interstate freeways, the western terminus of major railroad and trucking operations, and one of the largest container-ship ports in the United States. The City is also served by an active international airport and the Bay Area Rapid Transit system, which connects the City by commuter rail to most of the San Francisco Bay area. Formerly the industrial heart of the San Francisco Bay Area, the City has developed into a diverse financial, commercial and governmental center. The City is the seat of government for the County and is the eighth most populous city in the State of California (the “State”), with a population of approximately 425,093 as of January 1, 2024.

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

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

Population

The historic population estimates of the cities in the County, as of January 1 of the past five years are shown in the following table:

ALAMEDA COUNTY Population Estimates Calendar Years 2020 through 2024 as of January 1

| | 2020 | 2021 | 2022 | 2023 | 2024 |
|-----------------------|------------------|------------------|------------------|------------------|------------------|
| Alameda | 81,135 | 77,811 | 76,924 | 77,237 | 78,071 |
| Albany | 18,871 | 20,160 | 20,412 | 20,354 | 20,325 |
| Berkeley | 122,364 | 120,950 | 124,054 | 125,181 | 125,327 |
| Dublin | 65,161 | 73,617 | 72,870 | 72,681 | 72,917 |
| Emeryville | 12,448 | 12,658 | 12,480 | 12,686 | 13,314 |
| Fremont | 233,132 | 229,851 | 228,918 | 230,713 | 229,250 |
| Hayward | 159,266 | 162,079 | 159,986 | 160,699 | 159,770 |
| Livermore | 91,082 | 87,620 | 85,769 | 85,235 | 84,828 |
| Newark | 48,603 | 47,422 | 47,146 | 47,762 | 46,635 |
| Oakland | 432,327 | 431,843 | 422,071 | 427,305 | 425,093 |
| Piedmont | 11,297 | 11,160 | 10,930 | 10,878 | 10,782 |
| Pleasanton | 78,654 | 79,322 | 77,434 | 76,861 | 75,960 |
| San Leandro | 87,840 | 90,174 | 87,998 | 87,984 | 87,098 |
| Union City | 73,248 | 69,306 | 67,829 | 67,279 | 66,432 |
| Unincorporated County | 147,686 | 152,368 | 148,862 | 147,801 | 146,067 |
| County Total | 1,663,114 | 1,666,341 | 1,643,683 | 1,650,656 | 1,641,869 |

Source: State of California, Department of Finance.

Employment

The City's major employers are set forth below:

CITY OF OAKLAND Major Employers (As of June 30, 2023)

| <u>Company Name</u> | <u>Employment</u> ⁽¹⁾ | <u>% of Total City Employment</u> |
|--|----------------------------------|-----------------------------------|
| Kaiser Permanente Medical Group, Kaiser Foundation Hospitals and Health Plan | 9,000+ | 4.5% |
| County of Alameda | 8,000+ | 4.0 |
| Oakland Unified School District | 5,500+ | 2.7 |
| State of California | 5,500+ | 2.5 |
| City of Oakland | 4,000+ | 2.0 |
| San Francisco Bay Area Rapid Transit | 3,500+ | 1.7 |
| Southwest Airlines | 3,000+ | 1.5 |
| Alameda Health System | 2,500+ | 1.2 |
| United Parcel Service | 2,500+ | 1.2 |
| UCSD Benioff Children's Hospital & Research Center | 2,000+ | 1.0 |

Source: City of Oakland Annual Comprehensive Financial Report for the year ended June 30, 2023.

The County's major employers are set forth below in alphabetized order.

**COUNTY OF ALAMEDA
Major Employers
(As of May 2024)**

| Employer Name | Location | Industry |
|--------------------------------|-----------------|--|
| Alameda County Law Enforcement | Oakland | Government Offices-County |
| Alameda County Sheriff's Dept | San Leandro | Government Offices-County |
| Alameda County Sheriff's Ofc | Oakland | Sheriff |
| Alameda Health System | Oakland | Health Care Management |
| Alta Bates Summit Med Ctr Alta | Berkeley | Hospitals |
| BART PD | Oakland | Transit Lines |
| California State Univ East Bay | Hayward | Schools-Universities & Colleges Academic |
| Cooper Vision Inc | Pleasanton | Optical Goods-Wholesale |
| Dell EMC | Pleasanton | Computer Storage Devices (mfrs) |
| East Bay Muni Utility Dist | Oakland | Water & Sewage Companies-Utility |
| Kaiser Permanente Oakland Med | Oakland | Hospitals |
| Lawrence Berkeley Lab | Berkeley | Laboratories-Research & Development |
| Lawrence Livermore Natl Lab | Livermore | University-College Dept/Facility/Office |
| Peoplesoft Inc | Pleasanton | Computer Software-Manufacturers |
| Ross Stores Inc | Dublin | Department Stores |
| San Francisco Bay Area Rapid | Oakland | Transit Lines |
| Stanford Health Care-Vilycr | Livermore | Clinics |
| Transportation Dept-California | Oakland | Government Offices-State |
| UCSF Benioff Children's Hosp | Oakland | Hospitals |
| University of CA Berkeley | Berkeley | Schools-Universities & Colleges Academic |
| University of Ca-Berkeley | Berkeley | University-College Dept/Facility/Office |
| University-Ca-Berkeley Dept | Berkeley | University-College Dept/Facility/Office |
| Valley Care Health System | Livermore | Health Services |
| Washington Hospital Healthcare | Fremont | Health Care Management |

Source: California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database, 2024 2nd Edition.

The City is included in the Oakland-Hayward-Berkeley Metropolitan Division (“MD”), which consists of Alameda and Contra Costa Counties. The unemployment rate in the Oakland-Hayward-Berkeley MD was 4.7% in March 2024, down from a revised 5.0% in February 2024, and above the year-ago estimate of 3.7%. This compares with an unadjusted unemployment rate of 5.3% for California and 3.9% for the nation during the same period. The unemployment rate was 4.6% in Alameda County, and 4.7% in Contra Costa County.

The following table shows the average annual estimated numbers by industry comprising the civilian labor force, as well as unemployment information for years 2019 through 2023.

OAKLAND-HAYWARD-BERKELEY MD
Annual Average Civilian Labor Force, Employment and Unemployment,
Employment by Industry
Calendar Years 2019 through 2023
(March 2023 Benchmark)

| | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|------------------|------------------|------------------|------------------|------------------|
| Civilian Labor Force ⁽¹⁾⁽²⁾ | 1,401,500 | 1,364,400 | 1,354,000 | 1,367,400 | 1,376,700 |
| Employment | 1,359,000 | 1,242,300 | 1,270,000 | 1,320,400 | 1,320,300 |
| Unemployment | 42,500 | 122,100 | 84,000 | 47,100 | 56,400 |
| Unemployment Rate | 3.0% | 9.0% | 6.2% | 3.4% | 4.1% |
| <u>Wage and Salary Employment:</u> ⁽³⁾ | | | | | |
| Agriculture | 1,400 | 1,500 | 1,700 | 1,900 | 1,900 |
| Mining and Logging | 200 | 200 | 200 | 300 | 300 |
| Construction | 75,600 | 71,100 | 74,300 | 75,400 | 75,100 |
| Manufacturing | 101,000 | 98,700 | 106,000 | 112,300 | 111,900 |
| Wholesale Trade | 45,400 | 42,100 | 41,100 | 41,500 | 41,400 |
| Retail Trade | 112,000 | 101,500 | 105,300 | 106,200 | 105,600 |
| Transportation, Warehousing, Utilities | 43,700 | 45,200 | 49,500 | 54,500 | 54,400 |
| Information | 27,600 | 25,600 | 24,700 | 25,000 | 24,200 |
| Finance and Insurance | 37,200 | 35,900 | 34,800 | 33,600 | 32,300 |
| Real Estate and Rental and Leasing | 18,100 | 16,800 | 17,200 | 18,400 | 18,400 |
| Professional and Business Services | 193,200 | 184,900 | 190,700 | 195,500 | 189,500 |
| Educational and Health Services | 198,400 | 191,300 | 198,500 | 205,800 | 216,500 |
| Leisure and Hospitality | 121,000 | 84,700 | 92,500 | 108,300 | 112,100 |
| Other Services | 41,200 | 33,100 | 35,600 | 39,200 | 41,300 |
| Federal Government | 13,400 | 14,200 | 13,400 | 13,100 | 13,300 |
| State Government | 39,600 | 38,200 | 35,900 | 33,100 | 33,700 |
| Local Government | 121,800 | 113,500 | 111,800 | 115,200 | 118,000 |
| Total all Industries | 1,190,700 | 1,098,500 | 1,133,200 | 1,179,100 | 1,189,900 |

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(3) Totals may not add due to rounding.

Source: State of California Employment Development Department.

Construction Activity

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

CITY OF OAKLAND Total Building Permit Valuations (Figures in Thousands)

| Permit Valuation | 2018 | 2019 | 2020 | 2021 | 2022 |
|----------------------------|------------------|------------------|------------------|------------------|-----------------|
| New Single-family | \$43,106.1 | \$88,347.9 | \$32,676.6 | \$60,380.9 | \$33,649.2 |
| New Multi-family | 855,771.4 | 278,994.5 | 230,799.3 | 157,190.1 | 292,679.6 |
| Res. Alterations/Additions | <u>134,188.9</u> | <u>182,877.1</u> | <u>93,834.6</u> | <u>30,270.2</u> | <u>54,053.5</u> |
| Total Residential | 1,033,066.4 | 550,219.5 | 357,310.5 | 247,841.2 | 380,382.3 |
| New Commercial | 182,386.2 | 198,959.6 | 14,410.0 | 67,299.6 | 6,168.8 |
| New Industrial | 180.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| New Other | 2,750.7 | 21,053.6 | 9,121.6 | 24,494.3 | 4,040.2 |
| Com. Alterations/Additions | <u>229,645.9</u> | <u>288,454.0</u> | <u>121,142.4</u> | <u>148,356.3</u> | <u>33,294.2</u> |
| Total Nonresidential | 414,962.8 | 508,467.2 | 144,674.0 | 240,150.2 | 43,503.2 |
| New Dwelling Units | | | | | |
| Single Family | 85 | 313 | 124 | 386 | 113 |
| Multiple Family | <u>4,064</u> | <u>1,626</u> | <u>866</u> | <u>772</u> | <u>1,435</u> |
| TOTAL | 4,149 | 1,939 | 990 | 1,158 | 1,548 |

Source: Construction Industry Research Board, Building Permit Summary.

ALAMEDA COUNTY Total Building Permit Valuations (Valuations in Thousands)

| Permit Valuation | 2018 | 2019 | 2020 | 2021 | 2022 |
|----------------------------|------------------|------------------|------------------|------------------|------------------|
| New Single-family | \$689,530.0 | \$675,129.8 | \$394,500.3 | \$407,585.0 | \$339,046.4 |
| New Multi-family | 1,431,985.0 | 782,536.4 | 722,038.0 | 829,822.2 | 795,917.3 |
| Res. Alterations/Additions | <u>469,158.5</u> | <u>512,409.9</u> | <u>293,866.8</u> | <u>222,971.3</u> | <u>323,712.1</u> |
| Total Residential | 2,590,673.5 | 1,970,076.1 | 1,410,405.1 | 1,460,378.5 | 1,458,675.8 |
| New Commercial | 551,547.4 | 718,569.0 | 238,516.5 | 312,914.6 | 268,498.1 |
| New Industrial | 302,121.2 | 5,638.5 | 0.0 | 600.0 | 33,740.8 |
| New Other | 89,686.1 | 78,049.8 | 131,447.0 | 110,817.0 | 120,294.6 |
| Com. Alterations/Additions | <u>819,040.7</u> | <u>992,668.1</u> | <u>628,230.5</u> | <u>892,656.8</u> | <u>993,782.1</u> |
| Total Nonresidential | 1,762,395.4 | 1,794,925.4 | 998,194.0 | 1,316,988.4 | 1,416,315.6 |
| New Dwelling Units | | | | | |
| Single Family | 1,867 | 1,871 | 1,152 | 1,589 | 1,175 |
| Multiple Family | <u>6,540</u> | <u>4,145</u> | <u>2,610</u> | <u>4,494</u> | <u>3,366</u> |
| TOTAL | 8,407 | 6,016 | 3,762 | 6,083 | 4,541 |

Source: Construction Industry Research Board, Building Permit Summary.

Effective Buying Income

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

The following table summarizes the total effective buying income and median household effective buying income for the City, the County, the State and the United States for the period 2020 through 2024.

CITY OF OAKLAND, ALAMEDA COUNTY, STATE OF CALIFORNIA, UNITED STATES Effective Buying Income 2020 through 2024

| Year | Area | Total Effective Buying Income (000's Omitted) | Median Household Effective Buying Income |
|------|-----------------|---|---|
| 2020 | City of Oakland | \$16,651,772 | \$66,302 |
| | Alameda County | 72,243,436 | 84,435 |
| | California | 1,243,564,816 | 65,870 |
| | United States | 9,487,165,436 | 55,303 |
| 2021 | City of Oakland | \$17,983,146 | \$69,628 |
| | Alameda County | 77,794,202 | 88,389 |
| | California | 1,290,894,604 | 67,956 |
| | United States | 9,809,944,764 | 56,790 |
| 2022 | City of Oakland | \$19,896,182 | \$78,684 |
| | Alameda County | 85,225,529 | 99,940 |
| | California | 1,452,426,153 | 77,058 |
| | United States | 11,208,582,541 | 64,448 |
| 2023 | City of Oakland | \$19,114,813 | \$79,462 |
| | Alameda County | 80,766,211 | 98,721 |
| | California | 1,461,799,662 | 77,175 |
| | United States | 11,454,846,397 | 65,326 |
| 2024 | City of Oakland | \$19,759,991 | \$82,150 |
| | Alameda County | 84,213,255 | 101,689 |
| | California | 1,510,708,521 | 80,973 |
| | United States | 11,987,185,826 | 67,876 |

Source: Claritas, LLC.

Commercial Activity

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

Total taxable sales during calendar year 2023 in the City were reported to be approximately \$4,951,838,165, an 4.78% decrease over the total taxable sales of approximately \$5,200,657,068 reported during calendar year 2022.

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

| | Retail Stores | | Total All Outlets | |
|------|-------------------|----------------------|-------------------|----------------------|
| | Number of Permits | Taxable Transactions | Number of Permits | Taxable Transactions |
| 2019 | 8,669 | \$3,434,995 | 14,256 | \$4,957,552 |
| 2020 | 8,557 | 2,635,587 | 14,260 | 3,850,498 |
| 2021 | 8,184 | 3,201,805 | 16,673 | 4,604,928 |
| 2022 | 8,220 | 3,559,230 | 13,873 | 5,200,657 |
| 2023 | 7,831 | 3,417,132 | 13,244 | 4,951,832 |

Source: State Department of Tax and Fee Administration.

Total taxable sales during calendar year 2023 in the County were reported to be \$41,256,726,969, a 6.92% increase from the total taxable sales of \$44,323,668,875 reported during calendar year 2022.

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

| | Retail Stores | | Total All Outlets | |
|------|-------------------|----------------------|-------------------|----------------------|
| | Number of Permits | Taxable Transactions | Number of Permits | Taxable Transactions |
| 2019 | 28,375 | \$21,882,886 | 49,197 | \$35,040,749 |
| 2020 | 28,831 | 19,626,570 | 50,461 | 31,781,794 |
| 2021 | 26,964 | 22,613,147 | 47,565 | 37,935,594 |
| 2022 | 27,010 | 23,910,667 | 48,059 | 44,323,669 |
| 2023 | 26,192 | 23,007,753 | 46,749 | 41,256,727 |

Source: State Department of Tax and Fee Administration.

Transportation

Interstate Highway 880, Interstate Highway 80, and Interstate Highway 580 provide access to the nearby cities of Berkeley, Emeryville, San Francisco, Sacramento, San Jose, and the Central Valley.

The Oakland International Airport is easily accessible for international and domestic travel, and the City is also located 41 miles from the San Jose Municipal Airport and 23 miles from the San Francisco International Airport. Deep water shipping facilities are available at the Port of Oakland and the Port of San Francisco.

A.C. Transit provides regional bus service and connects with the nine Oakland Bay Area Rapid Transit ("**BART**") stations.

Education

The Oakland Unified School District provides K-12, transitional kindergarten and special education programs. Berkeley City College, Canada College, the College of Alameda, City College of San Francisco, Chabot College, Contra Costa College, Diablo Valley College, Foothill College, Laney College, Los Medanos College, Merritt College, Ohlone College, the College of San Mateo, Skyline College and St. Mary's College are all within an hour's drive from the City. The University of California – Berkeley, California State University – East Bay, the University of San Francisco, San Francisco State University, Dominican University, and Stanford University are also within an hour's drive from the City.

APPENDIX B

**RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES
FOR
CITY OF OAKLAND
COMMUNITY FACILITIES DISTRICT NO. 2023-1
(BROOKLYN BASIN FACILITIES AND SERVICES)**

APPENDIX C
APPRAISAL REPORT

APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE FISCAL AGENT AGREEMENT

[Replace with Attachment]

APPENDIX E
FORM OF OPINION OF BOND COUNSEL

August __, 2024

City Council
City of Oakland
Frank H. Ogawa Plaza
Oakland, CA 94612

OPINION: \$_____ City of Oakland Community Facilities District No. 2023-1 (Brooklyn Basin Facilities and Services) Special Tax Bonds, Series 2024 _____

Members of the City Council:

We have acted as bond counsel to the City of Oakland (the "City") in connection with the issuance by the City, for and on behalf of City of Oakland Community Facilities District No. 2023-1 (Brooklyn Basin Facilities and Services) (the "CFD"), of the special tax bonds captioned above, dated as of the date first written above (the "Bonds"). In such capacity, we have examined such law and such certified proceedings, opinions, certifications and other documents as we have deemed necessary to render this opinion.

The Bonds are issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, being sections 53311 et seq. of the California Government Code (the "Act"), Resolution No. ____ C.M.S. adopted by the City Council on _____, 2024 (the "Resolution"), and a Fiscal Agent Agreement dated as of August 1, 2024 (the "Fiscal Agent Agreement"), between the City, for and on behalf of the CFD, and _____, as fiscal agent (the "Fiscal Agent").

Under the Fiscal Agent Agreement, the City has pledged certain revenues ("Special Tax Revenues") for the payment of principal, premium (if any) and interest on the Bonds when due.

Regarding questions of fact material to our opinion, we have relied on representations of the City contained in the Fiscal Agent Agreement, and in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based on the foregoing, we are of the opinion that, under existing law:

1. The City is a municipal corporation and chartered city, duly organized and existing under its charter and the laws of the State of California, with the power to adopt the Resolution, enter into the Fiscal Agent Agreement and perform the agreements on its part contained therein, and issue the Bonds.

2. The Fiscal Agent Agreement has been duly authorized, executed and delivered by the City, and constitutes a valid and binding obligation of the City, enforceable against the City.

3. The Fiscal Agent Agreement creates a valid lien on the Special Tax Revenues and other funds pledged by the Fiscal Agent Agreement for the security of the Bonds, on a parity with other bonds issued or to be issued in accordance with the Fiscal Agent Agreement.

4. The Bonds have been duly authorized and executed by the City and are valid and binding limited obligations of the City, payable solely from the Special Tax Revenues and other funds provided therefor in the Fiscal Agent Agreement.

5. The interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. It should be noted however that interest on the Bonds may be subject to the corporate alternative minimum tax. The opinions set forth in the preceding sentences are subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The City has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the Bonds.

6. The interest on the Bonds is exempt from personal income taxation imposed by the State of California.

We express no opinion regarding any other tax consequences arising with respect to the ownership, sale or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds and the Fiscal Agent Agreement are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur. Moreover, our opinions are not a guarantee of a particular result, and are not binding on the Internal Revenue Service or any court; rather, our opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions, and any assumptions expressed herein, and in reliance upon the representations, and covenants referenced above. Our engagement with respect to this matter has terminated as of the date hereof.

Respectfully submitted,

A Professional Law Corporation

APPENDIX F

FORM OF ISSUER CONTINUING DISCLOSURE CERTIFICATE

CONTINUING DISCLOSURE CERTIFICATE

\$ _____
CITY OF OAKLAND
COMMUNITY FACILITIES DISTRICT NO. 2023-1
(BROOKLYN BASIN FACILITIES AND SERVICES)
SPECIAL TAX BONDS, SERIES 2024

This Continuing Disclosure Certificate (this “**Disclosure Certificate**”) is executed and delivered by the City of Oakland (the “**City**”) in connection with the issuance of the bonds captioned above (the “**2024 Bonds**”). The 2024 Bonds are being issued pursuant to a Fiscal Agent Agreement dated as of August 1, 2024 (the “**Fiscal Agent Agreement**”), by and between the City and Wilmington Trust, National Association, as fiscal agent (the “**Fiscal Agent**”). The City hereby covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the holders and beneficial owners of the 2024 Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

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

“*Annual Report*” means any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

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

“*Dissemination Agent*” means the City, or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

“*District*” means the City of Oakland Community Facilities District No. 2023-1 (Brooklyn Basin Facilities and Services).

“*Listed Events*” means any of the events listed in Section 5(a) of this Disclosure Certificate.

“*MSRB*” means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule.

“*Official Statement*” means the final official statement dated _____, 2024, executed by the District in connection with the issuance of the 2024 Bonds.

“*Participating Underwriter*” means Stifel, Nicolaus & Company, Incorporated, the original underwriter of the 2024 Bonds required to comply with the Rule in connection with offering of the 2024 Bonds.

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

Section 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 31, 2025, with the report for the 2023-24 fiscal year, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 Business Days prior to the Annual Report Date, the City shall provide the Annual Report to the Dissemination Agent (if other than the City). If by the Annual Report Date the Dissemination Agent (if other than the City) has not received a copy of the Annual Report, the Dissemination Agent shall contact the City to determine if the City is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the City's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(b).

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

(c) The Dissemination Agent shall:

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

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

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

(a) The City's audited financial statements for the most recently completed fiscal year, prepared in accordance with Generally Accepted Accounting Principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board, together with the following statement:

THE CITY'S ANNUAL FINANCIAL STATEMENT IS PROVIDED SOLELY TO COMPLY WITH THE SECURITIES EXCHANGE COMMISSION STAFF'S INTERPRETATION OF RULE 15c2-12. NO FUNDS OR ASSETS OF THE CITY, OTHER THAN SPECIAL TAX REVENUES, ARE REQUIRED TO BE USED TO PAY DEBT SERVICE ON THE 2024 BONDS, AND THE CITY IS NOT OBLIGATED TO ADVANCE AVAILABLE FUNDS TO COVER ANY DELINQUENCIES. INVESTORS SHOULD NOT RELY ON THE FINANCIAL CONDITION OF THE CITY IN EVALUATING WHETHER TO BUY, HOLD OR SELL THE 2024 BONDS.

If the City's audited financial statements are not available by the time the Annual Report is required to be filed, the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) To the extent not included in the audited financial statements, the following information:

(i) The outstanding principal amount of the 2024 Bonds and any Parity Bonds as of the date of the Annual Report.

(ii) The balances in the Improvement Fund and 2024 Reserve Fund established under the Fiscal Agent Agreement as of the date of the Annual Report.

(iii) A table substantially in the form of Table 6 in the Official Statement entitled "Assessed Valuation History" for the current Fiscal Year.

(iv) A table substantially in the form of Table 7 in the Official Statement entitled "Projected Fiscal Year 2024-25 Special Tax Levy and Summary of Value-to-Lien Ratios," but substituting the more recent County assessed valuations for appraised values.

(v) A table showing a history of special tax collections and delinquencies within the District as of the then-current Fiscal Year, showing the total Special Tax levy, parcels levied, parcels delinquent, amount collected, amount delinquent and delinquency rate.

(vi) The status of any actions by the City to foreclose on property delinquent in the payment of Special Taxes.

(vii) Any significant amendments to land use entitlements for property in the District that may be subject to the Facilities Special Taxes, and any corresponding update to Table 3 for the then-current Fiscal Year, to the extent known to the City's Treasury Officer or special tax administrator.

(viii) To the extent not otherwise provided pursuant to the preceding items, annual information regarding the District required to be filed by the City with the California Debt and Investment Advisory Commission pursuant to the Mello-Roos Community Facilities Act of 1982.

(ix) The amount of prepayments of the Special Tax as of the date of the Annual Report.

(x) Any changes to the Rate and Method of Apportionment of Special Tax for the District.

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

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

Section 5. Reporting of Listed Events.

(a) The City shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the 2024 Bonds:

(1) Principal and interest payment delinquencies.

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

- (3) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (5) Substitution of credit or liquidity providers, or their failure to perform.
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the 2024 Bonds, or other material events affecting the tax status of the 2024 Bonds.
- (7) Modifications to rights of security holders, if material.
- (8) Bond calls, if material, and tender offers.
- (9) Defeasances.
- (10) Release, substitution, or sale of property securing repayment of the securities, if material.
- (11) Rating changes.
- (12) Bankruptcy, insolvency, receivership or similar event of the City.
- (13) The consummation of a merger, consolidation, or acquisition involving the City, or the sale of all or substantially all of the assets of the City (other than in the ordinary course of business), the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
- (14) Appointment of a successor or additional Fiscal Agent or the change of name of the Fiscal Agent, if material.
- (15) Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material.
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

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

(c) The City acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), (a)(14), and (a)(15) of this Section 5 contain the qualifier "if material" and that subparagraph (a)(6) also contains the qualifier "material" with respect to certain notices,

determinations or other events affecting the tax status of the 2024 Bonds. The City shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that it determines the event's occurrence is material for purposes of U.S. federal securities law. Upon occurrence of any of these Listed Events, the City will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the City will cause a notice to be filed as set forth in paragraph (b) above.

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

(e) For purposes of Section 5(a)(15) and (16), "financial obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

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

Section 7. Termination of Reporting Obligation. The City's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the 2024 Bonds. If such termination occurs prior to the final maturity of the 2024 Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5(b).

Section 8. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent.

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

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the 2024 Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the 2024 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the 2024 Bonds in the manner provided in the Fiscal Agent Agreement for amendments to the Fiscal Agent Agreement with

the consent of holders, or (ii) does not, in the opinion of the Fiscal Agent or nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the 2024 Bonds.

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

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

Section 11. Default. In the event of a failure of the City to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the 2024 Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Fiscal Agent Agreement, and the sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have no duty or obligation to review any information provided to it hereunder and shall not be deemed to be acting in any fiduciary capacity for the City, the Property Owner, the Fiscal Agent, the 2024 Bond owners or any other party. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the 2024 Bonds.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Fiscal Agent, the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the 2024 Bonds, and shall create no rights in any other person or entity.

Section 14. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be regarded as an original, and all of which shall constitute one and the same instrument.

Date: _____, 2024

CITY OF OAKLAND

By: _____
City Administrator

APPENDIX G

FORM OF PROPERTY OWNER DISCLOSURE CERTIFICATE

**CONTINUING DISCLOSURE CERTIFICATE
(Property Owner)**

\$ _____
**CITY OF OAKLAND
COMMUNITY FACILITIES DISTRICT NO. 2023-1
(BROOKLYN BASIN FACILITIES AND SERVICES)
SPECIAL TAX BONDS, SERIES 2024**

Dated: _____, 2024

This Continuing Disclosure Certificate (Property Owner) (this “Disclosure Certificate”) is executed and delivered by Zarsion-OHP I, LLC, a Delaware limited liability company (the “Master Developer”), in connection with the issuance by the City of Oakland (the “City”) of the bonds captioned above (the “2024 Bonds”). The Master Developer covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Master Developer for the benefit of the holders and beneficial owners of the 2024 Bonds, but shall not be deemed to create any monetary liability on the part of the Master Developer to anyone, including Holders or Beneficial Owners of the Bonds. The sole remedy in the event of any failure of the Master Developer to comply with an obligation of the Master Developer contained in this Disclosure Certificate shall be an action to compel performance of such obligation.

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

“*Affiliate*” means 260 BB Way Development, LLC, a Delaware limited liability company, and any person presently directly (or indirectly through one or more intermediaries) under managerial control of the Master Developer, and about whom information could be material to potential investors in their investment decision regarding the 2024 Bonds.

“*Annual Report*” means any Annual Report provided by the Master Developer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“*Assumption Agreement*” means an, in connection with the transfer of the Property by any Affiliate to a transferee, a disclosure certificate with terms substantially similar to the terms of this Disclosure Certificate, whereby such transferee agrees to provide the information of the type described in Sections 4 and 5 of this Disclosure Certificate with respect to the Property or portion thereof transferred.

“*Dissemination Agent*” means _____, or any successor Dissemination Agent designated in writing by the Master Developer, with the written consent of the City, and which has filed with the Master Developer and the City a written acceptance of such designation, and which is experienced in providing dissemination agent services such as those required under this Disclosure Certificate.

“*District*” means the City of Oakland Community Facilities District No. 2023-1 (Brooklyn Basin Facilities and Services).

“*Facilities Special Taxes*” means the special taxes for facilities levied by the City on the Property.

“*Listed Events*” means any of the events listed in Section 5(a) of this Disclosure Certificate.

“*Major Owner*” means, as of any Report Date, a Person who owns property within the District responsible for more than 20% of the Facilities Special Taxes levied during the then-current fiscal year.

“*MSRB*” means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information.

“*Official Statement*” means the final Official Statement dated _____, 2024, executed by the District in connection with the issuance of the 2024 Bonds.

“*Participating Underwriter*” means Stifel, Nicolaus & Company, Incorporated, the original underwriter of the 2024 Bonds.

“*Person*” means an individual, a corporation, a partnership, a limited liability company, an association, a joint stock company, a trust, any unincorporated organization or a government or political subdivision thereof.

“*Property*” means the real property within the boundaries of the District that is owned by the Master Developer or any Affiliate and subject to the levy of the Facilities Special Taxes; provided that the term “Property” shall not include any Parcel for which the Master Developer has terminated its obligations under this Disclosure Certificate with respect to such Parcel pursuant to Section 7 herein.

“*Report Date*” means November 15 of each year.

Section 3. Provision of Annual Reports.

(a) So long as the Master Developer’s obligations under this Disclosure Certificate have not been terminated pursuant to Section 7 below, the Master Developer shall, or upon written direction of the Master Developer the Dissemination Agent shall, not later than the Report Date, commencing [_____ 15, 20__], provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate with a copy to the Participating Underwriter and the City. Not later than 15 calendar days prior to the Report Date, the Master Developer shall provide the Annual Report to the Dissemination Agent (if different from the Master Developer). The Master Developer shall provide a written certification with (or included as a part of) each Annual Report furnished to the Dissemination Agent (if different from the Master Developer), Participating Underwriter and the City to the effect that such Annual Report constitutes the Annual Report required to be furnished by it under this Disclosure Certificate. The Dissemination Agent, the Participating Underwriter and the City may conclusively rely upon such certification of the Master Developer and shall have no duty or obligation to review the Annual Report. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may incorporate by reference other information as provided in Section 4 of this Disclosure Certificate.

(b) If the Dissemination Agent does not receive an Annual Report by 15 calendar days prior to the Report Date, the Dissemination Agent shall send a reminder notice to the Master Developer that the Annual Report has not been provided as required under Section 3(a) above. The reminder notice shall instruct the Master Developer to determine whether its obligations under this Disclosure Certificate have terminated (pursuant to Section 7 below) and, if so, to provide the Dissemination Agent with a notice of such termination in the same manner as for a Listed Event (pursuant to Section 5 below). If the Master Developer does not provide, or cause the Dissemination Agent to provide, an Annual Report to the MSRB

by the Report Date as required in subsection (a) above, the Dissemination Agent shall provide notice to the MSRB, in an electronic format as prescribed by the MSRB.

(c) The Dissemination Agent shall:

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

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

Section 4. Content of Annual Reports. The Master Developer's Annual Report shall contain or incorporate by reference the information set forth in Exhibit A, any or all of which may be included by specific reference to other documents, including official statements of debt issues of the Master Developer or related public entities, which are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission. The Master Developer shall clearly identify each such other document so included by reference.

In addition to any of the information expressly required to be provided in Exhibit A, each Annual Report shall include such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

Section 5. Reporting of Significant Events.

(a) So long as the Master Developer's obligations under this Disclosure Certificate have not been terminated pursuant to Section 7 herein, the Master Developer shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to itself or the Property, if material:

(i) bankruptcy or insolvency proceedings commenced by or against the Master Developer and, if known, any bankruptcy or insolvency proceedings commenced by or against any Affiliate of the Master Developer;

(ii) failure to pay any taxes, special taxes (including the Facilities Special Taxes) or assessments due with respect to the Property prior to the delinquency date, to the extent such failure is not promptly cured by the Master Developer or an Affiliate upon discovery thereof;

(iii) filing of a lawsuit against the Master Developer or an Affiliate (with service of process on the Master Developer or such Affiliate having occurred) or, if known, an Affiliate, seeking damages which, in the reasonable judgment of the Master Developer, if successful, could have a material and adverse impact on the ability of the Master Developer or such Affiliate to pay Facilities Special Taxes prior to delinquency or lease or sell (as applicable) the Property as described in the Official Statement; and;

(iv) material damage to or destruction of any of the improvements on the Property; and

(v) any payment default or other material default by the Master Developer or an Affiliate that continues to exist beyond any applicable notice and cure periods on any loan with respect to the initial construction of improvements on the Property.

(b) Whenever the Master Developer obtains knowledge of the occurrence of a Listed Event, the Master Developer shall as soon as possible determine if such event would be material under applicable Federal securities law.

(c) If the Master Developer determines that knowledge of the occurrence of a Listed Event would be material under applicable Federal securities law, the Master Developer shall, or shall cause the Dissemination Agent to, promptly file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, with a copy to the City and the Participating Underwriter.

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

Section 7. Duration of Reporting Obligation.

(a) All of the Master Developer's obligations hereunder shall commence on the date hereof and shall terminate (except as provided in Section 12) on the earliest to occur of the following:

(i) upon the legal defeasance, prior redemption or payment in full of all the 2024 Bonds, or

(ii) if the Property is developed with for-sale units, the date on which the Master Developer or an Affiliate ceases to be a Major Owner, or

(iii) if the Property is developed residential with for-rent units, the date on which the Master Developer or an Affiliate has leased at least 90% of the units constructed on the Property; or

(iv) the date on which the Master Developer or an Affiliate prepays in full all of the Facilities Special Taxes attributable to the Property; or

(v) upon the delivery by the Master Developer to the City of an opinion of nationally recognized bond counsel to the effect that the information required by this Disclosure Certificate is no longer required. Such opinion shall be based on information publicly provided by the Securities and Exchange Commission or a private letter ruling obtained by the Master Developer or a private letter ruling obtained by a similar entity to the Master Developer.

(b) If a portion of the Property is conveyed to a person or entity that, upon such conveyance, will be a Major Owner, the obligations of the Master Developer hereunder with respect to the property conveyed to such Major Owner may be assumed by such Major Owner and the Master Developer's obligations hereunder with respect to the property conveyed will be terminated. In order to effect such assumption, such Major Owner shall enter into an Assumption Agreement in form and substance equivalent to this Disclosure Certificate or as otherwise satisfactory to the City and the Participating Underwriter. However, a Major Owner shall not be required to enter into an Assumption Agreement if such Major Owner is already a party to a continuing disclosure certificate in form and substance similar to this Disclosure Certificate with respect to the 2024 Bonds, and under which the property conveyed to such Major Owner will become subject to future Annual Reports.

(c) The Master Developer shall give notice of the termination of its obligations under this Disclosure Certificate in the same manner as for a Listed Event under Section 5.

Section 8. Dissemination Agent. The Master Developer may, from time to time, with the written consent of the City, appoint or engage a Dissemination Agent to assist the Master Developer in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with the written consent of the City, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign by providing 30 days' written notice to the City and the Master Developer.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Master Developer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied (provided, however, that the Dissemination Agent shall not be obligated under any such amendment that modifies or increases its duties or obligations hereunder without its written consent thereto):

(a) if the amendment or waiver relates to the provisions of sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, or change in law;

(b) the proposed amendment or waiver either (i) is approved by holders of the 2024 Bonds in the manner provided in the Fiscal Agent Agreement with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the 2024 Bonds.

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

Section 11. Default. In the event of a failure of the Master Developer to comply with any provision of this Disclosure Certificate, the Fiscal Agent shall (upon written direction and only to the extent indemnified to its satisfaction from any liability, cost or expense, including fees and expenses of its attorneys), and the Participating Underwriter and any holder or beneficial owner of the 2024 Bonds may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Master Developer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Fiscal Agent Agreement, and the sole remedy under this Disclosure Certificate in the event of any failure of the Master Developer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Master Developer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the reasonable costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding (i) losses, expenses and liabilities due to the Dissemination Agent's, and its officers, directors, employees, and agents' negligence or willful misconduct, or failure to perform its duties hereunder, and (ii) losses, expenses and liabilities due to the failure of the Community Facilities District to pay the fees and expenses

of the Dissemination Agent. The Dissemination Agent shall be paid compensation for its services provided hereunder from the Administrative Expense Fund established under the Fiscal Agent Agreement in accordance with the Dissemination Agent’s schedule of fees as amended from time to time, which schedule, as amended, shall be reasonably acceptable, and all reasonable expenses, reasonable legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent shall have no duty or obligation to review any information provided to it hereunder and shall not be deemed to be acting in any fiduciary capacity for the City, the Master Developer, the Fiscal Agent, the 2024 Bond owners, or any other party. The obligations of the Master Developer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the 2024 Bonds.

Section 13. Notices. Any notice or communications to be among any of the parties to this Disclosure Certificate may be given as follows:

To the Issuer: City of Oakland
150 Frank H. Ogawa Plaza, Suite 5215
Oakland, CA 94612
Email: []

To the Dissemination Agent: Zarsion-OHP I, LLC

Attention: _____
Email: _____

To the Participating Underwriter: Stifel, Nicolaus & Company, Incorporated
One Montgomery Street, 37th Floor
San Francisco, California 94104
Email: egallagher@stifel.com

To the Master Developer: Zarsion-OHP I, LLC

Attention: _____
Email: _____

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

Section 14. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Master Developer (its successors and assigns), the Fiscal Agent, the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the 2024 Bonds, and shall create no rights in any other person or entity. All obligations of the Master Developer hereunder shall be assumed by any legal successor to the obligations of the Master Developer as a result of a sale, merger, consolidation or other reorganization.

Section 15. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be regarded as an original, and all of which shall constitute one and the same instrument.

Zarsion-OHP I, LLC,
a Delaware limited liability company

By: _____

Name: _____

Title: _____

AGREED AND ACCEPTED:

_____,
as Dissemination Agent

By: _____

Name: _____

Title: _____

EXHIBIT A

ANNUAL REPORT

NOVEMBER 15, _____

\$ _____

**CITY OF OAKLAND
COMMUNITY FACILITIES DISTRICT NO. 2023-1
(BROOKLYN BASIN FACILITIES AND SERVICES)
SPECIAL TAX BONDS, SERIES 2024**

This Annual Report is hereby submitted under Section 4 of the Continuing Disclosure Certificate (Property Owner) (the “Disclosure Certificate”) dated as of _____, 2024, executed by the undersigned (the “Master Developer”) in connection with the issuance by the City of Oakland (the “City”) of the bonds captioned above (the “2024 Bonds”) for the City of Oakland Community Facilities District No. 2023-1 (Brooklyn Basin Facilities and Services) (the “District”).

Capitalized terms used in this Annual Report but not otherwise defined have the meanings given to them in the Disclosure Certificate.

The information in this section is provided as of _____ (this date must be not more than 60 days before the date of this Annual Report).

I. Property Ownership

Any sale by the Master Developer or an Affiliate of all or any portion of its Property to another Person, other than to buyers of completed units in a for-sale project, including a description of the portion of the Property sold and the identity of the Person that so purchased that portion of the Property.

II. Change in Development Plans

A. Unless such information has previously been included or incorporated by reference in an Annual Report, describe any development plans or financing plans relating to the Property *that are materially different from* the proposed development and financing plan for the Property described in the Official Statement or in a previous Annual Report, including changes in the expected land uses (for-sale vs. rental), number of units, non-residential square footage.

B. Unless such information has previously been included or incorporated by reference in an Annual Report, the date(s) on which building permits and certificates of occupancy have been issued for the Property.

III. Status of Tax Payments

Describe status of payment of taxes, special taxes (including the Special Taxes) or assessments due with respect to the Property owned by the Master Developer and its Affiliates.

IV. Other Material Information

In addition to any of the information expressly required above, provide such further information, if any, with respect to the Property, the Master Developer and its Affiliates as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

Certification

On behalf of the Master Developer, the undersigned, based on actual knowledge after reasonable inquiry of employees of Master Developer and its affiliates, hereby certifies that this Annual Report constitutes the Annual Report required to be furnished by the Master Developer under the Disclosure Certificate.

ANY OTHER STATEMENTS REGARDING THE MASTER DEVELOPER, THE PROPERTY, OR THE 2024 BONDS, OTHER THAN STATEMENTS MADE BY THE MASTER DEVELOPER IN AN OFFICIAL RELEASE, OR FILED WITH THE MUNICIPAL SECURITIES RULEMAKING BOARD, ARE NOT AUTHORIZED BY THE MASTER DEVELOPER. THE MASTER DEVELOPER IS NOT RESPONSIBLE FOR THE ACCURACY, COMPLETENESS OR FAIRNESS OF ANY SUCH UNAUTHORIZED STATEMENTS.

THE MASTER DEVELOPER HAS NO OBLIGATION TO UPDATE THIS ANNUAL REPORT OTHER THAN AS EXPRESSLY PROVIDED IN THE DISCLOSURE CERTIFICATE.

Dated: _____

By: _____

By: _____

Its: _____

APPENDIX H

DTC AND THE BOOK-ENTRY ONLY SYSTEM

The following description of the Depository Trust Company (“DTC”), the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments on the 2024 Bonds (herein, the “Securities”) to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Securities and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Neither the issuer of the Securities (the “Issuer”) nor the trustee, fiscal agent or paying agent appointed with respect to the Securities (the “Agent”) takes any responsibility for the information contained in this Appendix.

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

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

2. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship

with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. *The information contained on this Internet site is not incorporated herein by reference.*

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

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

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

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

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

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions

and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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