

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2023

NEW ISSUE - FULL BOOK-ENTRY

**RATING: S&P: “__”
See “RATING”**

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, interest on the Bonds is exempt from California personal income taxes. See “TAX MATTERS.”

[City Logo]

\$ _____ *

**CITY OF ALAMEDA FINANCING AUTHORITY
2023 Lease Revenue Bonds
(Aquatic Center)**

Dated: Date of Delivery

Due: May 1, as shown on inside cover

Authority for Issuance. The bonds captioned above (the “Bonds”) are being issued by the City of Alameda Financing Authority (the “Authority”) under a resolution adopted by the Board of Directors of the Authority on September __, 2023, and an Indenture of Trust dated as of October 1, 2023 (the “Indenture”) by and between the Authority and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”). See “THE BONDS – Authority for Issuance.”

Use of Proceeds. The Bonds are being issued to (i) finance the acquisition, construction, and equipping of a new aquatic center in the City, and (ii) pay the costs of issuing the Bonds. See “FINANCING PLAN.”

Security for the Bonds. Under the Indenture, the Bonds are payable from and secured by a first pledge of and lien on “Revenues” (as defined in this Official Statement) received by the Authority under the Lease Agreement dated as of October 1, 2023, by and between the Authority, as lessor, and the City of Alameda (the “City”), as lessee (the “Lease”), consisting primarily of lease payments (the “Lease Payments”) made by the City under the Lease with respect to the lease of certain real property, as further described in this Official Statement. The Bonds are also secured by certain funds on deposit under the Indenture. See “SECURITY FOR THE BONDS.”

No Reserve Fund. Neither the Authority nor the City will fund a reserve fund for the Bonds.

Bond Terms; Book-Entry Only. The Bonds will bear interest at the rates shown on the inside cover page, payable semiannually on May 1 and November 1 of each year, commencing May 1, 2024, and will be issued in fully registered form without coupons in the denomination of \$5,000 or any integral multiple of \$5,000. The Bonds will be issued in book-entry only form, initially registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”). Purchasers of the Bonds will not receive certificates representing their interests in the Bonds. Payments of the principal of, premium, if any, and interest on the Bonds will be made to DTC, which is obligated in turn to remit such principal, premium, if any, and interest to its DTC Participants for subsequent disbursement to the beneficial owners of the Bonds. See “THE BONDS – General Provisions.”

Redemption. The Bonds are subject to redemption prior to maturity. See “THE BONDS – Redemption.”

NEITHER THE BONDS, NOR THE OBLIGATION OF THE AUTHORITY TO PAY PRINCIPAL OF OR INTEREST THEREON, NOR THE OBLIGATION OF THE CITY TO MAKE THE LEASE PAYMENTS, CONSTITUTE A DEBT OR A LIABILITY OF THE AUTHORITY, THE CITY, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL LIMITATION ON INDEBTEDNESS, OR A PLEDGE OF THE FULL FAITH AND CREDIT OF THE CITY. THE BONDS ARE SECURED SOLELY BY THE PLEDGE OF REVENUES AND CERTAIN FUNDS HELD UNDER THE INDENTURE. THE BONDS ARE NOT SECURED BY A PLEDGE OF THE TAXING POWER OF THE CITY.

**MATURITY SCHEDULE
(see inside cover)**

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

The Bonds are offered when, as and if issued and received by the Underwriter and subject to the approval as to their legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel. Certain legal matters will also be passed upon for the Authority and the City by Jones Hall, A Professional Law Corporation, as Disclosure Counsel. Certain legal matters will be passed upon for the Authority and the City by the City Attorney. Certain legal matters will be passed upon for the Underwriter by its counsel, Stradling Yocca Carlson & Rauth, a Professional Corporation. It is anticipated that the Bonds will be delivered in book-entry form through the facilities of DTC on or about October __, 2023.

[[Piper logo]]

The date of this Official Statement is: _____, 2023

* Preliminary; subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances will this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor will there be any sale of these securities in any jurisdiction in which such offer solicitation or sale would be unlawful.

MATURITY SCHEDULE*

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

<u>Maturity</u> <u>(May 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP†</u>
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\$ _____ % Term Bonds due May 1, 20____; Price: _____%; Yield: _____;
CUSIP†: _____

† CUSIP Global Services (CGS) is managed on behalf of American Bankers Association by FactSet Research Systems Inc. Copyright© 2023 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 Fiscal Agent or the Underwriter take any responsibility for the accuracy of the CUSIP data.

**CITY OF ALAMEDA FINANCING AUTHORITY/
CITY OF ALAMEDA
(ALAMEDA COUNTY, CALIFORNIA)**

**BOARD OF DIRECTORS OF THE AUTHORITY
AND MEMBERS OF THE CITY COUNCIL**

Marilyn Ezzy Ashcraft, *Mayor*
Tony Daysog, *Vice Mayor*
Tracy Jensen, *Council Member*
Trish Herrera Spencer, *Council Member*
Malia Vella, *Council Member*

AUTHORITY / CITY OFFICERS AND STAFF

Jennifer Ott, *City Manager*
Amy Wooldridge, *Assistant City Manager*
Kevin R. Kearney, *City Auditor*
Kevin Kennedy, *City Treasurer*
Margaret L. O'Brien, *Finance Director*
Yibin Shen, *City Attorney*
Lara Weisiger, *City Clerk*

SPECIAL SERVICES

MUNICIPAL ADVISOR

Urban Futures, Inc.
Walnut Creek, California

BOND COUNSEL AND DISCLOSURE COUNSEL

Jones Hall, A Professional Law Corporation
San Francisco, California

TRUSTEE

U.S. Bank Trust Company, National Association
San Francisco, California

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

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

Estimates and Forecasts. When used in this Official Statement and in any continuing disclosure by the City, in any press release and in any oral statement made with the approval of an authorized officer of the City, the words or phrases "will likely result," "are expected to," "will continue," "is anticipated," "estimate," "project," "forecast," "expect," "intend" and similar expressions identify "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, give rise to any implication that there has been no change in the affairs of the City since the date hereof.

Limit of Offering. No dealer, broker, salesperson or other person has been authorized by the City or the Underwriter to give any information or to make any representations other than those contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

Limited Scope of Information. The City has obtained certain information set forth herein from sources which are believed to be reliable, but such information is neither guaranteed as to accuracy or completeness, nor to be construed as a representation of such by the City. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof. All summaries of or references to the documents referred to in this Official Statement are made subject to the provisions of such documents and do not purport to be complete statements of any or all of such provisions. All capitalized terms used herein, unless noted otherwise, have the meanings given in the Indenture.

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.

Stabilization of Prices. In connection with this offering, the Underwriter may overallocate or effect transactions which stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriter may offer and sell the Bonds to certain dealers and others at prices lower than the public offering prices set forth on the cover page hereof and said public offering prices may be changed from time to time by the Underwriter.

City Website Not Incorporated. The City maintains a website, which is not incorporated by reference herein.

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

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[Insert Regional Location Map]

OFFICIAL STATEMENT

\$ _____ *

CITY OF ALAMEDA FINANCING AUTHORITY
2023 Lease Revenue Bonds
(Aquatic Center)

INTRODUCTION

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 and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the 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 meanings set forth in the Indenture (as defined below). See “APPENDIX A – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS.”

Authority for Issuance. The City of Alameda Financing Authority (the “**Authority**”) is issuing the bonds captioned above (the “**Bonds**”) under the following:

(a) the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 (commencing with Section 6584) of Chapter 5, Division 7, Title 1 of the California Government Code (the “**Law**”),

(b) resolutions adopted by the Board of Directors (the “**Board**”) of the Authority on September __, 2023 (the “**Authority Resolution**”), and by the City Council (the “**City Council**”) of the City of Alameda (the “**City**”) on September __, 2023 (the “**City Resolution**”), and

(c) an Indenture of Trust (the “**Indenture**”) dated as of October 1, 2023, by and between the Authority and U.S. Bank Trust Company, National Association, as trustee (the “**Trustee**”).

The Authority. The Authority is a joint powers authority, organized pursuant to a Joint Exercise of Powers Agreement, dated as of July 31, 2012, by and between the City and the California Municipal Finance Authority. The governing body of the Authority consists of the same individuals who comprise the City Council of the City. The Authority was created for the purpose

* Preliminary; subject to change.

of financing and refinancing capital improvements projects of the City and to finance working capital for the City. See “THE AUTHORITY.”

The City. The City was founded in 1854 and incorporated in 1872. It is located in Alameda County, in the growing East Bay region of the San Francisco Bay Area. The City spans Alameda Island, Bay Farm Island, and a few minor islands. It is adjacent to and south of the City of Oakland and east of the City and County of San Francisco. The City is a charter city, rather than a general law city, and adopted a council-manager form of government in 1916. The City provides a range of municipal services to its citizens including public safety, public works, community development, community services and electric utility service through Alameda Municipal Power. The population as of January 2023 was estimated at 77,287. See “THE CITY.”

Form of Bonds; Book-Entry Only. The Bonds will be issued in fully registered form, registered in the name of The Depository Trust Company (“DTC”), or its nominee, which will act as securities depository for the Bonds. Purchasers of the Bonds will not receive certificates representing the Bonds that are purchased. See “THE BONDS – Book-Entry Only System” and “APPENDIX E – DTC AND THE BOOK-ENTRY ONLY SYSTEM.”

Purpose of the Bonds. The Bonds are being issued to (i) to finance the acquisition, construction, and equipping of a new aquatic center in the City, and (ii) to pay the costs of issuing the Bonds. See “FINANCING PLAN.”

Security for the Bonds and Pledge of Revenues. Under the Indenture, the Bonds are payable from and secured by a first pledge of and lien on “Revenues” (as defined in this Official Statement) received by the Authority under the Lease Agreement dated as of October 1, 2023, between the Authority, as lessor, and the City, as lessee (the “Lease”), consisting primarily of payments (the “Lease Payments”) made by the City under the Lease. The Bonds are also secured by certain funds on deposit under the Indenture. See “SECURITY FOR THE BONDS.”

The City and the Authority will also enter into a Site Lease dated as of October 1, 2023 (the “Site Lease”), under which the City will lease the City’s police department facility and its site located at 1555 Oak Street in the City (as described further herein, the “Leased Property”) to the Authority, in return for an upfront Site Lease Payment. Concurrently, the City and the Authority will enter into the Lease, under which the Authority will lease the Leased Property back to the City in return for the annual Lease Payments. See “SECURITY FOR THE BONDS” and “THE LEASED PROPERTY.”

No Reserve Fund. Neither the Authority nor the City will fund a reserve fund for the Bonds.

Redemption. The Bonds are subject to redemption prior to their stated maturity dates. See “THE BONDS – Redemption.”

Abatement. The Lease Payments are subject to complete or partial abatement in the event and to the extent that there is substantial interference with the City’s use and possession of the Leased Property or any portion thereof. If the Lease Payments are abated under the Lease, the Bond Owners would receive less than the full amount of principal of and interest on the Bonds. To the extent proceeds of rental interruption insurance are available, Lease Payments (or a portion thereof) may be made from those proceeds during periods of abatement. See “SECURITY FOR THE BONDS – Abatement” and “BOND OWNERS’ RISKS.”

Risks of Investment. Debt service on the Bonds is payable only from Lease Payments and other amounts payable by the City to the Authority under the Lease. For a discussion of some of the risks associated with the purchase of the Bonds, see “BOND OWNERS’ RISKS.”

NEITHER THE BONDS, THE OBLIGATION OF THE AUTHORITY TO PAY PRINCIPAL OF OR INTEREST THEREON, NOR THE OBLIGATION OF THE CITY TO MAKE THE LEASE PAYMENTS, CONSTITUTE A DEBT OR A LIABILITY OF THE AUTHORITY, THE CITY, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL LIMITATION ON INDEBTEDNESS, OR A PLEDGE OF THE FULL FAITH AND CREDIT OF THE CITY. THE BONDS ARE SECURED SOLELY BY THE PLEDGE OF REVENUES AND CERTAIN FUNDS HELD UNDER THE INDENTURE. THE BONDS ARE NOT SECURED BY A PLEDGE OF THE TAXING POWER OF THE CITY.

FINANCING PLAN

The Project

The net proceeds of the sale of the Bonds will be deposited into an Acquisition and Construction Fund, and available for use by the City to finance the acquisition, construction, and equipping of a new Aquatic Center in the City.

The Aquatic Center will be located in the western end of Jean Sweeney Park in the City, and include competitive and recreational pools, an associated building with locker rooms, office space and community room, and an associated lighted parking lot. Related improvements could include a community garden, tool and seed lending library and additional park infrastructure. The City hired Griffin Structures, Inc., as project manager, in July 2023. Design of the Aquatic Center is starting in winter 2023 and construction is anticipated to commence by summer 2025 and be completed by fall 2026. The anticipated cost of the project is approximately \$30 million, of which the Bond proceeds will fund \$15 million and the remainder will be funded by City general fund reserves.

Estimated Sources and Uses of Funds

The estimated sources and uses of funds relating to the Bonds are as follows:

Sources:

Principal Amount of Bonds	\$
<i>Plus (Less):</i> Original Issue Premium (Discount)	_____
TOTAL SOURCES	\$

Uses:

Acquisition and Construction Fund	\$
Costs of Issuance ⁽¹⁾	_____
TOTAL USES	\$

(1) Includes Underwriter’s discount, bond counsel and disclosure counsel fees, municipal advisor fees, printing costs, rating agency fees and other costs of issuing the Bonds.

THE LEASED PROPERTY

The Leased Property

Alameda Police Administration Building. The Leased Property consists of the City's Police Department building and site located at 1555 Oak Street in the City. The Police department building was constructed in 1978, as a two-story structure with basement, and has approximately 32,760-square feet of gross area. The facility includes a jail and police department administrative offices. The insured value of the building and its contents, not including any land value, is estimated at approximately \$15 million.

Additions and Improvements. Under the Lease, the City has the right, at its own expense, to make additions, modifications and improvements to the Leased Property or any portion thereof. All additions, modifications and improvements to the Leased Property will thereafter comprise part of the Leased Property and become subject to the provisions of the Lease. Such additions, modifications and improvements may not in any way damage the Leased Property, or cause the Leased Property to be used for purposes other than those authorized under the provisions of state and federal law; and the Leased Property, upon completion of any additions, modifications and improvements made thereto, must be of a value which is not substantially less than the value thereof immediately prior to the making of such additions, modifications and improvements.

The City may install or permit to be installed other items of equipment or other personal property in or upon the Leased Property. All such items will remain the sole property of the City and may be modified or removed by the City at any time, provided that the City must repair all damage to the Leased Property resulting from the installation, modification or removal of any such items.

Substitution and Release of Lease Property

Substitution. Under the Lease, the City has the option at any time and from time to time, to substitute other real property (the "**Substitute Property**") for the Leased Property or any portion thereof (the "**Former Property**"), upon satisfaction of all of the conditions set forth in the Lease, which include (among others) the following:

- An Authorized Representative of the City must file with the Authority and the Trustee, and cause to be recorded in the office of the Alameda County Recorder sufficient memorialization of, an amendment of the Site Lease, Lease and Assignment Agreement that adds the legal description of the Substitute Property and deletes therefrom the legal description of the Former Property.
- An Authorized Representative of the City must obtain a CLTA or an ALTA policy of title insurance insuring the City's leasehold estate in the Substitute Property, subject only to Permitted Encumbrances.
- An Authorized Representative of the City must certify in writing to the Authority and the Trustee that the Substitute Property constitutes property which the City is permitted to lease under the laws of the State of California, and has been determined to be necessary to the operation of the City.

- An Authorized Representative of the City must file with the Authority and the Trustee a written certificate of the City or other written evidence stating that (1) the useful life of the Substitute Property at least extends to the final maturity of the Bonds, (2) the estimated value of the Leased Property, after substitution of the Substitute Property and release of the Former Property, is at least equal to the aggregate Outstanding principal amount of the Bonds, and (3) the fair rental value of the Leased Property, after substitution of the Substitute Property and release of the Former Property, is at least equal to the Lease Payments thereafter coming due and payable thereunder.

See “APPENDIX A – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS.”

Upon the satisfaction of all the conditions precedent contained in the Lease, the Term of the Lease will end as to the Former Property and commence as to the Substitute Property, and all references to the Former Property will apply with full force and effect to the Substitute Property. The City is not entitled to any reduction, diminution, extension or other modification of the Lease Payments whatsoever as a result of any substitution of property under this provision of the Lease.

Release. Under the Lease, the City has the option at any time and from time to time to release any portion of the Leased Property from the Lease (the “**Released Property**”) provided that the City has satisfied all of the requirements under the Lease that are conditions precedent to such removal, which include (among others) the following:

- An Authorized Representative of the City must file with the Authority and the Trustee, and cause to be recorded in the office of the Alameda County Recorder sufficient memorialization of, an amendment of the Lease, the Site Lease and the Assignment Agreement that removes the Released Property from the Site Lease, the Lease and the Assignment Agreement.

- An Authorized Representative of the City must certify in writing to the Authority and the Trustee that (1) the value of the Leased Property which remains subject to the Lease following such release is at least equal to the aggregate Outstanding principal amount of the Bonds, and (2) the fair rental value of the Leased Property which remains subject to the Lease following such release is at least equal to the Lease Payments thereafter coming due and payable thereunder.

See “APPENDIX A – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS.”

Upon the satisfaction of all the conditions precedent set forth in the Lease, the term of the Lease will end as to the Released Property. The City is not entitled to any reduction, diminution, extension or other modification of the Lease Payments whatsoever as a result of such release.

THE BONDS

This section provides summaries of the Bonds and certain provisions of the Indenture. See APPENDIX A for a more complete summary of the Indenture. Capitalized terms used but not defined in this section have the meanings given in APPENDIX A.

Authority for Issuance

The Bonds are being issued under the Law, the Indenture, the Authority Resolution (which was adopted by the Board of the Authority on September __, 2023), and the City Resolution (which was adopted by the City Council on September __, 2023).

General Provisions

Bond Terms. The Bonds will be dated their date of delivery and issued in fully registered form without coupons in denominations of \$5,000 or any integral multiple of \$5,000. The Bonds will mature in the amounts and on the dates, and bear interest at the annual rates, set forth on the inside cover page of this Official Statement.

Payments of Principal and Interest. Interest on the Bonds will be payable on May 1 and November in each year, commencing May 1, 2024 (each an “**Interest Payment Date**”).

While the Bonds are subject to the book-entry system, the principal, interest and any redemption premium with respect to the Bonds will be paid by the Trustee to DTC for subsequent disbursement to beneficial owners of the Bonds. See “– Book-Entry Only System” below.

Interest is payable on each Interest Payment Date to the persons in whose names the ownership of the Bonds is registered on the Registration Books at the close of business on the immediately preceding Record Date, except as provided below. Interest on any Bond which is not punctually paid or duly provided for on any Interest Payment Date is payable to the person in whose name the ownership of such Bond is registered on the Registration Books at the close of business on a special record date for the payment of such defaulted interest to be fixed by the Trustee, notice of which is given to such Owner by first-class mail not less than 10 days prior to such special record date.

The Trustee will pay interest on the Bonds by check of the Trustee mailed by first class mail, postage prepaid, on each Interest Payment Date to the Owners of the Bonds at their respective addresses shown on the Registration Books as of the close of business on the preceding Record Date. At the written request of the Owner of Bonds in an aggregate principal amount of at least \$1,000,000, which written request is on file with the Trustee as of any Record Date, the Trustee will pay interest on such Bonds on each succeeding Interest Payment Date by wire transfer in immediately available funds to such account of a financial institution within the United States of America as specified in such written request, which written request will remain in effect until rescinded in writing by the Owner.

The Trustee will pay principal of the Bonds in lawful money of the United States of America by check of the Trustee upon presentation and surrender thereof at the Office of the Trustee.

Calculation of Interest. Interest on the Bonds is payable from the Interest Payment Date next preceding the date of its authentication unless:

(a) a Bond is authenticated on or before an Interest Payment Date and after the close of business on the preceding Record Date, in which event it will bear interest from such Interest Payment Date,

(b) a Bond is authenticated on or before 15 days prior to the first Interest Payment Date, in which event interest thereon will be payable from the Closing Date, or

(c) interest on any Bond is in default as of the date of authentication thereof, in which event interest thereon will be payable from the date to which interest has been paid in full, payable on each Interest Payment Date.

Interest on the Bonds will be computed on the basis of a 360-day year composed of 12 months of 30 days each.

Record Date. Under the Indenture, “Record Date” means, with respect to any Interest Payment Date, the 15th calendar day of the month preceding such Interest Payment Date, whether or not such day is a Business Day.

Transfer, Registration and Exchange

The following provisions regarding the exchange and transfer of the Bonds apply only during any period in which the Bonds are not subject to DTC’s book-entry system. While the 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 E – DTC AND THE BOOK-ENTRY ONLY SYSTEM.”

Bond Register. The Trustee will keep or cause to be kept, at the Office of the Trustee, sufficient records for the registration and transfer of ownership of the Bonds, which will upon reasonable notice as agreed to by the Trustee, be open to inspection during regular business hours by the Authority; and, upon presentation for such purpose, the Trustee will, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on such records, the ownership of the Bonds as provided in the Indenture.

Transfer. Any Bond may, in accordance with its terms, be transferred, upon the Registration Books, by the person in whose name it is registered, in person or by a duly authorized attorney of such person, upon surrender of such Bond to the Trustee at its Office for cancellation, accompanied by delivery of a written instrument of transfer in a form acceptable to the Trustee, duly executed. The Trustee will require the Owner requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer.

Whenever any Bond is or Bonds are surrendered for transfer, the Authority will execute and the Trustee will authenticate and deliver to the transferee a new Bond or Bonds of like series, interest rate, maturity and aggregate principal amount. The Authority will pay the cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any transfer of Bonds.

Exchange. The Bonds may be exchanged at the Office of the Trustee for a like aggregate principal amount of Bonds of other authorized denominations and of the same series, interest rate and maturity. The Trustee will require the Owner requesting such exchange to pay any tax or other governmental charge required to be paid with respect to such exchange. The Authority will

pay the cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any exchange of Bonds.

Limitations. The Trustee may refuse to transfer or exchange, under the provisions of the Indenture described above, any Bonds selected by the Trustee for redemption under the Indenture, or any Bonds during the period established by the Trustee for the selection of Bonds for redemption.

Redemption*

Optional Redemption. The Bonds maturing on or before May 1, _____, are not subject to redemption prior to their respective stated maturities. The Bonds maturing on or after May 1, _____, are subject to redemption in whole, or in part at the election of the Authority among maturities on such basis as designated by the Authority and by lot within a maturity, at the option of the Authority, on any date on or after May 1, _____, from any available source of funds, at a redemption price equal to 100% of the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium.

Mandatory Sinking Fund Redemption. The Bonds maturing May 1, _____ (the "Term Bonds") are subject to mandatory redemption in part by lot, at a redemption price equal to 100% of the principal amount thereof to be redeemed, without premium, in the aggregate respective principal amounts and on May 1 in the respective years as set forth in the following table; *provided, however*, that if some but not all of the Term Bonds have been optionally redeemed, the total amount of all future sinking fund payments shall be reduced by the aggregate principal amount of the Term Bonds so redeemed, to be allocated among such sinking fund payments in integral multiples of \$5,000 as determined by the Authority (as set forth in a schedule provided by the Authority to the Trustee).

Term Bonds Maturing May 1, _____

Sinking Fund Redemption Date (May 1)	Principal Amount To Be Redeemed
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Extraordinary Mandatory Redemption. The Bonds are subject to mandatory redemption prior to maturity in whole or in part, among maturities as determined by the Authority, on any date, at a redemption price equal to 100% of the principal amount thereof to be redeemed (plus accrued but unpaid interest to the redemption date), without premium, from Net Proceeds received under from amounts deposited in the Insurance and Condemnation Fund under the Indenture, and any other funds available under the Indenture for purposes of that fund.

Selection of Bonds for Redemption. Whenever provision is made in the Indenture for the redemption of less than all of the Bonds of a single maturity, the Trustee will select the Bonds of that maturity to be redeemed by lot in any manner which the Trustee in its sole discretion deems

* Preliminary; subject to change.

appropriate. For purposes of such selection, the Trustee will treat each Bond as consisting of separate \$5,000 portions and each such portion will be subject to redemption as if such portion were a separate Bond.

Notice of Redemption. The Trustee will give notice of redemption of the Bonds by first class mail, postage prepaid, not less than 20 nor more than 60 days before any redemption date, to the respective Owners of any Bonds designated for redemption at their addresses appearing on the Registration Books and to one or more Securities Depositories and to the Municipal Securities Rulemaking Board.

Neither the failure to receive any notice nor any defect therein will affect the sufficiency of the proceedings for such redemption or the cessation of accrual of interest from and after the redemption date. Notice of redemption of Bonds will be given by the Trustee, at the expense of the Authority, for and on behalf of the Authority.

However, while the Bonds are subject to DTC's book-entry system, the Trustee will be required to give notice of redemption only to DTC as provided in the letter of representations executed by the Authority 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 Bonds to be redeemed. Any failure of DTC to notify any Participant, or any failure of Participants to notify the Beneficial Owner of any 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 Indenture.

Rescission of Redemption Notice. The Authority has the right to rescind any notice of the redemption of Bonds under the Indenture by written notice to the Trustee 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 Bonds then called for redemption, and such cancellation will not constitute an Event of Default. The Authority and the Trustee have no liability to the Bond Owners or any other party related to or arising from such rescission of redemption. The Trustee will mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent under the Indenture.

Effect of Redemption. When notice of redemption has been duly given as set forth in the Indenture, and moneys for payment of the redemption price of, together with interest accrued to the date fixed for redemption on, including any applicable premium, the Bonds (or portions thereof) so called for redemption being held by the Trustee, on the redemption date designated in such notice, the Bonds (or portions thereof) so called for redemption will become due and payable, interest on the Bonds so called for redemption will cease to accrue, those Bonds (or portions thereof) will cease to be entitled to any benefit or security under the Indenture, and the Owners of those Bonds will have no rights in respect thereof except to receive payment of the redemption price thereof.

Book-Entry Only System

The Bonds will be issued as fully registered bonds in book-entry only form, registered in the name of Cede & Co. as nominee of DTC, and will be available to ultimate purchasers in the denomination of \$5,000 or any integral multiple of \$5,000, under the book-entry system maintained by DTC. While the Bonds are subject to the book-entry system, the principal, interest and any redemption premium with respect to a Bond will be paid by the Trustee to DTC, which in

turn is obligated to remit such payment to its DTC Participants for subsequent disbursement to Beneficial Owners of the Bonds. Purchasers of the Bonds will not receive certificates representing their interests therein, which will be held at DTC.

See “APPENDIX E – DTC AND THE BOOK-ENTRY ONLY SYSTEM” for further information regarding DTC and the book-entry system.

DEBT SERVICE SCHEDULE

The table below shows annual debt service payments on the Bonds.

Period Ending May 1	Principal	Interest	Total Debt Service
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Total:

SECURITY FOR THE BONDS

The principal of and interest on the Bonds are not a debt of the Authority or the City, nor a legal or equitable pledge, charge, lien or encumbrance, upon any of their respective property, or upon any of their income, receipts, or revenues except the Revenues and other amounts pledged under the Indenture.

This section provides summaries of the security for the Bonds and certain provisions of the Indenture, the Lease and the Site Lease. See "APPENDIX A – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS" for a more complete summary of the Indenture, the Lease and the Site Lease. Capitalized terms used but not defined in this section have the meanings given in APPENDIX A.

Revenues; Pledge of Revenues

Pledge of Revenues and Other Amounts. Under the Indenture, subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein, all of the Revenues and all amounts (including proceeds of the sale of the Bonds) held in any fund or account established under the Indenture are pledged to secure the payment of the principal of and interest and premium (if any) on the Bonds in accordance with their terms and the provisions of the Indenture. This pledge constitutes a lien on and security interest in the Revenues and such amounts and will attach, be perfected and be valid and binding from and after the Closing Date, without the need for any physical delivery thereof or further act.

Definition of Revenues. "Revenues" are defined in the Indenture as follows:

(a) all amounts received by the Authority or the Trustee under or with respect to the Lease, including, without limiting the generality of the foregoing, all of the Lease Payments (including both timely and delinquent payments, any late charges, and whether paid from any source), but excluding (i) any amounts described in the provisions of the Lease relating to permitted amendments that provide for additional rental to be pledged or assigned for the payment of bonds or obligations issued to finance or refinance projects for which the City is authorized to expend its funds, and (ii) any Additional Rental Payments; and

(b) all interest, profits or other income derived from the investment of amounts in any fund or account established under the Indenture.

Assignment to Trustee

Under the Assignment Agreement, the Authority will transfer to the Trustee all of the rights of the Authority in the Lease (other than the rights of the Authority under the provisions of the Lease regarding Additional Rental Payments, repayment of advances, indemnification, and the payment of attorneys' fees). The Trustee is entitled to collect and receive all of the Revenues, and any Revenues collected or received by the Authority will be deemed to be held, and to have been collected or received, by the Authority as the agent of the Trustee and will immediately be paid by the Authority to the Trustee. The Trustee is also entitled to and will, subject to the provisions of the Indenture regarding duties of the Trustee, take all steps, actions and proceedings which the Trustee determines to be reasonably necessary in its judgment to enforce, either jointly

with the Authority or separately, all of the rights of the Authority and all of the obligations of the City under the Lease.

Allocation of Revenues by Trustee; Application of Funds

Deposit of Revenues into Bond Fund. All Revenues shall be promptly deposited by the Trustee upon receipt thereof in a special fund designated as the “Bond Fund” which the Trustee shall establish, maintain and hold in trust; except that all moneys received by the Trustee and required under the Indenture or under the Lease to be deposited in the Redemption Fund or the Insurance and Condemnation Fund shall be promptly deposited in such funds. All Revenues deposited with the Trustee shall be held, disbursed, allocated and applied by the Trustee only as provided in the Indenture. Any surplus remaining in the Bond Fund, after payment in full of (i) the principal of and interest on the Bonds or provision therefore under the Indenture, and (ii) any applicable fees and expenses to the Trustee, shall be withdrawn by the Trustee and remitted to the City.

Transfers from the Bond Fund. On or before each Interest Payment Date, the Trustee will transfer from the Bond Fund and deposit into the following respective accounts (each of which the Trustee will establish and maintain within the Bond Fund), the following amounts in the following order of priority:

Deposit to Interest Account. The Trustee will deposit in the Interest Account an amount required to cause the aggregate amount on deposit in the Interest Account to be at least equal to the amount of interest becoming due and payable on such Interest Payment Date on all Bonds then Outstanding.

Deposit to Principal Account. The Trustee will deposit in the Principal Account an amount required to cause the aggregate amount on deposit in the Principal Account to equal the principal amount of the Bonds coming due and payable on such Interest Payment Date.

Application of Accounts within Bond Fund.

Application of Interest Account. All amounts in the Interest Account will be used and withdrawn by the Trustee solely for the purpose of paying interest on the Bonds as it comes due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity).

Application of Principal Account. All amounts in the Principal Account will be used and withdrawn by the Trustee solely to pay the principal amount of the Bonds at their respective maturity dates.

Application of Redemption Fund. The Trustee shall establish and maintain the Redemption Fund, into which the Trustee shall deposit a portion of the Revenues received, in accordance with a Written Request of the Authority, amounts in which shall be used and withdrawn by the Trustee solely for the purpose of paying the principal and premium (if any) of the Bonds to be redeemed under the Indenture.

Lease Payments

Requirement to Make Lease Payments. Under the Lease, subject to the provisions of the Lease concerning rental abatement and prepayment of Lease Payments, the City agrees to pay to the Authority, its successors and assigns, the Lease Payments in the respective amounts specified in the Lease, to be due and payable in immediately available funds on the Interest Payment Dates immediately following each of the respective Lease Payment Dates specified in the Lease, and to be deposited by the City with the Trustee on each of the Lease Payment Dates specified in the Lease (defined as the 6th Business Day immediately preceding each Interest Payment Date).

Any amount held in the Bond Fund, the Interest Account and the Principal Account on any Lease Payment Date (other than amounts resulting from the prepayment of the Lease Payments in part but not in whole under the Lease, and amounts required for payment of past due principal or interest on any Bonds not presented for payment) will be credited towards the Lease Payment then required to be paid hereunder.

The City is not required to deposit any Lease Payment with the Trustee on any Lease Payment Date if the amounts then held in the Bond Fund, the Interest Account and the Principal Account are at least equal to the Lease Payment then required to be deposited with the Trustee.

The Lease Payments payable in any Rental Period are for the use of the Leased Property during that Rental Period.

Rate on Overdue Lease Payments. If the City fails to make any of the payments of Lease Payments required in the Lease, the payment in default will continue as an obligation of the City until the amount in default has been fully paid, and the City agrees to pay the same with interest thereon, from the date of default to the date of payment at the highest rate of interest on any Outstanding Bond.

Fair Rental Value. The aggregate amount of the Lease Payments and Additional Rental Payments coming due and payable during each Rental Period constitute the total rental for the Leased Property for such Rental Period, and are payable by the City in each Rental Period for and in consideration of the right of the use and occupancy of, and the continued quiet use and enjoyment of the Leased Property during each Rental Period. The Authority and the City have agreed and determined that the total Lease Payments represent the fair rental value of the Leased Property. In making that determination, consideration has been given to the estimated value of the Leased Property, other obligations of the City and the Authority under the Lease, the uses and purposes which may be served by the Leased Property and the benefits therefrom which will accrue to the City and the general public.

Additional Rental Payments. In addition to the Lease Payments, the City shall pay when due the following amounts of Additional Rental Payments in consideration of the lease of the Leased Property by the City from the Authority:

- (a) All fees and expenses incurred by the Authority in connection with or by reason of its leasehold estate in the Leased Property, when due;
- (b) All reasonable compensation to the Trustee for all services rendered under the Indenture and for all reasonable expenses, charges, costs, liabilities, legal fees and

other disbursements incurred in and about the performance of its powers and duties under the Indenture;

- (c) The reasonable fees and expenses of such accountants, consultants, attorneys and other experts as may be engaged by the Authority or the Trustee to prepare audits, financial statements, reports, opinions or provide such other services required under the Lease or the Indenture;
- (d) Amounts coming due and payable as Excess Investment Earnings in accordance with Lease; and
- (e) The reasonable out-of-pocket expenses of the Authority in connection with the execution and delivery of the Lease or the Indenture, or in connection with the issuance of the Bonds, including but not limited to any and all expenses incurred in connection with the authorization, sale and delivery of the Bonds, or incurred by the Authority in connection with any litigation which may at any time be instituted involving the Lease, the Bonds, the Indenture or any of the other documents contemplated thereby, or otherwise incurred in connection with the administration of the Lease.

Limited Obligation

THE OBLIGATION OF THE CITY TO MAKE THE LEASE PAYMENTS DOES NOT CONSTITUTE A DEBT OF THE CITY, THE AUTHORITY OR THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMIT OR RESTRICTION, AND DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION.

No Additional Bonds

In the Indenture, the Authority covenants that no additional bonds, notes or other indebtedness will be issued or incurred which are payable out of the Revenues in whole or in part.

Source of Payments; Covenant to Budget and Appropriate Funds for Lease Payments

The Lease Payments are payable from any source of available funds of the City, subject to the provisions of the Lease regarding abatement.

Under the Lease, the City covenants to take all actions required to include the Lease Payments in each of its budgets during the Term of the Lease and to make the necessary appropriations for all Lease Payments and Additional Rental Payments. This covenant of the City constitutes a duty imposed by law and each and every public official of the City is required to take all actions required by law in the performance of the official duty of such officials to enable the City to carry out and perform the covenants and agreements in the Lease agreed to be carried out and performed by the City.

Abatement

Termination or Abatement Due to Eminent Domain. Under the Lease, if the Leased Property is taken permanently under the power of eminent domain or sold to a government threatening to exercise the power of eminent domain, the Term of the Lease thereupon ceases as of the day possession is taken. If less than all of the Leased Property is taken permanently, or if the Leased Property is taken temporarily, under the power of eminent domain, then:

(a) the Lease will continue in full force and effect with respect thereto and does not terminate by virtue of such taking, and the parties waive the benefit of any law to the contrary; and

(b) the Lease Payments are subject to abatement in an amount determined by the City such that the resulting Lease Payments represent fair consideration for the use and occupancy of the remaining usable portions of the Leased Property.

Abatement Due to Damage or Destruction. The Lease Payments are subject to abatement during any period in which by reason of damage or destruction (other than by eminent domain as described above) there is substantial interference with the use and occupancy by the City of the Leased Property or any portion thereof.

The Lease Payments are subject to abatement in an amount determined by the City such that the resulting Lease Payments represent fair consideration for the use and occupancy of the remaining usable portions of the Leased Property not damaged or destroyed. Such abatement will continue for the period commencing with such damage or destruction and ending with the substantial completion of the work of repair or reconstruction.

If any such damage or destruction occurs, the Lease continues in full force and effect and the City waives any right to terminate this Lease by virtue of any such damage and destruction.

Property Insurance

Liability and Property Damage Insurance. Under the Lease, the City is required to maintain or cause to be maintained throughout the Term of the Lease, but only if and to the extent available from reputable insurers at reasonable cost in the reasonable opinion of the City, a standard commercial general liability insurance policy or policies in protection of the Authority, the City, and their respective members, officers, agents, employees and assigns.

Such policy or policies must provide for indemnification of said parties against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the operation of the Leased Property. Such policy or policies must provide coverage in such liability limits and be subject to such deductibles as the City deems adequate and prudent.

Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City, and may be maintained in whole or in part in the form of self-insurance by the City, subject to the provisions of the Lease regarding self-insurance, or in the form of the participation by the City in a joint powers agency or other program providing pooled insurance. The proceeds of such liability insurance must be applied toward extinguishment or satisfaction of the liability with respect to which paid.

Casualty Insurance. Under the Lease, the City is required to procure and maintain, or cause to be procured and maintained, throughout the Term of the Lease, casualty insurance against loss or damage to all buildings situated on the Leased Property, in an amount at least equal to the lesser of (a) 100% of the replacement value of the insured buildings, or (b) 100% of the aggregate principal amount of the Outstanding Bonds.

Such insurance must, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, fire and such other hazards as are normally covered by such insurance (and need not include earthquake insurance). Such insurance may be subject to such deductibles as the City deems adequate and prudent.

Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City, and may be maintained in whole or in part in the form of the participation by the City in a joint powers agency or other program providing pooled insurance; provided that such insurance may not be maintained by the City in the form of self-insurance. The Net Proceeds of such insurance must be applied as provided in the Lease.

Rental Interruption Insurance. Under the Lease, the City is required to procure and maintain, or cause to be procured and maintained, throughout the Term of the Lease, rental interruption or use and occupancy insurance to cover loss, total or partial, of the use of any portion of the Leased Property constituting buildings or other improvements as a result of any of the hazards covered in the casualty insurance requirements described above, in an amount at least equal to the maximum such Lease Payments coming due and payable during any consecutive two Fiscal Years.

Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City, and may be maintained in whole or in part in the form of the participation by the City in a joint powers agency or other program providing pooled insurance; provided that such insurance may not be maintained by the City in the form of self-insurance. The Net Proceeds of such insurance, if any, must be paid to the Trustee and deposited in the Bond Fund, to be applied as a credit towards the payment of the Lease Payments allocable to the insured improvements as they become due and payable.

Insurance Net Proceeds; Form of Policies. Each policy of casualty insurance, rental interruption insurance and title insurance maintained under the Lease must name the Trustee as loss payee so as to provide that all proceeds thereunder are payable to the Trustee. The City shall pay or cause to be paid when due the premiums for all insurance policies required by the Lease. All such policies shall provide that the Trustee is given 30 days' notice of each expiration, any intended cancellation thereof or reduction of the coverage provided thereby.

The City must file with the Trustee annually, within 90 days following the close of each Fiscal Year, a certificate of the City stating that all policies of insurance required under the Lease are then in full force and effect. The Trustee has no responsibility for the sufficiency, adequacy or amount of any insurance or self-insurance herein required and is fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss.

If any liability and property damage insurance maintained under the Lease is provided in the form of self-insurance, the City must file with the Trustee annually, within 90 days following the close of each Fiscal Year, a statement of the risk manager of the City or an independent insurance adviser engaged by the City identifying the extent of such self-insurance and stating the determination that the City maintains sufficient reserves with respect thereto. If any such

insurance is provided in the form of self-insurance by the City, the City has no obligation to make any payment with respect to any insured event except from those reserves.

THE AUTHORITY

The Authority is a joint powers authority, organized pursuant to a Joint Exercise of Powers Agreement, dated as of July 31, 2012 (the “**Joint Powers Agreement**”), by and between the City and the California Municipal Finance Authority. The Joint Powers Agreement was entered into pursuant to the provisions of Article 1 of Chapter 5 of Division 7 of Title 1 of the California Government Code (the “**Act**”). The governing body of the Authority consists of the same individuals who comprise the City Council of the City. The Authority was created for the purpose of financing and refinancing capital improvements projects of the City and to finance working capital for the City. Pursuant to Article 1 of the Act, the Authority is qualified to assist in financing projects and certain public improvements and to issue bonds under Article 4 of the Act (being the Marks-Roos Local Bond Pooling Act of 1985).

The Authority has no taxing power. The Authority and the City are separate legal entities, and the debts and obligations of one such entity are not debts or obligations of the other entity.

THE CITY

General

The City was founded in 1854 and incorporated in 1872. It is located in Alameda County, in the growing East Bay region of the San Francisco Bay Area. The City spans Alameda Island, Bay Farm Island, and a few minor islands. It is adjacent to and south of the City of Oakland and east of the City and County of San Francisco. The City is a charter city, rather than a general law city, and adopted a council-manager form of government in 1916. The City provides a range of municipal services to its citizens including public safety, public works, community development, community services and electric utility service through Alameda Municipal Power. The population as of January 2023 was estimated at 77,287.

The City has a permanent staff of approximately 524 allocated full-time positions (including Alameda Municipal Power) as of July 31, 2023.

City Government

The City operates under the Council-Manager form of government. The Mayor and four Council members are elected at large for staggered four-year terms to govern the City, and subject to two elected term limits. The City Treasurer and City Auditor are also elected for four-year terms. The City Council is responsible for establishing policies, adopting a biennial budget, appointing commissioners and committee members, as well as hiring the City Manager, City Attorney and City Clerk. The City Manager is responsible for implementing the Council’s policies, and overseeing the day-to-day operations and management of the City. Current City Council priorities include: preparing Alameda for the future; encouraging economic development across the island; supporting enhanced livability and quality of life; protecting core services; and ensuring effective and efficient operations.

City Council Members. The current members of the City Council are as follows:

<u>Name and Office</u>	<u>Current Term Expires</u>
Marilyn Ezzy Ashcraft, <i>Mayor</i>	December 2026
Tony Daysog, <i>Vice Mayor</i>	December 2026
Tracy Jensen, <i>Councilmember</i>	December 2026
Trish Herrera Spencer, <i>Councilmember</i>	December 2024
Malia Vella, <i>Councilmember</i>	December 2024

Key City Staff. The City Manager is appointed by the City Council, and oversees day-to-day operations of the City. The Finance Director is appointed by the City Manager, and oversees the finances of the City. Below are brief biographies of the City Manager and the Finance Director:

Jennifer Ott, City Manager. Ms. Ott has served as City Manager of the City since January 2023. From September 2018 until January 2023, Ms. Ott worked for the City of Hayward where she served as Assistant City Manager and Deputy City Manager. From 2005 to 2018, Ms. Ott worked for Alameda in various roles, including Redevelopment Manager, Chief Operating Officer of Alameda Point, and Base Reuse and Transportation Planning Director. She holds a B.A. from the University of California, Davis and a Masters in Public Policy from the University of California, Berkeley.

Amy Wooldridge, Assistant City Manager. Ms. Wooldridge has served as Assistant City Manager of the City since May 2023. She has more than 18 years of senior management experience, including over 11 years as the City's Recreation and Parks Director. She holds a Bachelor of Science degree from the University of California, Davis.

Margaret L. O'Brien, Finance Director. Ms. O'Brien as served as Finance Director of the City since April 2022. In that role, she brings nearly 20 years of progressively responsible leadership and successful strategic planning experience in public finance. Prior to her appointment as Finance Director for the City, she served the cities of Oakland and Emeryville in areas of finance and public works. Ms. O'Brien is a certified mediator, holds a Masters of Organizational Leadership from Gonzaga University and an MBA from California State University-Dominguez Hills.

Population

The City's population was approximately 77,287 on January 1, 2023, according to the California State Department of Finance's estimates. The following table shows the estimated population growth for the City, the County and the State of California for the last ten years.

Table 1
City of Alameda
City, County and State Population Growth⁽¹⁾
Calendar Years 2014 through 2023

Calendar Year	City of Alameda	% Change from Prior Period	Alameda County	% Change from Prior Period	State of California	% Change from Prior Year
2014	77,500	0.8	1,590,729	1.3	38,556,731	--%
2015	78,381	1.1	1,613,319	1.4	38,865,532	0.8
2016	80,386	2.6	1,631,230	1.1	39,103,587	0.6
2017	80,947	0.7	1,644,303	0.8	39,352,398	0.6
2018	81,195	0.3	1,651,760	0.5	39,519,535	0.4
2019	81,457	0.3	1,659,608	0.5	39,605,361	0.2
2020	78,815	(3.2)	1,682,353	1.4	39,538,223	(0.2)
2021	78,250	(0.7)	1,663,371	(1.1)	39,286,510	(0.6)
2022	77,437	(1.0)	1,644,248	(1.1)	39,078,674	(0.5)
2023	77,287	(0.2)	1,636,194	(0.5)	38,940,231	(0.4)

(1) As of January 1 of each year.

Source: State of California Department of Finance.

Employment

The following table shows certain employment statistics for the City of Alameda Census Designated Place (CDP) and the County for calendar years 2017 through 2021.

Table 2
City of Alameda
City and County Employment Statistics
Calendar Years 2017 through 2021⁽¹⁾

Year	City (Census Designated Place)			County
	Labor Force	Employed	Unemployment Rate	Unemployment Rate
2017	41,700	40,200	3.5%	3.7%
2018	41,300	40,100	2.9	3.1
2019	41,400	40,300	2.6	2.9
2020	39,400	36,000	8.5	8.8
2021	39,900	37,700	5.5	6.1

(1) Not seasonally adjusted. Figures represent the 12-month average for each such year.

Source: State of California, Employment Development Department.

The unemployment rate in the Oakland-Hayward-Berkeley MD was 4.2 percent in June 2023, up from a revised 3.7 percent in May 2023, and above the year-ago estimate of 3.3 percent. This compares with an unadjusted unemployment rate of 4.9 percent for California and 3.8 percent for the nation during the same period. The unemployment rate was 4.2 percent in Alameda County, and 4.2 percent in Contra Costa County.

The following table summarizes the civilian labor force in the MD for the calendar years 2018 through 2022.

Table 3A
City of Alameda
Oakland-Hayward-Berkeley MD
Annual Average Employment by Industry
Calendar Years 2018 through 2022

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Civilian Labor Force ⁽¹⁾	1,401,900	1,404,000	1,367,100	1,357,000	1,377,100
Employment	1,358,100	1,361,500	1,244,600	1,272,800	1,330,500
Unemployment	43,800	42,500	122,500	84,200	46,600
Unemployment Rate	3.1%	3.0%	9.0%	6.2%	3.4%
Wage and Salary Employment⁽²⁾					
Agriculture	1,300	1,400	1,500	1,700	1,900
Mining and Logging	200	200	200	200	200
Construction	74,900	75,600	71,100	74,300	75,200
Manufacturing	100,600	101,000	98,700	105,800	111,900
Wholesale Trade	47,500	45,400	42,100	41,100	41,500
Retail Trade	114,700	112,000	101,500	105,300	106,200
Transportation, Warehousing and Utilities	42,300	43,700	45,200	49,500	55,100
Information	27,600	27,600	25,600	24,700	24,900
Finance and Insurance	37,500	37,200	35,900	34,800	33,300
Real Estate and Rental and Leasing	17,800	18,100	16,800	17,200	18,700
Professional and Business Services	189,500	193,200	184,900	190,700	196,200
Educational and Health Services	194,300	198,400	191,300	198,500	207,000
Leisure and Hospitality	117,700	121,000	84,700	92,500	108,400
Other Services	41,000	41,200	33,100	35,600	39,300
Federal Government	13,400	13,400	14,200	13,400	13,100
State Government	39,400	39,600	38,200	35,900	32,700
Local Government	121,800	121,800	113,500	111,800	115,400
Total, All Industries ⁽³⁾	1,181,600	1,190,700	1,098,500	1,133,000	1,180,900

(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.

The following table provides monthly labor force data for cities and census designated places (CDP) in the County for June 2023.

Table 3B
City of Alameda
Monthly Labor Force Data for Cities and Census Designated Places (CDP)⁽¹⁾
June 2023- Preliminary
(Data Not Seasonally Adjusted)

Area Name	Labor Force	Employ- ment	Unemployment Number	Rate
Alameda County	824,300	790,000	34,300	4.2%
Alameda City	40,800	39,200	1,600	3.9%
Albany City	9,400	9,200	200	2.5%
Ashland CDP	11,300	10,600	600	5.4%
Berkeley City	62,000	59,500	2,400	3.9%
Castro Valley CDP	31,900	31,100	800	2.6%
Cherryland CDP	7,100	6,700	500	6.4%
Dublin City	33,700	32,300	1,300	3.9%
Emeryville City	8,300	8,000	300	3.7%
Fairview CDP	5,400	5,300	200	3.2%
Fremont City	116,800	112,200	4,700	4.0%
Hayward City	75,600	72,200	3,400	4.5%
Livermore City	48,000	46,400	1,600	3.3%
Newark City	25,500	24,500	1,000	3.9%
Oakland City	208,500	198,800	9,700	4.7%
Piedmont City	5,100	4,900	200	4.3%
Pleasanton City	39,300	37,800	1,500	3.9%
San Leandro City	45,100	43,300	1,800	4.0%
San Lorenzo CDP	14,500	13,800	700	4.9%
Sunol CDP	400	400	0	5.2%
Union City	36,200	34,700	1,600	4.3%

(1) CDP is "Census Designated Place" - a recognized community that was unincorporated at the time of the 2011-2015 5-Year American Community Survey (ACS).

Source: State of California Employment Development Department.

Principal Employers

The following table shows the top ten employers within the City, listed alphabetically, along with the approximate number of employees for each.

Table 4
City of Alameda
Top Ten Employers
Fiscal Year 2021-22

<u>Company</u>	<u>Approx. No. Employees</u>
Celera	554
Exelixis	954
Glycosan Biosystems	25
Health Diagnostics	750
PA Acquisition Corp	1,764
Penumbra, Inc.	1,839
Telecare Corp	3,817
UTStarcom Inc.	600
Voxify	84
Wind River Systems	1,800

Source: City of Alameda audited financial statements for fiscal year 2021-22; City of Alameda Finance Department.

Effective Buying Income. The following table summarizes the total effective buying income for the City, the County, the State and the United States for the period 2019 through 2023. “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.

Table 5
City of Alameda, Alameda County,
State of California and the United States
Effective Buying Income
As of January 1, 2019 through 2023

Year	Area	Total Effective Buying Income (000s' Omitted)	Median Household Effective Buying Income
2019	City of Alameda	\$3,712,497	\$82,542
	Alameda County	67,609,653	79,446
	California	1,183,264,399	62,637
	United States	9,017,967,563	52,841
2020	City of Alameda	\$3,869,052	\$86,699
	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 Alameda	\$4,137,238	\$91,487
	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 Alameda	\$4,653,294	\$104,380
	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 Alameda	\$4,348,166	\$99,969
	Alameda County	80,766,211	98,721
	California	1,461,799,662	77,175
	United States	11,454,846,397	65,326

Source: Claritas, LLC.

Construction Activity

The following table provides a summary of residential building permit valuations and nonresidential building permit valuations, and the total number of all building permit valuations in the City during the past five years.

Table 6
City of Alameda
Building Permit Activity
Fiscal Years 2018 through 2022
(Valuation in Thousands)

<u>Permit Valuation</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
New Single-family	\$1,629.7	\$10,863.7	\$16,099.8	\$41,345.7	\$25,426.7
New Multi-family	2,426.4	138,636.4	74,836.6	33,038.9	49,640.9
Res. Alterations/Additions	36,408.5	30,007.2	23,849.0	8,873.8	24,403.5
Total Residential	40,464.6	179,507.3	114,785.4	83,258.4	99,471.1
New Commercial	16,829.8	19,697.6	55,072.8	9,110.0	133.0
New Industrial	0.0	0.0	0.0	0.0	0.0
New Other	1,974.4	2,989.1	6,955.2	254.0	2,203.9
Com. Alterations/Additions	51,495.5	42,424.2	75,278.7	46,857.5	37,877.1
Total Nonresidential	70,299.7	65,110.9	137,306.7	56,221.5	40,214.0
<u>New Dwelling Units</u>					
Single Family	18	50	80	199	123
Multiple Family	11	622	249	445	150
TOTAL	29	672	329	644	273

Source: Construction Industry Research Board, Building Permit Summary.

Alameda Point Development

In June 2015, the City Council approved a Disposition and Development Agreement, as amended (collectively, “DDA”) related to development of a 68-acre mixed-use project at Alameda Point known as “Site A.” Site A is the first major public/private development since the former Naval Air Station closure in 1997. The 6th amendment to the DDA, executed in September 2022, substantially revised the planned development on a portion of “Phase 1” of Site A, as well as in “Phase 2” of Site A.

The proposed Site A development provides for:

- A high-quality mixed-use transit-oriented waterfront development that includes approximately 1,472 on-site permanent jobs and 2,570 construction jobs over the life of the project, retail amenities, a diversity of housing types for a wide range of income levels, and new waterfront parks;
- Future job creation at Alameda Point through the construction of amenities, gateway improvements into Alameda Point, and new utility infrastructure, all of which will help to support long-term employment-generation;

- Mitigation of traffic impacts by funding transit service to BART, the creation of a direct ferry service between Alameda Point and San Francisco, the extension of Cross Alameda bicycle trail, and a number of other alternative transportation programs;
- A contribution of \$18 million towards significant transportation infrastructure; and
- A commitment of over \$30 million to 10 acres of publicly accessible parks and open spaces, including the regional sports complex and eight acres of waterfront parks along the Seaplane Lagoon with a community kayak launch.

As of March 30, 2023, 454 housing units (128 of which are designated affordable) had been completed at Site A with an additional 830 units contemplated in the 6th Amendment to the DDA. Construction and capital cost increases have caused major constraints on the ability of the project to meet its original objectives and schedule. In addition to the housing units mentioned, two public parks and the new Seaplane Lagoon Ferry Terminal have been opened to the public at Site A.

A portion of the Alameda Point development is on manmade fill that is subject to greater damage in the event of an earthquake. See “BOND OWNERS’ RISKS – Natural Disasters – Seismic” herein.

CITY FINANCIAL INFORMATION

Fund Accounting and Budgeting

The City operates on a fiscal year basis that begins on July 1 of each year, and ends the following June 30. The City Manager’s Office and Finance Department manage the budget process. The City adopts two-year biennial budgets, as well as “mid-cycle” budget updates. The preparation of the budget takes place between January and June. Public hearings and community workshops are conducted on the proposed budgets to review all appropriations and sources of financing. Budgeted expenditures are then adopted through the passage of a resolution. The budget represents the maximum authorized expenditures for the year and cannot legally be exceeded except by subsequent amendments of the budget by the City Council. Any amendments or transfers of appropriations between object group levels within the same department must be authorized by the City Manager. Any amendments to the total level of appropriations for a fund or transfers between funds must be approved by the City Council.

Expenditures are controlled at the fund level for all budgeted departments within the City. This is the level at which expenditures may not legally exceed appropriations. The budgets are adopted on a basis substantially consistent with generally accepted accounting principles (GAAP) in accordance with standards established by the Governmental Accounting Standards Board (GASB), California Society of Municipal Finance Officers (CSMFO) and Government Finance Officers Association (GFOA). For additional details, see APPENDIX A.

City General Fund Budgets

The General Fund’s major revenue sources are Property Taxes (including motor vehicle license fee in-lieu), Sales Taxes, Property Transfer Taxes, Utility User Tax, and other local taxes. Together they comprise approximately 88% of the total budgeted General Fund revenues for Fiscal Year 2023-24 of \$123.7 million.

The General Fund's major expenditure categories are Police and Fire, which together represent approximately 77% of the total budgeted General Fund expenditures for Fiscal Year 2023-24 of \$123.7 million.

The revenue and expenditure projections were based on City staff's analysis of local conditions and reflect information received from a number of sources, including the City's Utility Users Tax, Sales and Use Tax, and Property Tax consultants.

The table on the following page shows prior, current and future adopted General Fund budgets. The City's Fiscal Year 2022-23 audited financial statements are not yet prepared however the City reports that the Fiscal Year ended with no unexpected deviations from the budgeted figures.

Table 7
City of Alameda
General Fund Budget Summary
For Fiscal Years 2021-22 (Audited), 2022-23 (Prior Year Budget)
and 2023-24 & 2024-25 (Adopted Budget)

	2022-23 Prior Budget	2023-24 Adopted Budget	2024-25 Adopted Budget
<u>Revenues</u>			
Property taxes	\$54,750,000	\$56,677,000	\$59,088,000
Sales taxes	11,900,000	11,700,000	12,000,000
Transfer taxes ⁽¹⁾	13,000,000	13,000,000	13,000,000
Utility user taxes	9,590,000	9,210,000	9,210,000
Other local taxes	16,703,400	18,627,000	19,076,000
Licenses and permits	2,700,850	2,760,800	2,560,800
Revenues from other agencies	1,554,100	1,416,100	2,966,100
Charges for current services	7,229,821	8,318,500	8,448,000
Fines and forfeitures	80,100	150,000	150,000
Use of money and property	2,585,103	1,867,412	1,892,960
Other revenues	24,500	645	645
Total Revenues	120,117,874	123,727,457	128,392,505
<u>Expenditures</u>			
Current:			
General government	9,032,017	9,364,403	9,532,151
Police	42,978,116	46,045,690	47,838,935
Fire	47,212,636	49,289,219	51,422,091
Public works	4,004,041	4,443,778	4,662,268
Community services	1,755,337	1,383,631	1,407,597
Recreation and Parks	12,289,282	11,819,700	12,113,155
Capital outlay	433,182	1,330,000	700,000
Debt service			
Principal	235,000	--	--
Interest	--	--	--
Total expenditures	117,939,611	123,676,421	127,676,197
Excess (deficiency) of revenues over (under) expenditures	2,178,263	51,036	716,308
<u>Other financing sources(uses)</u>			
Transfers In ⁽²⁾	12,008,313	7,038,000	5,866,622
Transfers Out ⁽³⁾	(13,557,047)	(28,824,313)	(10,496,395)
Total Other Financing Sources (Uses)	(1,548,734)	(21,786,313)	(4,629,773)
Net change in fund balance	629,529	(21,735,277)	(3,913,465)
Fund balance, beginning	90,028,277	90,657,806	68,922,529
Fund balance, ending	\$90,657,806	\$68,922,529	\$65,009,064

(1) A reduction in budgeted revenues from transfer taxes is responsible for the lower budgeted overall revenues to the General Fund compared to Fiscal Year 2021-22. This is a result of fewer real properties being sold in the City than in prior years.

(2) Transfers In primarily consist of transfers from Alameda Municipal Power Fund to General Fund per City Charter. In addition, in Fiscal Year 2022-23, American Rescue Plan Act (ARPA) funds were transferred into the General Fund.

(3) Transfers Out generally consist of transfers to Non-Major Governmental Funds and Internal Service Funds to fund recreation, deferred maintenance, pension and OPEB costs and/or to establish a new fund or move fund resources. Lease obligation payments related to the Bonds is also included in Transfers Out For Fiscal Year 2021-22, for example, the transfer out to Non-Major Governmental Funds was \$4,088,798 and the transfer out to Internal Service Funds was \$8,974,000. In addition, in Fiscal Year 2023-24, it is anticipated that \$15,000,000 will be transferred out of the General Fund to the fund established for the Aquatic Center.

Source: City of Alameda – 2021-22 Audited Financial Statements; 2022-23 and 2023-2025 Adopted Budgets.

Financial Statements

Set forth in the following tables are the City's General Fund balance sheets and statements of revenues, expenditures and changes in General Fund Balance for fiscal years 2017-18 through 2021-22, which are based on the City's audited financial statements. The balance sheets and statements presented in this Official Statement are subject to the various notes attached to the City's financial statements for the respective years. The City's Annual Comprehensive Financial Report ("ACFR") for fiscal year ended June 30, 2022, which includes the City's 2021-22 audited financial statements, is set forth in Appendix B.

Table 8
City of Alameda
General Fund Balance Sheets
Fiscal Years 2017-18 through 2021-22 (Audited)

	2017-18	2018-19	2019-20	2020-21	2021-22
<u>Assets</u>					
Cash and investments	\$38,794,355	\$35,557,557	\$51,998,745	\$60,366,918	\$84,733,597
Restricted cash and investments	6,000	6,000	6,000	6,000	6,000
Accounts receivable	7,208,716	12,517,615	8,476,634	14,681,534	11,042,783
Prepays and deposits	89,833	4,255	2,355	40,832	3,470
Due from other funds	621,509	326,072	336,022	2,799,635	328,049
Loans receivable	--	--	--	--	2,000,000
Advances to other funds	692,607	1,596,527	1,008,802	896,713	1,134,624
Leases receivable	--	--	--	--	306,871
Total Assets	47,413,020	50,008,026	61,828,558	78,791,632	99,555,394
<u>Liabilities</u>					
Accounts payable	1,124,006	2,227,345	1,650,841	1,491,492	2,182,887
Accrued payroll	2,797,391	3,598,060	2,538,357	1,623,730	4,032,818
Due to other agencies	357,349	519,876	778,976	11,574	16,483
Unearned revenue	1,343,016	1,452,418	1,036,184	1,462,429	1,570,198
Refundable deposits	581,855	621,737	852,737	845,925	1,193,801
Advances from other funds	--	368,812	325,499	280,887	234,936
Total Liabilities	6,203,617	8,788,248	7,182,594	5,716,037	9,231,123
<u>Deferred Inflow of Resources</u>					
Unavailable revenue	--	8,970	--	--	295,994
<u>Fund Balances</u>					
Nonspendable	782,440	1,591,812	1,011,157	937,545	3,138,094
Committed	--	--	--	--	8,700,000
Assigned	15,354,029	16,173,757	18,220,882	15,544,000	13,929,791
Unassigned	25,072,934	23,445,239	35,413,925	56,594,050	64,260,392
Total Fund Balance	41,209,403	41,210,808	54,645,964	73,075,595	90,028,277
Total Liabilities & Fund Balance	\$47,413,020	\$50,008,026	\$61,828,558	\$78,791,632	\$99,555,394

Source: City Finance Department and City of Alameda audited financial statements for fiscal years 2017-18 through 2021-22.

Table 9
City of Alameda
Statements of Revenues, Expenditures and Changes in General Fund Balance
Fiscal Years 2017-18 through 2021-22 (Audited)

	2017-18	2018-19	2019-20	2020-21	2021-22
Revenues					
Property taxes	\$38,726,740	\$42,037,930	\$45,733,244	\$49,310,946	\$51,486,500
Sales taxes	10,279,885	11,527,704	10,119,901	10,695,541	11,757,084
Transfer taxes	15,679,218	17,134,704	15,195,899	18,536,929	21,929,943
Utility user taxes	9,333,534	9,077,314	8,809,356	9,091,389	9,011,553
Other local taxes	8,140,640	10,131,804	14,538,786	16,314,309	18,402,540
Licenses and permits	2,380,610	2,253,419	2,574,325	2,253,884	2,387,072
Revenues from the other agencies	583,127	1,016,112	715,885	2,465,847	917,584
Charges for current services	9,787,559	3,840,788	5,549,602	4,396,888	7,838,029
Fines and forfeitures	886,188	778,060	700,314	670,398	320,669
Use of money and property	1,324,012	1,822,147	2,532,639	1,300,123	247,977
Other revenues	211,222	19,369	1,335	35,033	20,068
Total Revenues	97,332,735	99,639,351	106,471,286	115,071,287	124,319,019
Expenditures					
Current:					
General government	19,790,499	16,568,001	8,401,582	8,964,021	7,757,153
Police	38,139,431	33,904,701	34,219,570	34,272,471	37,243,422
Fire	36,203,540	34,541,826	35,017,614	36,459,313	39,276,941
Public works	1,943,893	2,179,896	2,437,812	2,330,924	3,308,954
Community services	2,660,447	3,044,836	3,749,130	3,608,347	733,855
Recreation and Parks	--	--	--	--	10,382,106
Capital outlay	2,541,094	391,455	253,304	111,213	120,969
Debt service					
Principal	201,385	208,790	215,054	221,506	228,151
Interest	--	14,564	11,064	9,765	8,427
Total expenditures	101,480,289	90,854,069	84,305,130	85,977,560	99,059,978
Excess (deficiency) of revenues over (under) expenditures	(4,147,554)	8,785,282	22,166,156	29,093,727	25,259,041
Other financing sources(uses)					
Transfers In	4,219,000	4,668,414	4,493,136	7,304,979	4,939,465
Transfers Out	(9,257,842)	(13,452,291)	(13,224,136)	(17,969,075)	(13,245,824)
Total Other Financing Sources (Uses)	(5,038,842)	(8,783,877)	(8,731,000)	(10,664,096)	(8,306,359)
Net change in fund balance	(9,186,396)	1,405	13,435,156	18,429,631	16,952,682
Fund balance, beginning	50,395,799	41,209,403	41,210,808	54,645,964	73,075,595
Fund balance, ending	\$41,209,403	\$41,210,808	\$54,645,964	\$73,075,595	\$90,028,277

Source: City of Alameda audited financial statements for fiscal years 2017-18 through 2021-22.

Reserve Policies

General Fund Balance. General Fund balance that is available at the close of any given fiscal year is estimated during the final stages of the budget development process for the following fiscal year. Fund balance is used to achieve and maintain the City's reserve goals, and to balance subsequent budgets only when recommended by the City Manager and approved by the City Council. It is the policy of the City Council to maintain available General Fund reserves of at least 20% of annual expenditures, plus 5% as an additional economic uncertainty reserve. In addition, the City should strive to reduce its reliance upon prior year's remaining fund balance to finance subsequent year operations.

Sewer Fund Reserves. In its Sewer Fund, the City shall strive to maintain a minimum of six months of operating revenues and \$2 million for future capital projects in its reserves, to account for delays in receipt of sewer charges placed on the County tax roll and to ensure sufficient available cash to pay operating and capital expenses.

Revenues Available for Lease Payments

The City will make Lease Payments from moneys held in the General Fund that are available for such purpose. The following table shows such revenues received by the City for the last three fiscal years.

Table 10
City of Alameda
General Fund Revenues by Revenue Source
Fiscal Years 2019-20 through 2021-22

Category	2019-20		2020-21		2021-22	
	Revenues	% of Total	Revenues	% of Total	Revenues	% of Total
Property taxes	\$45,733,244	43%	\$49,310,946	43%	\$51,486,500	41%
Transfer taxes	15,195,899	14	18,536,929	16	21,929,943	18
Other local taxes	14,538,786	14	16,314,309	14	18,402,540	15
Sales taxes	10,119,901	10	10,695,541	9	11,757,084	9
Utility user taxes	8,809,356	8	9,091,389	8	9,011,553	7
Charges for current services	5,549,602	5	4,396,888	4	7,838,029	6
Licenses and permits	2,574,325	2	2,253,884	2	2,387,072	2
Revenues from the other agencies	715,885	1	2,465,847	2	917,584	1
Fines and forfeitures	700,314	1	670,398	1	320,669	0
Use of money and property	2,532,639	2	1,300,123	1	247,977	0
Other revenues	1,335	0	35,033	0	20,068	0
Total	\$106,471,286	100%	\$115,071,287	100%	\$124,319,019	100%

Source: City of Alameda Finance Department.

Ad Valorem Property Taxes

Ad valorem property taxes represents the largest source of general fund revenue for the City. This section describes property tax levy and collection procedures and certain information regarding historical assessed values and major property taxpayers in the City.

General. In California, property which is subject to *ad valorem* taxes is classified as “secured” or “unsecured.” Secured and unsecured property are entered on separate parts of the assessment roll maintained by the county assessor. The secured classification includes property on which any property tax levied by the County becomes a lien on that property sufficient, in the opinion of the County assessor, to secure payment of the taxes. Every tax which becomes a lien on secured property has priority over other liens (except certain federal claims) on the secured property, regardless of the time of the creation of other liens. A tax levied on unsecured property does not become a lien against the taxes on unsecured property, but may become a lien on certain other property owned by the taxpayer.

Property taxes on the secured roll are due in two installments, on November 1 and February 1. If unpaid, such taxes become delinquent on December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent payment. If such taxes remain unpaid as of June 30 of the fiscal year in which the taxes are levied, the property securing the taxes may only be redeemed by a payment of the delinquent taxes and the delinquency penalty, plus costs and a redemption penalty of 1-1/2% per month from the original June 30th date to the time of redemption. If taxes are unpaid for a period of five years or more, the tax-defaulted properties are thereafter subject to sale by the county tax collector as provided by law.

Property taxes on the unsecured roll are due as of the January 1 lien date and become delinquent if unpaid by August 31. A 10% penalty attaches to delinquent taxes on property on the unsecured roll, and an additional penalty of 1-1/2% per month begins to accrue on November 1. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing of a certificate in the office of the county clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the county recorder's office in order to obtain a lien on certain property of the taxpayer; and (4) secure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee.

Property Tax Levies and Collections; Teeter Plan. The County has implemented the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds as provided for in the State Revenue and Taxation Code (the “**Teeter Plan**”), which requires the County to pay 100% of secured property taxes due to local agencies in the fiscal year such taxes are due, including the City. Under these provisions, the County has established a delinquency reserve and assumes responsibility for all secured delinquencies.

Under the Teeter Plan, the City is assured of 100% collection of its secured tax levies so long as the conditions established by the Teeter Plan are met. However, the City is not entitled to share in any penalties due on delinquent payments or in the interest which accrues on delinquent payments. The Teeter Plan is to remain in effect unless the Board of Supervisors orders its discontinuance or unless, prior to the commencement of any fiscal year of the County (which commences on July 1), the Board of Supervisors has received a petition for its discontinuance joined in by resolutions adopted by two thirds of the participating revenue districts in the County, in which event the Board of Supervisors is required to order discontinuance of the Teeter Plan effective at the commencement of the subsequent fiscal year.

The Board of Supervisors may, by resolution adopted not later than July 15 of the fiscal year for which it is to apply after holding a public hearing on the matter, discontinue the procedures under the Teeter Plan with respect to any tax levying agency or assessment levying agency in the County if the rate of secured tax delinquency in that agency in any year exceeds 3% of the total of all taxes and assessments levied on the secured rolls for that agency. In the event that the Teeter Plan was terminated, the amount of the levy of *ad valorem* property taxes in the City would depend upon the collections of the *ad valorem* property taxes and delinquency rates experienced with respect to the parcels within the City. The City is not aware of any plans by the County to discontinue the Teeter Plan.

Proposition 8 Reductions in Assessed Valuation. The Alameda County Assessor (the “County Assessor”) assesses property as of its assessed valuation on January 1 of each year. If the market value as of January 1 is less than its base year value, annually adjusted by the inflation factor (generally 2 percent) pursuant to Article XIII A of the State Constitution, then Proposition 8, adopted in November, 1978, allows for a temporary reduction in assessed value. In these cases, the County Assessor may lower the assessed valuation of any such real property. See “RISK FACTORS – Appeals of Assessed Values” for additional information.

Assessed Valuation History. The following table shows historical assessed valuations of taxable property in the City since Fiscal Year 2017-18.

Table 11
City of Alameda
Assessed Value of Taxable Property
Fiscal Years 2017-18 through 2022-23

Fiscal Year	Local Secured	Utility	Unsecured	Total	% Change
2017-18	\$12,027,107,256	\$6,564,425	\$511,300,374	\$12,544,972,055	--%
2018-19	12,977,179,607	5,865,709	560,482,846	13,543,528,162	8.0
2019-20	13,942,219,641	5,865,709	632,158,585	14,580,243,935	7.7
2020-21	14,867,004,566	5,865,709	629,020,320	15,501,890,595	6.3
2021-22	15,537,748,566	5,410,469	616,058,325	16,159,217,360	4.2
2022-23	17,064,433,425	5,410,469	735,821,211	17,805,665,105	10.2

Source: California Municipal Statistics, Inc.

Largest Taxpayers. The 20 largest secured property taxpayers for Fiscal Year 2022-23, are as follows:

Table 12
City of Alameda
Largest Property Taxpayers
Fiscal Year 2022-23

	<u>Property Owner</u>	<u>Primary Land Use</u>	<u>2022-23 Assessed Valuation</u>	<u>% of Total ⁽¹⁾</u>
1.	G & I IX Marina Village Office Park LP	Office Building	\$ 392,739,702	2.30%
2.	BRE Alameda I MF Property Owner LLC	Apartments	247,091,515	1.45
3.	MGP XII South Shore Center LLC	Shopping Center	231,669,874	1.36
4.	Alameda Multifamily Owner LLC	Apartments	203,583,216	1.19
5.	SCG Harbor Bay Parkway Phase I & II LLC	Industrial	196,151,758	1.15
6.	Alta Buena Vista Owner LLC	Apartments	127,844,688	0.75
7.	Catellus Alameda Retail LLC	Shopping Center	113,842,099	0.67
8.	Alameda Block 9 LP	Apartments	103,195,770	0.60
9.	Harbor Bay CA LLC	Office Building	79,473,500	0.47
10.	Abbott Diabetes Care Inc.	Office Building	71,440,682	0.42
11.	CP VI Admirals Cove LLC	Apartments	63,444,956	0.37
12.	1321 & 1351 HARBOR BAY LLC	Office Building	60,500,000	0.35
13.	Woodstock Homes Corporation	Apartments	59,475,068	0.35
14.	Vue Alameda Owner LP	Apartments	59,390,805	0.35
15.	Pulte Home Co LLC	Residential Properties	56,239,749	0.33
16.	Arroyo Cap II5 LLC	Apartments	52,938,000	0.31
17.	Bridgeside Properties LLC	Shopping Center	51,584,970	0.30
18.	Harbor Bay NLA LLC	Office Building	46,939,071	0.28
19.	North River Alameda LLC	Office Building	46,663,702	0.27
20.	LSVB Panomar LLC	Apartments	<u>45,299,093</u>	<u>0.27</u>
			<u>\$2,309,508,218</u>	<u>13.53%</u>

(1) 2022-23 Local Secured Assessed Valuation: \$17,064,433,425.

Source: California Municipal Statistics, Inc.

Proposition 13 and Proposition 8 Property Value Adjustments. Proposition 13, passed in 1978, established the base year value concept for property tax assessments. Under Proposition 13, the 1975-76 fiscal year serves as the original base year used in determining the assessment for real property. Thereafter, annual increases to the base year value are limited to the inflation rate, as measured by the California Consumer Price Index, or 2%, whichever is less. A new base year value, however, is established whenever a property, or portion thereof, has had a change in ownership or has been newly constructed.

Proposition 8, enacted in 1978, allows for a temporary reduction in assessed value when a property suffers a “decline-in-value.” As of the January 1st (lien date) each year, the Assessor must enroll either a property’s Proposition 13 value (adjusted annually for inflation by no more than 2%) or its current market value, whichever is less. When the current market value replaces the higher Proposition 13 value, the lower value is commonly referred to as a “Proposition 8 Value.” “Proposition 8 values” are temporary and, once enrolled, must be reviewed annually by the assessor until the Proposition 13 adjusted base year value is enrolled.

Real Property Transfer Taxes

In recent years, the City’s real property transfer tax has been the second largest source of general fund revenue, trailing only ad valorem property taxes. In accordance with its Alameda Real Property Conveyance Tax Regulation, City Code Section 3-58.1 et seq, the City imposes a tax of on each transfer, by deed, instrument or writing, by which any lands, tenements or other

real property sold, located in the City, are or is granted, assigned, transferred or otherwise conveyed to, or vested in, a purchaser thereof, or any other person at or by the direction of the purchaser, when the value of the consideration exceeds \$100, at a rate of \$12/\$1,000 of the value of the consideration paid or delivered in return for the transfer of real property. The tax is payable at the time of deed recordation, and in the event of non-payment, delinquency penalties attach and a lien on the property for collection is imposed.

Other Local Taxes

In recent years, the category of “Other Local Taxes” has been the third largest source of general fund revenue to the City. This category of revenues includes franchise fees, business license fees, and transient occupancy tax.

Franchise Fees. The City has franchise agreements with several utility companies, including the holder of the cable TV franchise and the solid waste franchise in the City. These companies pay the City a franchise fee based on a percentage of their revenue earned within the City limits. These fees serve as compensation for, among other things, wear and tear on City streets. Franchise fees can change when the customer base expands, when additional services are used, when weather impacts the use of the utility, and when rates change.

Business Licenses. The City imposes a business license tax on businesses operating within the City. The amount of the tax varies depending on the total annual gross receipts of the business and the type of business.

Transient Occupancy Tax. The City imposes a Transient Occupancy Tax (“TOT”) of 14% on hotel/motel/short-term rental guests in the City. The 14% rate was approved by the voters at the November 8, 2022 election as “Measure F”; prior to such election, the TOT was levied in the City at a rate of 10%. The tax proceeds may be used for any valid municipal government purpose, including, but not limited to, paying Lease Payments.

Utility User Tax

The City imposes a utility user tax of 7.5% on all residential and commercial utility bills for properties within the City.

Electric System Revenue Transfer

The City’s Charter provides that the City’s non-for-profit electric municipal utility, Alameda Municipal Power (“AMP”) transfer to the City General Fund certain excess earnings of the electric system after payment of bonds secured by electric system revenues and operating expenses (exclusive of depreciation) and certain amounts authorized to be retained by AMP from earnings of the electric system, all as provided in the Charter. In the absence of such transfer of excess earnings as determined under the Charter, the City’s Public Utilities Board has authorized by resolution certain contributions from the electric system to the City General Fund in accordance with the provisions of the Charter. See Note 2 to Table 7 above.

Sales Taxes

Sales and use taxes typically represent the fourth largest source of tax revenue to the City (approximately 9% of the governmental funds tax revenues in fiscal year 2021-22). This section describes the current system for levying, collecting and distributing sales and use tax revenues in

the State. The City received approximately \$11.8 million in sales tax revenue for fiscal year 2021-22 and has budgeted to receive \$19.0 million in sales tax revenue for fiscal year 2022-23.

The City collects a percentage of taxable sales in the City (minus certain administrative costs imposed by the California Department of Tax and Fee Administration (the “**CDTFA**”) pursuant to the Bradley-Burns Uniform Local Sales and Use Tax (the “**Sales Tax Law**”), as shown in the following table.

Taxable transactions in the City for fiscal year 2022-23 are subject to the following sales and use tax, of which the City’s share is only a portion. The State collects and administers the tax, and makes distributions on taxes collected within the City, as follows:

Table 13
City of Alameda
Sales Tax Rate
Effective March 1, 2023

Statewide Rate	7.25%
Alameda County Children’s Health and Child Care Trans. (ACCT)	0.50
Alameda County Essential Health Care Services Trans. (ACHC)	0.50
Alameda County Transactions and Use Tax (ACTU)	0.50
Alameda County Transportation Improvement Authority (ACTI)	0.50
Alameda County Transportation Commissions Tans. and Use Tax (ACTC)	0.50
Bay Area Rapid Transit District (BART)	0.50
City of Alameda Transactions and Use Tax (ALTG)	<u>0.50</u>
Total	10.75%

Sales and use taxes are complementary taxes; when one applies, the other does not. In general, the statewide sales tax applies to gross receipts of retailers from the sale of tangible personal property in the State. The use tax is imposed on the purchase (for storage, use or other consumption in the State) of tangible personal property from any retailer. The use tax generally applies to purchases of personal property from a retailer outside the State where the use will occur within the State. The sales tax is imposed upon the same transactions and items as the statewide sales tax and the statewide use tax.

Certain transactions are exempt from the State sales tax, including sales of the following products:

- food products for home consumption;
- prescription medicine;
- newspapers and periodicals;
- edible livestock and their feed;
- seed and fertilizer used in raising food for human consumption; and
- gas, electricity and water when delivered to consumers through mains, lines and pipes.

This is not an exhaustive list of exempt transactions. A comprehensive list can be found in the State Board of Equalization’s Publication No. 61 (February 2017) entitled “Sales and Use Taxes: Exemptions and Exclusions,” which can be found on the State Board of Equalization’s website at <http://www.boe.ca.gov/>. *The reference to this Internet website is provided for reference*

and convenience only. The information contained within the website may not be current, has not been reviewed by the City and is not incorporated in this Official Statement by reference.

City of Alameda Sales Tax Overrides (Measure F). In 2018, voters in the City approved, Measure F, a transaction and sales use tax equal to 0.50%. It became effective on April 1, 2019 and does not have a sunset date. The tax proceeds are deposited into the City's general fund and are available to support municipal services. Because this measure does not legally restrict the use of tax revenue to any specific purposes, it is classified as a "general tax," not a "special tax." The tax proceeds may be used for any valid municipal government purpose, including, but not limited to, paying Lease Payments.

Sales Tax Collection Procedures. Collection of the sales and use tax is administered by the CDTFA. This process was formerly administered by the State Board of Equalization. The Taxpayer Transparency and Fairness Act of 2017, which took effect July 1, 2017, restructured the State Board of Equalization and separated its functions among three separate entities: the State Board of Equalization, the CDTFA and the Office of Tax Appeals. The State Board of Equalization will continue to perform the duties assigned to it by the state Constitution, while all other duties will be transferred to the newly established CDTFA and the Office of Tax Appeals. CDTFA will handle most of the taxes and fees previously collected by the State Board of Equalization, including sales and use tax.

According to the CDTFA, it distributes quarterly tax revenues to cities, counties and special districts using the following method:

Using the prior year's like quarterly tax allocation as a starting point, the CDTFA first eliminates nonrecurring transactions such as fund transfers, audit payments and refunds, and then adjusts for growth, in order to establish the estimated base amount. The CDTFA disburses 90% to each local jurisdiction in three monthly installments (advances) prior to the final computation of the quarter's actual receipts. Ten percent is withheld as a reserve against unexpected occurrences that can affect tax collections (such as earthquakes, fire or other natural disaster) or distributions of revenue such as unusually large refunds or negative fund transfers. The first and second advances each represent 30% of the 90% distribution, while the third advance represents 40%. One advance payment is made each month, and the quarterly reconciliation payment (clean-up) is distributed in conjunction with the first advance for the subsequent quarter. Statements showing total collections, administrative costs, prior advances and the current advance are provided with each quarterly clean-up payment.

Under the Sales and Use Tax Law, all sales and use taxes collected by the CDTFA under a contract with any city, city and county, or county are required to be transmitted by the CDTFA to such city, city and county, or county periodically as promptly as feasible. These transmittals are required to be made at least twice in each calendar quarter.

Under its procedures, the CDTFA projects receipts of the sales and use tax on a quarterly basis and remits an advance of the receipts of the sales and use tax to the City on a monthly basis. The amount of each monthly advance is based upon the CDTFA's quarterly projection. During the last month of each quarter, the CDTFA adjusts the amount remitted to reflect the actual receipts of the sales and use tax for the previous quarter.

The CDTFA receives an administrative fee based on the cost of services provided by the CDTFA to the City in administering the City's sales tax, which is deducted from revenue generated by the sales and use tax before it is distributed to the City.

History of Taxable Transactions. A summary of historic taxable sales within the City for calendar years 2018 through 2022 are shown in the following table. Total taxable sales during the first quarter of calendar year 2023 in the City were reported to be \$230,004,412, a 2.27% increase over the total taxable sales of \$224,893,659 reported during the first quarter calendar year 2022.

Table 14
City of Alameda
Taxable Transactions
For Calendar Years 2018 Through 2022
(Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits as of July 1	Taxable Transactions	Number of Permits as of July 1	Taxable Transactions
2018	1,965	\$658,410	2,844	\$943,229
2019	1,948	674,445	2,891	987,653
2020	1,968	522,778	2,960	776,716
2021	1,742	602,654	2,618	923,823
2022	1,737	665,802	2,618	986,944

Source: State Department of Tax and Fee Administration.

Direct and Overlapping Debt

The ability of land-owners within the City to pay property tax installments as they come due could be affected by the existence of other taxes and assessments imposed upon the land.

The statement of direct and overlapping debt (the “**Debt Report**”) set forth below was prepared by California Municipal Statistics, Inc. The Debt Report includes only such information as has been reported to California Municipal Statistics, Inc. by the issuers of the debt described therein and by others. The Debt Report is included for general information purposes only. The City takes no responsibility for its completeness or accuracy.

Table 15
City of Alameda
Direct and Overlapping Debt Statement
(as of May 1, 2023)

2022-23 Assessed Valuation: \$17,805,665,105

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 5/1/23</u>
Alameda County	4.751%	\$24,509,934
Bay Area Rapid Transit District	1.869	46,431,287
Peralta Community College District	12.802	61,256,290
Alameda Unified School District	100.000	186,432,118
East Bay Regional Park District	2.959	5,206,508
City of Alameda	100.000	5,615,000 ⁽¹⁾
City of Alameda Community Facilities District No. 13-1	100.000	36,945,000
City of Alameda Community Facilities District No. 22-1	100.000	17,500,000
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$383,896,137
<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>		
Alameda County and Coliseum Authority General Fund Obligations	4.751%	\$33,897,601
Alameda-Contra Costa Transit District Certificates of Participation	5.608	629,218
Peralta Community College District Pension Obligation Bonds	12.802	15,608,410
Alameda Unified School District General Fund Obligations	100.000	4,813,000
City of Alameda General Fund Obligations	100.000	4,430,000
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$59,378,229
<u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</u>	100.000%	\$43,675,000
COMBINED TOTAL DEBT		\$486,949,366 ⁽²⁾

Ratios to 2022-23 Assessed Valuation:

Direct Debt (\$5,615,000)	0.03%
Total Direct and Overlapping Tax and Assessment Debt.....	2.16%
Total Direct Debt (\$10,045,000)	0.06%
Combined Total Debt	2.73%

Ratios to Redevelopment Successor Agency Incremental Valuation (\$3,876,718,903):

Total Overlapping Tax Increment Debt	1.13%
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(1) Excludes issue to be sold.

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

Source: California Municipal Statistics, Inc.

Long-Term Obligations Payable Out of General Fund

The City has certain long-term obligations payable from its General Fund, as described below. For additional details, see APPENDIX A.

2011 Fire Apparatus Lease Financing Payable. On October 19, 2011, the City entered into a lease agreement in the amount of \$1,750,000 with Oshkosh Capital to acquire two fire apparatus vehicles. The City agreed to pay the lease starting on October 19, 2012, with annual payments of \$147,127, which includes an interest rate of 3.05%, for fifteen years. Balance of the lease as of June 30, 2023, was \$546,214.

2011 Alameda County EMS Liability. From 2005 to 2010, the County of Alameda provided Emergency Medical Services, First Responder Advanced Life Support, and Ambulance Transport Services to the City of Alameda. During this time, the City incurred an obligation of \$3,621,887 to the County. On November 1, 2011, the County of Alameda and the City of Alameda entered into an agreement to repay this obligation using First Responder Advanced Life Support funding until the debt is fully repaid. As of June 30, 2023, the outstanding balance is \$1,071,215.52.

2012 Fire Truck Lease Financing Payable. On September 26, 2012, the City entered into a lease agreement in the amount of \$1,965,726 with Oshkosh Capital to acquire two fire apparatus vehicles. The City agreed to pay the lease starting on September 26, 2013, with annual payments of \$162,546, which includes an interest rate of 2.82%, for fifteen years. Balance of the lease as of June 30, 2023, was \$748,219.02.

2013 Certificates of Participation. On September 17, 2013, the Authority authorized the issuance of the Certificates of Participation (2013 Refinancing Project) in the amount of \$9,610,000 to repay the City of Alameda 2002 Certificates of Participation and to finance the costs of construction of a new City Emergency Operations Center and associated expenses. The 2013 Certificates are collateralized by the leased Alameda City Hall over the term of the lease; the City may substitute alternative sites/facilities as collateral at its option over the same time period. The 2013 Certificates bear interest from 3% to 4%, which is payable semi-annually in May and November. Principal payments are due annually and commenced on May 1, 2014. The current principal amount outstanding as of June 30, 2023, was \$4,430,000.

2014 Fire Apparatus Lease Financing Payable. On July 1, 2014, the City entered into a lease agreement in the amount of \$673,799 with Oshkosh Capital to acquire one fire apparatus vehicle. The City agreed to pay the lease starting on August 5, 2015, with annual payments of \$66,926, which includes an interest rate of 2.81% for ten years. Balance of the lease as of June 30, 2023 was \$249,904.16.

2015 IBank Loan. On June 1, 2015, the City entered into an agreement to borrow \$3,000,000 from the California Infrastructure and Economic Development Bank. Loan proceeds were received in Fiscal Year 2015-16 and will be used to finance construction of a new fire station. Principal and interest payments are due semi-annually on February 1st and August 1st through 2034. The loan bears interest of 2.287%. The outstanding balance as of June 30, 2023 is \$2,132,205.96.

Investment Policy and Portfolio

On an annual basis, the City reviews and approves its Investment Policy to govern the investment of its funds. In accordance with the policy, the City administers a pooled investment program, except for those funds which are managed separately by trustees appointed under bond indentures.

The primary objectives, in priority order, of the City's investment activities shall be:

- **Safety:** Safety of principal is the foremost objective of the City's investment program, followed by liquidity and yield. Investments of the City shall be undertaken in a manner that seeks to ensure the preservation of capital in the City's portfolio. To obtain this objective, the City will diversify its investments by investing funds among a variety of securities offering varying risk and return characteristics. Each investment transaction shall seek to first ensure that capital losses are avoided from securities default or erosion of market value. Investment decisions should not incur unreasonable investment risks in order to obtain current investment income.
- **Liquidity:** The City's investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements, which might be reasonably anticipated. This need for investment liquidity may be tempered to the extent that the City is able to issue short-term notes to meet its operating requirements. Emphasis will be on marketable securities with low sensitivity to market risk. Maturities of investments for which there is limited opportunity for resale shall be staggered to maximize liquidity.
- **Return:** The City maintains an active investment strategy and its investment portfolio shall be designed to attain a rate of return which approximates benchmarks to be selected by the City's investment advisory committee throughout budgetary and economic cycles, taking into account the City's investment risk constraints, the cash flow characteristics of the portfolio, and state and local laws, ordinances or resolutions that restricts the investment of funds.

The City's pooled investment portfolio as of June 30, 2023, had a market value of approximately \$334 million (including cash). The following table illustrates the current composition of investments.

Table 16
City of Alameda
Investment Portfolio as of June 30, 2023

Type	Amount
Money market mutual funds	\$189,064
CA Local Agency Investment Fund (LAIF)	51,698,903
CDs	1,421,205
Federal/Agency Issues	53,025,477
Municipal Issues	1,578,323
Medium Term Notes/Commercial Paper	23,824,950
Asset Backed Securities	13,727,702
Supranationals	4,695,807
Total Investments	149,972,366
Cash deposits with banks and on hand	183,799,210
Total Cash and Investments	\$333,780,276

Source: City of Alameda Finance Department.

Employee Relations

The City has a permanent staff of approximately 524 allocated full-time positions (including Alameda Municipal Power) as of July 31, 2023. The City believes its relations with its employees are good, and has not experienced a labor-related work stoppage in the past 5 years.

Table 17
City of Alameda
Negotiated Employee Agreements
As June 30, 2023

Labor Group	Contract Expiration
City Employees Association (ACEA)	June 30, 2025
Fire Chiefs Association (AFCA)	December 31, 2025
Municipal Power Unrepresented Employees (AMPU)	June 30, 2025
Police Management Association (APMA)	June 30, 2025
Police Officers Association (APOA)	June 30, 2025
Police Officers Association, Non-sworn (PANS)	June 30, 2025
Electrical Utility Professionals (EUPA)	June 30, 2025
Executive Management Employees (EXME)	June 30, 2025
International Association of Firefighters, Local 689 (IAFF)	December 18, 2023
International Brotherhood of Electrical Workers, Local 1245 (IBEW)	June 30, 2025
Management and Confidential Employees Association (MCEA)	June 30, 2025

Source: City of Alameda

Pension Plans

This caption contains certain information relating to California Public Employees' Retirement System ("CalPERS"). The information is primarily derived from information produced by CalPERS, its independent accountants and actuaries. The City has not independently verified the information provided by CalPERS and makes no representations and expresses no opinion as to the accuracy of the information provided by CalPERS.

The annual comprehensive financial reports of CalPERS are available on its Internet website at www.calpers.ca.gov. The CalPERS website also contains CalPERS' most recent actuarial valuation reports and other information concerning benefits and other matters. Such information is not incorporated by reference in this Official Statement. None of the Authority, City or Underwriter can guarantee the accuracy of such information. Actuarial assessments are "forward-looking" statements that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may not materialize or may be changed in the future. Actuarial assessments will change with the future experience of the pension plans.

Implementation of GASB Nos. 68 and 71. In June 2012 and November 2013, the Governmental Accounting Standards Board issued GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* ("**GASB Statement No. 68**") and GASB No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68* ("**GASB Statement No. 71**"), respectively. The primary objective of GASB Statement No. 68, as amended, is to improve accounting and financial reporting by state and local governments for pensions and improve information provided by state and local governmental employers about financial support for pensions that is provided by other entities.

GASB Statement No. 68, as amended, revised the accounting treatment of defined benefit pension plans, changing the way expenses and liabilities are calculated and how state and local government employers report those expenses and liabilities in their financial statements. Major changes include: (i) the inclusion of unfunded pension liabilities on the government's balance sheet (previously, such unfunded liabilities were typically included as notes to the government's financial statements); (ii) pension expense incorporates more rapid recognition of actuarial experience and investment returns and is no longer based on the employer's actual contribution amounts; (iii) lower actuarial discount rates that are required to be used for underfunded plans in certain cases for purposes of the financial statements; (iv) closed amortization periods for unfunded liabilities that are required to be used for certain purposes of the financial statements; and (v) the difference between expected and actual investment returns to will be recognized over a closed five-year smoothing period. The reporting requirements took effect in fiscal year 2014-15. Based on the adoption of the new accounting standards, beginning with the fiscal year 2014-15 actuarial valuation, the annual required contribution and the annual pension expense will be different. GASB Statement No. 68, as amended, changes the reporting and disclosure requirements for financial statement accounting purposes, but it does not change the City's pension plan funding obligations and, therefore, had no effect on the City's General Fund.

Information shown in this section that has been sourced from a CalPERS Actuarial Valuation Report has not been prepared in accordance with GASB Statement No. 68, as amended.

Plan Description. All qualified permanent and probationary employees are eligible to participate in the City's separate Safety (police and fire) and Miscellaneous (all other) Plans, agent multiple-employer defined benefit pension plans administered by CalPERS, which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

PEPRA. On September 12, 2012, the California Governor signed AB 340, a bill that enacted the California Public Employees' Pension Reform Act of 2012 ("**PEPRA**") and that also amended various sections of the California Education and Government Codes, including the County Employees Retirement Law of 1937. Effective January 1, 2013, PEPRA: (i) requires public retirement systems and their participating employers to share equally with employees the normal cost rate for such retirement systems; (ii) prohibits employers from paying employer paid member contributions to such retirement systems for employees hired after January 1, 2013; (iii) establishes a compulsory maximum non safety benefit formula of 2.5% at age 67; (iv) defines final compensation as the highest average annual pensionable compensation earned during a 36 month period; and (v) caps pensionable income at \$110,100 (\$132,120 for employees not enrolled in Social Security) subject to Consumer Price Index increases. Other provisions reduce the risk of the City incurring additional unfunded liabilities, including prohibiting retroactive benefits increases, generally prohibiting contribution holidays, and prohibiting purchases of additional non-qualified service credit.

Benefits Provided. CalPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for nonduty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The provisions and benefits of each Plan that were in effect at June 30, 2022, are summarized as follows:

Miscellaneous Plan

	Prior to January 1, 2013	On or after January 1, 2013
Hire Date		
Benefit Formula	2.0% @ 55	2.0% @ 62
Benefit Vesting Schedule	5 years of service	5 years of service
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	50 – 67+	52 – 67+
Monthly Benefits, As a % of Eligible Compensation	1.426% - 2.418%	1.000% - 2.500%
Required Employee Contribution Rates	8.868%	8.250%
Required Employer Contributions Rates	8.412%	10.280%
Required UAL contribution		\$6,818,696

Safety Plans

Hire Date	Prior to January 1, 2013	On or after January 1, 2013
Benefit	3.0% @ 50	2.7% @ 57
Benefit Vesting Schedule	5 years of service	5 years of service
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	50 – 55+	50 – 57+
Monthly Benefits, As a % of Eligible Compensation	3.000%	2.0000% to 2.700%
Required Employee Contribution Rates	15.000%	11.500%
Required Employer Contributions Rates	14.780%	20.780%
Required UAL contribution	\$12,045,264	

Source: City of Alameda Audit Fiscal Year ended June 30, 2022.

Contributions. Section 20814(C) of the California Public Employees’ Retirement law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1st following notice of a change in rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30th by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rates of employees. The employees pay a percentage of their salaries toward the City’s required contribution. Employees within the miscellaneous plan pay 1.868% of the employer’s contribution and employees within the safety plan pay 6.000% of the employer’s contribution, which are reflected in the rates above. Employer contribution rates may change if plan contracts are amended. Total employer required contribution amounts during the fiscal year ended June 30, 2022 were \$9,905,744 for the miscellaneous plan and \$16,533,892 for the safety plan. In addition, the City made an additional contribution of \$5.755 million toward the Safety Plan’s UAL.

Employees Covered. The following employees were covered by the benefit terms for each Plan as of the most recent actuarial valuation date of June 30, 2020 and measurement date of June 30, 2021:

	<u>Miscellaneous</u>	<u>Safety</u>
Inactive employees or beneficiaries currently receiving benefits	596	294
Inactive employees entitled to but not yet receiving benefits	343	77
Active employees	<u>330</u>	<u>177</u>
Total	1,269	548

Pension Expense. For the year ended June 30, 2022, the City recognized pension expense of \$551,132 and \$12,240,830 for the Miscellaneous and Safety Plans, respectively, and when combined with the pension expense of the 1079 and 1082 Plans the City recognized total pension expense of \$13,627,388 during the year ended June 30, 2022.

See “APPENDIX B – Audited Financial Statements of the City for Fiscal Year Ended June 30, 2022 – Note 9 – Pension Plans” for additional details.

Police and Fire Pension Plans. The City sponsors and administers two single employer defined benefit retirement plans for certain police and fire department retirees. Police and fire employees who entered service before 1953 participate in Plan 1079, a closed plan consisting of 9 participants, all of whom are retired employees or beneficiaries. Employees with twenty-five or more years of service receive monthly pension benefits equal to one-half the monthly salary paid to current City employees of the rank held by the retiree one year prior to the date of retirement.

Employees retired after ten, but before twenty-five years of service receive monthly pension benefits in the proportion that the number of service years bears to twenty-five. Qualified surviving spouses receive the retirees' monthly pension benefits for life. Upon remarriage, the qualified surviving spouse receives one-half of the retiree's monthly pension benefits. Employees who became disabled from service-related causes receive monthly pension benefits equal to one half the monthly salary paid to current City employees of the rank held by the disabled employee on the date of their disability, reduced by any workers' compensation benefits received.

Police and fire employees who entered service on or before January 1, 1953 and did not transfer to CalPERS participate in Plan 1082, a closed plan which consists of one retired employee. At June 30, 2022, the monthly pension benefit was \$2,790, adjusted annually by a maximum of 2% per year cost-of-living adjustment. Upon the death of a retiree, the qualified spouse receives one-half of the retiree's monthly pension benefit for life or until remarriage.

Other Retirement Systems. The Omnibus Budget Reconciliation Act of 1990 ("OBRA") mandates that public sector employees who are not members of their employer's existing retirement system as of January 1, 1992, be covered by either Social Security or an alternative plan. Effective January 1, 1995, the City contracted with the Public Agency Retirement System ("PARS"), to maintain a defined contribution plan. This Plan covers part-time, seasonal and temporary employees as well as all employees not covered by another retirement system. All eligible employees, covered by the Plan, are fully vested. Employer liabilities are limited to the amount of current contributions. The City is responsible for determining the provisions of the Plan, directing distributions, and establishing investment policy for the Plan assets.

Under PARS, employees contribute 6% and the City contributes 1.5% of the employee's salary each pay period. For the fiscal year ending June 30, 2022, total contributions of \$275,264 were made based on a total amount of covered compensation of \$3,670,184.

One of the City's part-time employees elected to be covered under Social Security, which requires this employee and the City to each contribute 6.2% of the employee's pay. Total contributions to Social Security during the year ended June 30, 2022, amounted to \$3,684, of which the City paid 50%.

Pension Trust. On March 22, 2017, the City Council adopted resolution 15253 approving the adoption of an amendment to the Public Agencies Post-Employment Trust administered by PARS to establish a pension trust. This trust will assist the City in mitigating the CalPERS contribution rate volatility. The City elected a discretionary investment approach, which allows the City to maintain oversight of the investment management, control on target yield and the portfolio's risk tolerance, under the Balanced Index PLUS investment option. This pension trust is a secondary trust to the City's CalPERS Pension Plan; therefore, the assets are reported in the City's Pension Stabilization Internal Service Fund. The assets in the Trust will eventually be used to fund pension plan obligations.

See "APPENDIX B – Audited Financial Statements of the City for Fiscal Year Ended June 30, 2022 - Note 9 – Pension Plans" for additional details on all of the foregoing.

Deferred Compensation

City employees may defer a portion of their compensation under three separate, optional City sponsored Deferred Compensation Plans created in accordance with Internal Revenue Code Section 457. Under these Plans, participants are not taxed on the deferred portion of their

compensation until distributed to them; distributions may be made only at termination, retirement, death or in an emergency as defined by the Plans.

The Plans are part of public agency agent multiple-employer defined contribution plans that are administered by Mission Square Retirement (formerly ICMA RC), California Public Employees Retirement System and Nationwide Retirement Solutions, Inc. Benefit provisions under the Plans are established by City resolution.

The City has no liability for any losses incurred by the Plans and does not participate in any gains, but does have the duty of due care that would be required of an ordinary prudent investor. The City has contracts with each company to manage and invest the assets of the Plans. The administrators pool the assets of each Plan with those of other participants and does not make separate investments for the City. The assets in each Plan are the sole property of the participants or their beneficiaries. Since the assets held under each Plan are not the City's property and are not subject to claims by general creditors of the City, they have been excluded from these financial statements. The Plans require investments to be stated at fair value and it requires all gains and losses on Plan investments to accrue directly to participant accounts. See "APPENDIX B – Audited Financial Statements of the City for Fiscal Year Ended June 30, 2022 - Note 9 – Pension Plans" for additional details.

Other Post-Employment Benefits (OPEB)

Plan Description. The City provides medical and dental benefits to retirees through CalPERS as specified below under the City of Alameda Miscellaneous and Pre-1/1/2019 Safety OPEB Plan and the City of Alameda Post-1/1/2019 Safety OPEB Plan, single-employer defined benefit health care plans (the "**Plans**"). The City is responsible for establishing and amending the funding policy of the Plans. The Plans do not issue financial statements of the benefit Plans. Separately issued financial statements of the benefit Plans are available from CALPERS at P.O. Box 942709, Sacramento California 94229-2709.

Prior to July 1, 2018, the City had one OPEB Plan, but active Safety employees as of January 1, 2019 transferred to the new Post-1/1/2019 Safety OPEB Plan.

OPEB Trust. The City established an irrevocable trust for each Plan with PARS to fund its retiree health benefits, as described below and in APPENDIX B.

Eligibility Requirements and Benefits Provided. The following is a summary of Plan eligibility requirements and benefits by employee group as of June 30, 2022: Eligibility requires retiring from the City under CalPERS typically on or after age 50 (52 for PEPR employees) with at least 5 years of CalPERS service or disability retirement. The City's contribution for medical coverage for Miscellaneous employees is the Public Employees' Medical and Hospital Care Act (PEHMCA) minimum required contribution (MRC) - \$149 per month in 2022. The City's contribution for Safety employees varies depending on bargaining group, date of retirement and date of hire as follows:

Employees Retiring Prior to January 1, 2011. The City pays the full premium cost for the retiree and any covered spouse. If Alameda Police Officers Association ("**APOA**") employee was hired prior to July 1, 1995, the employee was required to have at least 15 years of City service. If APOA, Alameda Police Management Association ("**APMA**"), International Association of Firefighters Local 689 ("**IAFF**"), or Alameda Fire Chiefs Association ("**AFCA**") employee was hired on or after July 1, 1995, the employee was required to have at least 20 years of City service.

Employees that do not meet the service requirement at the time of retirement receive the PEMHCA MRC.

Employees Retiring On or After January 1, 2011. If the employee was hired on or prior to June 7, 2011, the City pays up to the higher of the Kaiser or Blue Shield Bay Area two-party rate. Employees with less than 5 years of City service receive the PEMHCA MRC. If the employee was hired after June 7, 2011, the City pays up to the higher of the Kaiser or Blue Shield rate for single coverage if the employee has at least 10 years of City service. Employees with less than 10 years of City service at the time of retirement receive the PEMHCA MRC. Surviving spouses are eligible to continue coverage after the death of the retiree and receive a similar contribution.

Employees Covered by Benefit Terms. Employees Covered by Benefit Terms – Membership in the Plans consisted of the following at the actuarial valuation date of June 30, 2020:

Miscellaneous and Pre-1/1/2019 Safety Plan Membership – As described in the table in Note 10A, Plan membership varies based on different employee bargaining groups. As of the June 30, 2020 valuation date, membership in the OPEB Plan consisted of the following:

	Miscellaneous
Inactive employees or beneficiaries currently receiving benefits	333
Inactive employees entitled to but not yet receiving benefits	376
Active employees	255
Total	964

Post-1/1/2019 Safety Plan Membership – As of the June 30, 2020 valuation date, membership in the Post-2018 Safety OPEB Plan consisted of the following:

	Safety
Inactive employees or beneficiaries currently receiving benefits	177
Inactive employees entitled to but not yet receiving benefits	14
Active employees	2
Total	193

Changes in the Net OPEB Liability. The changes in the Net OPEB liability for the Miscellaneous and Pre 1/1/2019 follows:

	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2021	\$84,202,764	\$5,234,250	\$78,968,514
Service Cost	1,301,935	--	1,301,935
Interest	2,579,151	--	2,579,151
Changes in benefit terms	--	--	--
Changes in assumptions	(14,950,435)	--	(14,950,435)
Differences between expected and actual experience	(3,925,906)	--	(3,925,906)
Contributions from employer	--	4,105,294	(4,105,294)
Net investment income	--	(590,348)	590,348
Administrative expense	--	(20,192)	20,192
Benefit payments	(4,105,294)	(4,105,294)	--
Net changes	(19,100,549)	(610,540)	(18,490,009)
Balance at June 30, 2022	<u>\$65,102,215</u>	<u>\$4,623,710</u>	<u>\$60,478,505</u>

The changes in the Net OPEB liability for the Post 1/1/2019 Safety Plan is as follows:

	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2021	\$50,997,645	\$15,450,473	\$35,547,172
Service Cost	3,504,390	--	3,504,390
Interest	1,762,214	--	1,762,214
Changes in benefit terms	--	--	--
Changes in assumptions	(12,486,596)	--	(12,486,596)
Differences between expected and actual experience	(2,549,486)	--	(2,549,486)
Contributions from employer	--	1,403,907	(1,403,907)
Net investment income	--	(1,906,123)	1,906,123
Administrative expense	--	(564,625)	564,625
Benefit payments	(564,625)	(60,557)	(504,068)
Net changes	(10,334,103)	(1,127,398)	(9,206,705)
Balance at June 30, 2022	<u>\$40,663,542</u>	<u>\$14,323,075</u>	<u>\$26,340,467</u>

OPEB Expense. For the year ended June 30, 2022, the City recognized OPEB expense for the Miscellaneous and Pre-1/1/2019 Safety Plan of \$1,795,497 and recognized OPEB expense for the Post-1/1/2019 Safety Plan of \$2,942,361.

Pension Rate Stabilization Program and OPEB Funding Policy

The City has adopted a Pension Rate Stabilization Program and OPEB Funding Policy, most recently revised on June 6, 2017. The purpose of the policy is to establish a methodology and process for funding current and future pension and OPEB costs. The Policy provides that the City shall establish an IRS Code Section 115 approved irrevocable trust to achieve a higher rate of return on investments than that earned on the pooled investment portfolio or LAIF. This trust has been formed and funded, with PARS as administrator (see above).

Risk Management

General. The City manages risk by participating in the public entity risk pools described below and by retaining certain risks.

Public entity risk pools are formally organized, and separate entities established under the Joint Exercise of Powers Act of the State of California. As separate legal entities, those entities exercise full powers and authorities within the scope of the related Joint Powers Agreements, including the preparation of annual budgets, accountability for all funds, the power to make and execute contracts and the right to sue and be sued. Each risk pool is governed by a board consisting of representatives from member municipalities. Each board controls the operations of the respective risk pool, including selection of management and approval of operating budgets, independent of any influence by member municipalities beyond their representation on that board. Obligations and liabilities of these risk pools are not the City's responsibility.

Risk Coverage. The City is a member of the California Joint Powers Risk Management Authority ("CJPRMA"), which covers general liability claims. The City has a self-insured retention of \$750,000 per claim. Once the self-insured retention is met, CJPRMA becomes responsible for payment of all claims up to the limit. During the fiscal year ended June 30, 2022, the City contributed \$1,338,698 for coverage during the current year.

The City is a member of the Local Agency Workers' Compensation Excess Joint Powers Authority ("**LAWCX**"), which covers workers' compensation claims up to statutory limits. The City has a self-insured retention of up to \$500,000 per claim. During the fiscal year ended June 30, 2022, the City contributed \$722,558, for current year coverage. In addition, the LAWCX Board of Directors approved the \$250,000 Pool Deficit Curing and Assessment Plan (Plan) on June 5, 2018. The Plan was implemented to collect additional contributions for prior program years from 1994 through 2004, and only impacted members who participated in those years. The assessments were billed on July 1, 2019. Members had two payment options: 1) pay the allocated assessment amount in ten (10) equal annual installments beginning July 1, 2019, or 2) receive a 10% discount off the allocated amount if the entire balance was paid in full by August 15, 2019. The City of Alameda's allocated assessment was \$452,731 and the City elected option one, with the first payment made in Fiscal Year 2020. The balance due as of June 30, 2022 is \$316,912.

See "APPENDIX B - Audited Financial Statements of the City for Fiscal Year Ended June 30, 2022 - Note 11 - Risk Management" for additional details.

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS

The constitutional and statutory provisions discussed in this section have the potential to affect the ability of the City to levy taxes and spend tax proceeds for operating and other purposes.

Article XIII A of the State Constitution

Section 1(a) of Article XIII A of the State Constitution limits the maximum ad valorem tax on real property to 1% of full cash value (as defined in Section 2 of Article XIII A), to be collected by counties and apportioned according to law. Section 1(b) of Article XIII A provides that the 1% limitation does not apply to ad valorem taxes to pay interest or redemption charges on (1) indebtedness approved by the voters prior to June 1, 1978 or (2) any bonded indebtedness for the acquisition or improvement of real property approved on or after June 1, 1978, by two thirds of the votes cast by the voters voting on the Proposition. Section 2 of Article XIII A defines “full cash value” to mean “the county assessor’s valuation of real property as shown on the 1975–76 tax bill under ‘full cash value’ or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment.” The full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or to reflect a reduction in the consumer price index or comparable data for the area under taxing jurisdiction or reduced in the event of declining property value caused by substantial damage, destruction or other factors. Legislation enacted by the State Legislature to implement Article XIII A provides that notwithstanding any other law, local agencies may not levy any ad valorem property tax except to pay debt service on indebtedness approved by the voters as described above.

The voters of the State subsequently approved various measures that further amended Article XIII A. One such amendment generally provides that the purchase or transfer of (i) real property between spouses or (ii) the principal residence and the first \$1,000,000 of the full cash value of other real property between parents and children, does not constitute a “purchase” or “change of ownership” triggering reassessment under Article XIII A. This amendment could serve to reduce the property-tax revenues of the City. Other amendments permitted the State Legislature to allow persons over 55 or “severely disabled homeowners” who sell their residences and buy or build another of equal or lesser value within two years in the same county, to transfer the old residence’s assessed value to the new residence.

In the November 1990 election, the voters approved the amendment of Article XIII A to permit the State Legislature to exclude from the definition of “newly constructed” the construction or installation of seismic retrofitting improvements or improvements utilizing earthquake hazard mitigation technologies constructed or installed in existing buildings after November 6, 1990.

Article XIII A has also been amended to permit reduction of the “full cash value” base in the event of declining property values caused by damage, destruction or other factors, provided that there would be no increase in the “full cash value” base in the event of reconstruction of property damaged or destroyed in a disaster.

Article XIII B of the State Constitution

Article XIII B of the State Constitution limits the annual appropriations of the State and of any city, county, school district, special district, authority or other political subdivision of the State

to the appropriations limit for the prior Fiscal Year, as adjusted for changes in the cost of living, population and services for which the fiscal responsibility is shifted to or from the governmental entity. The “base year” for establishing this appropriations limit is the 1978–79 Fiscal Year. The appropriations limit may also be adjusted in emergency circumstances, subject to limitations.

Appropriations of an entity of local government subject to Article XIIIB generally include authorizations to expend during a Fiscal Year the “proceeds of taxes” levied by or for the entity, exclusive of certain State subventions, refunds of taxes, and benefit payments from retirement, unemployment insurance and disability insurance funds. “Proceeds of taxes” include but are not limited to, all tax revenues, certain State subventions received by the local governmental entity and the proceeds to the local governmental entity from (1) regulatory licenses, user charges, and user fees (to the extent that such proceeds exceed the cost of providing the service or regulation) and (2) the investment of tax revenues. Article XIIIB provides that if a governmental entity’s revenues in any year exceed the amounts permitted to be spent, the excess must be returned by revising tax rates or fee schedules over the subsequent two fiscal years.

Article XIIIB does not limit the appropriation of moneys to pay debt service on indebtedness existing or authorized as of January 1, 1979, or for bonded indebtedness approved thereafter by a vote of the electors of the issuing entity at an election held for that purpose, or appropriations for certain other limited purposes. Furthermore, Article XIIIB was amended in 1990 to exclude from the appropriations limit “all qualified capital outlay projects, as defined by the Legislature” from proceeds of taxes. The Legislature has defined “qualified capital outlay project” to mean a fixed asset (including land and construction) with a useful life of 10 or more years and a value which equals or exceeds \$100,000. As a result of this amendment, the appropriations to pay the lease payments on the City’s long term General Fund lease obligations are generally excluded from the City’s appropriations limit.

The City has never exceeded its appropriations limit.

Articles XIIIC and XIID of the State Constitution

General. On November 5, 1996, the voters of the State approved Proposition 218, known as the “Right to Vote on Taxes Act.” Proposition 218 adds Articles XIIIC and XIID to the California Constitution and contains a number of interrelated provisions affecting the ability of the City to levy and collect both existing and future taxes, assessments, 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 XIII A and XIIIC of the State Constitution. The amendments to Article XIII A limit the ability of the State Legislature to impose higher taxes (as defined in Proposition 26) without a two-thirds vote of the Legislature. The amendments to Article XIIIC define “taxes” that are subject to voter approval as “any levy, charge, or exaction of any kind imposed by a local government,” with certain exceptions.

Taxes. Article XIIIC requires that all new local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes of the City (“general taxes”) require a majority vote; taxes for specific purposes (“special taxes”), even if deposited in the City’s General Fund, require a two-thirds vote.

Property-Related Fees and Charges. Article XIID also adds several provisions making it generally more difficult for local agencies to levy and maintain property-related fees, charges, and assessments for municipal services and programs. These provisions include, among other things, (i) a prohibition against assessments which exceed the reasonable cost of the proportional special benefit conferred on a parcel, (ii) a requirement that assessments must confer a “special benefit,” as defined in Article XIID, over and above any general benefits conferred, (iii) a majority protest procedure for assessments which involves the mailing of notice and a ballot to the record owner of each affected parcel, a public hearing and the tabulation of ballots weighted according to the proportional financial obligation of the affected party, and (iv) a prohibition against fees and charges which are used for general governmental services, including police, fire or library services, where the service is available to the public at large in substantially the same manner as it is to property owners.

Reduction or Repeal of Taxes, Assessments, Fees and Charges. Article XIIC also removes limitations on the initiative power in matters of reducing or repealing local taxes, assessments, fees or charges. No assurance can be given that the voters of the City will not, in the future, approve an initiative or initiatives which reduce or repeal local taxes, assessments, fees or charges currently comprising a substantial part of the City’s General Fund. If such repeal or reduction occurs, the City’s ability to pay debt service on the Bonds could be adversely affected.

Burden of Proof. Article XIIC provides that local government “bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor’s burdens on, or benefits received from, the governmental activity.” Similarly, Article XIID provides that in “any legal action contesting the validity of a fee or charge, the burden shall be on the agency to demonstrate compliance” with Article XIID.

Judicial Interpretation of Proposition 218. The interpretation and application of Articles XIIC and XIID will ultimately be determined by the courts, and it is not possible at this time to predict with certainty the outcome of such determination.

Impact on City’s General Fund. The City does not believe that any material source of General Fund revenue is subject to challenge under Proposition 218 or Proposition 26.

The approval requirements of Articles XIIC and XIID reduce the flexibility of the City to raise revenues for the General Fund, and no assurance can be given that the City will be able to impose, extend or increase the taxes, fees, charges or taxes in the future that it may need to meet increased expenditure needs.

Proposition 1A; Proposition 22

Proposition 1A. Proposition 1A, proposed by the Legislature in connection with the State’s Fiscal Year 2004-05 Budget, approved by the voters in November 2004 and generally effective in Fiscal Year 2006-07, provided that the State may not reduce any local sales tax rate, limit existing local government authority to levy a sales tax rate or change the allocation of local sales tax revenues, subject to certain exceptions. Proposition 1A generally prohibited the State from shifting to schools or community colleges any share of property tax revenues allocated to local governments for any Fiscal Year, as set forth under the laws in effect as of November 3, 2004. Any change in the allocation of property tax revenues among local governments within a county had to be approved by two-thirds of both houses of the Legislature.

Proposition 22. Proposition 22, entitled “The Local Taxpayer, Public Safety and Transportation Protection Act,” was approved by the voters of the State in November 2010. Proposition 22 eliminates or reduces the State’s authority to (i) temporarily shift property taxes from cities, counties and special districts to schools, (ii) use vehicle license fee revenues to reimburse local governments for State-mandated costs (the State will have to use other revenues to reimburse local governments), (iii) redirect property tax increment from redevelopment agencies to any other local government, (iv) use State fuel tax revenues to pay debt service on State transportation bonds, or (v) borrow or change the distribution of State fuel tax revenues.

Unitary Property

AB 454 (Chapter 921, Statutes of 1986) provides that revenues derived from most utility property assessed by the State Board of Equalization (“Unitary Property”), commencing with the 1988–89 Fiscal Year, are allocated as follows: (i) each jurisdiction will receive up to 102% of its prior-year State-assessed revenue; and (ii) if countywide revenues generated from Unitary Property are less than the previous year’s revenues or greater than 102% of the previous year’s revenues, each jurisdiction will share the burden of the shortfall or benefit of the excess revenues by a specified formula. This provision applies to all Unitary Property except railroads, whose valuation will continue to be allocated to individual tax rate areas.

The provisions of AB 454 do not constitute an elimination of the assessment of any State-assessed properties nor a revision of the methods of assessing utilities by the State Board of Equalization. Generally, AB 454 allows valuation growth or decline of Unitary Property to be shared by all jurisdictions in a county.

Possible Future Initiatives

Article XIII A, Article XIII B and Propositions 218, 26, 1A and 22 were each adopted as measures that qualified for the ballot pursuant to the State’s initiative process. From time to time, other initiative measures could be adopted, further affecting the City’s revenues or its ability to expend revenues.

BOND OWNERS' RISKS

The following describes certain special considerations and risk factors affecting the payment of and security for the Bonds. The following discussion is not meant to be an exhaustive list of the risks associated with the purchase of any Bonds and the order in which such items are presented does not necessarily reflect the relative importance of the various risks. Potential investors in the Bonds are advised to consider the following special factors along with all other information in this Official Statement in evaluating the Bonds. There can be no assurance that other considerations will not materialize in the future.

No Pledge of Taxes

General. The obligation of the City to pay the Lease Payments and Additional Rental Payments does not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. The obligation of the City to pay Lease Payments and Additional Rental Payments does not constitute a debt or indebtedness of the City, the State of California or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction.

The City is currently liable on other obligations payable from general revenues, which are described above under "CITY FINANCIAL INFORMATION – Long-Term Obligations Payable Out of General Fund."

Limitations on Taxes and Fees. Certain taxes, assessments, fees and charges presently imposed by the City could be subject to the voter approval requirements of Article XIII C and Article XIII D of the State Constitution. Based upon the outcome of an election by the voters, such fees, charges, assessments and taxes might no longer be permitted to be imposed, or may be reduced or eliminated and new taxes, assessments fees and charges may not be approved. The City has assessed the potential impact on its financial condition of the provisions of Article XIII C and Article XIII D of the State Constitution respecting the imposition and increase of taxes, fees, charges and assessments and does not believe that an election by the voters to reduce or eliminate the imposition of certain existing fees, charges, assessments and taxes would substantially affect its financial condition. However, the City believes that if the initiative power was exercised so that all local taxes, assessments, fees and charges that may be subject to Article XIII C and Article XIII D of the State Constitution are eliminated or substantially reduced, the financial condition of the City, including its General Fund, could be materially adversely affected.

Although the City does not currently anticipate that the provisions of Article XIII C and Article XIII D of the State Constitution would adversely affect its ability to pay Lease Payments and its other obligations payable from the General Fund, no assurance can be given regarding the ultimate interpretation or effect of Article XIII C and Article XIII D of the State Constitution on the City's finances. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS."

Additional Obligations of the City

General. The City has existing obligations payable from its General Fund. See "CITY FINANCIAL INFORMATION – Long-Term Obligations Payable Out of General Fund." In addition, the City is permitted to enter into other obligations which constitute additional charges against its revenues without the consent of Owners of the Bonds, and may in the future be subject to liabilities payable from the general fund (some of which are described below). To the extent that additional

obligations are incurred by (or imposed upon) the City, the funds available to pay Lease Payments may be decreased.

The Lease Payments and other payments due under the Lease (including payment of costs of repair and maintenance of the Leased Property, taxes and other governmental charges levied against the Leased Property) are payable from funds lawfully available to the City. If the amounts that the City is obligated to pay in a fiscal year exceed the City's revenues for such year, the City may choose to make some payments rather than making other payments, including Lease Payments and Additional Rental Payments, based on the perceived needs of the City. The same result could occur if, because of California Constitutional limits on expenditures, the City is not permitted to appropriate and spend all of its available revenues or is required to expend available revenues to preserve the public health, safety and welfare.

Pension and OPEB Obligations. The City provides pension and OPEB benefits to its employees. Amounts owed to CalPERS for pension costs have increased in recent years and are expected to continue to increase, as CalPERS implements changes to its discount rate and other methodologies for calculating pension costs. Increases in OPEB contributions and costs are also expected. See "CITY FINANCIAL INFORMATION – Pension Plans" and "– Other Post-Employment Benefits (OPEB)."

No Reserve Fund

No reserve fund will be established and maintained with respect to the Bonds. As a result, in the event on non-appropriation or non-payment of the Lease Payments in full when due, no other source of funds will be available to make payments of debt service Bonds while remedial actions are taken with respect to such non-appropriation or non-payment.

Default

Whenever any event of default referred to in the Lease happens and continues, the Trustee (as assignee of the Authority) is authorized under the terms of the Lease to exercise any and all remedies available under law or granted under the Lease. See "APPENDIX A – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS" for a detailed description of available remedies in the case of a default under the Lease.

If a default occurs, there is no remedy of acceleration of the total Lease Payments due over the term of the Lease. The Trustee is not empowered to sell the Leased Property and use the proceeds of such sale to prepay the Bonds or pay debt service on the Bonds.

The City will be liable only for Lease Payments on an annual basis and, in the event of a default, the Trustee would be required to seek a separate judgment each year for that year's defaulted Lease Payments. Any such suit for money damages would be subject to limitations on legal remedies against municipalities in the State, including a limitation on enforcement of judgments against funds of a fiscal year other than the fiscal year in which the Lease Payments were due and against funds needed to serve the public welfare and interest.

Abatement

Under certain circumstances related to damage, destruction, condemnation or title defects which cause a substantial interference with the use and possession of the Leased Property, the City's obligation to make Lease Payments will be subject to full or partial abatement and could

result in the Trustee having inadequate funds to pay the principal and interest on the Bonds as and when due. See “SECURITY FOR THE BONDS – Abatement” and “APPENDIX A – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS.”

Although the City is required under the Lease to maintain property and liability insurance with respect to the Leased Property, the required insurance coverage is subject to certain conditions and restrictions. See “SECURITY FOR THE BONDS – Property Insurance.”

In addition, the City is required to use the proceeds of rental interruption insurance maintained under the Lease to make debt service payments on the Bonds during any period of abatement. See “SECURITY FOR THE BONDS – Property Insurance.” However, there is no assurance that the City will receive proceeds of rental interruption insurance in time to make debt service payments on the Bonds when due.

Property Taxes

Levy and Collection. The City does not have any independent power to levy and collect property taxes. Any reduction in the tax rate or the implementation of any constitutional or legislative property tax decrease could reduce the City’s property tax revenues, and accordingly, could have an adverse impact on the ability of the City to make Lease Payments. Likewise, delinquencies in the payment of property taxes could have an adverse effect on the City’s ability to pay principal of and interest on the Bonds when due.

Reduction in Inflationary Rate. Article XIII A of the California Constitution provides that the full cash value base of real property used in determining assessed value may be adjusted from year to year to reflect the inflationary rate, not to exceed a 2% increase for any given year, or may be reduced to reflect a reduction in the consumer price index or comparable local data. See “CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS.” Such measure is computed on a calendar year basis. Because Article XIII A limits inflationary assessed value adjustments to the lesser of the actual inflationary rate or 2%, there have been years in which the assessed values were adjusted by actual inflationary rates, which were less than 2%. Since Article XIII A was approved, the annual adjustment for inflation has fallen below the 2% limitation a limited number of times.

The City is unable to predict if any adjustments to the full cash value base of real property within the City, whether an increase or a reduction, will be realized in the future.

Appeals of Assessed Values. There are two types of appeals of assessed values that could adversely impact property tax revenues:

Proposition 8 Appeals. Most of the appeals that might be filed in the City would be based on Section 51 of the Revenue and Taxation Code, which requires that for each lien date the value of real property must be the lesser of its base year value annually adjusted by the inflation factor pursuant to Article XIII A of the State Constitution or its full cash value, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property or other factors causing a decline in value.

Under California law, property owners may apply for a reduction of their property tax assessment by filing a written application with the appropriate county board of equalization or assessment appeals board. In most cases, the appeal is filed because the

applicant believes that present market conditions (such as residential home prices) cause the property to be worth less than its current assessed value. These market-driven appeals are known as Proposition 8 appeals.

Any reduction in the assessment ultimately granted as a Proposition 8 appeal applies to the year for which application is made and during which the written application was filed. These reductions are often temporary and are adjusted back to their original values when market conditions improve. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIII A.

Base Year Appeals. A second type of assessment appeal is called a base year appeal, where the property owners challenge the original (basis) value of their property. Appeals for reduction in the “base year” value of an assessment, if successful, reduce the assessment for the year in which the appeal is taken and prospectively thereafter. The base year is determined by the completion date of new construction or the date of change of ownership. Any base year appeal must be made within four years of the change of ownership or new construction date.

No assurance can be given that property tax appeals in the future will not significantly reduce the City’s property tax revenues.

Other Taxes Dependent on Economic Activity

For Fiscal Year 2021-22, real property transfer taxes represented the second largest source of general fund revenue to the City, other local taxes (including franchise fees and transient occupancy taxes) represented the third largest source of general fund revenue to the City, and sales taxes represented the fourth largest source of revenue to the City. All of these taxes are subject, in some respect, to the economic activity in the City. For example, real property transfer taxes are levied on the sale or transfer of real property (such as homes), which have been declining during Fiscal Years 2022-23 and 2023-24, and may continue to do so in future years. Similarly, transient occupancy taxes would decline if hotels and motels are not used as much in the City. Sales tax revenues are based upon the gross receipts of retail sales of tangible goods and products by retailers with taxable transactions in the City, which could be impacted by a variety of economic factors. See Table 7, above, for projected revenue amounts.

Before final maturity of the Bonds, the City may enter into an economic recession. In times of economic recession, the gross receipts of hoteliers and retailers often decline, and such a decline would cause the transient occupancy tax revenues and sales tax revenues received by the City to also decline.

In addition, changes or amendments in the laws applicable to the City’s receipt of real property transfer taxes, sales taxes and other local taxes, whether implemented by State legislative action, City Council action or voter initiative, could have an adverse effect on general fund tax revenues received by the City.

Natural Disasters

General. The financial stability of the City’s general fund could be materially adversely affected by a variety of natural disasters outside of its control. Earthquakes, flooding and other

natural disasters like landslides, wildland fires, and extreme heat are among the hazards that could have a material adverse impact on the City and its revenues.

Seismic. Earthquakes are the hazards that are most likely to cause extensive damage in the City. This damage can come from violent shaking and ground disturbances. Bay Farm Island and Alameda Island consist of central cores of higher ground that are relatively stable, and surrounding areas of manmade fill or “made-ground” that are subject to more violent shaking and ground disturbances.

The City’s worst-case scenario is a major earthquake along the southern portion of the Hayward Fault, because that is the closest fault line to the City, only four miles away. A major earthquake on any one of the faults in the Bay Area is predicted to cause at least some ground disturbance on the made-ground portions of Alameda. Made-ground is much more sensitive to shaking and ground disturbance. Shaking is likely to be felt all over the City, but more violently on made-ground.

The Bay Area has experienced about 20 strong earthquakes and one major earthquakes in the past 165 years, including the 1868 Hayward Fault quake (magnitude 6.9) and 1906 San Andreas quake (magnitude 7.8). Those two earthquakes occurred before the infilling of made-ground in the City, and when the majority of buildings in Alameda were relatively flexible wood construction. The most notable damage was to the brick tower at Alameda City Hall, built in 1895 and damaged by the San Francisco earthquake in 1906. The damage was extensive enough to warrant removal of the tower in 1937. The 1989 Loma Prieta earthquake (magnitude 6.9), occurred after the infilling of Alameda along South Shore, Bay Farm Island, and Alameda Point. This quake caused \$2.1 million damage to properties owned by the City, including broken water mains, broken sewer lines, street buckling, and bulkhead damage. There were documented liquefaction (mud boils) in the made ground at Alameda Point and Harbor Bay Business Park on Bay Farm Island. Several neighborhoods including South Shore experienced buckled streets and sidewalks, and subsidence that made the sanitary sewer pipes no longer flow downhill, requiring the City to build a new sanitary sewer pump station.

Earthquakes can cause ground disturbances include liquefaction and subsidence. Liquefaction occurs when the underlying wet sands and muds become softer during shaking and may even come to the surface as mud boils. Subsidence happens when small pockets or whole neighborhoods sink down permanently because of the loss of strength during liquefaction. During the Loma Prieta Earthquake for example, Franciscan Way, which was built on 40-year-old made-ground, sank slightly due to liquefaction. This caused difficulties with the sanitary sewer system and necessitated the construction of a sanitary sewer pump station to boost flows from the neighborhood to the main line. The storm drain lines, while still functional, were also impaired. Several residential streets needed emergency repair due to differential settlement. There is no mitigation to prevent liquefaction and subsidence, but the City is alert to the possibility that some areas may need temporary sanitary sewer and storm drainage assistance, as well as more permanent solutions to changes in elevation.

Flooding. Winter months are also when the City is likely to experience storms. During an extreme storm event, the level of the sea can temporarily rise several feet above the level predicted by tide tables. This is caused by storm set-up if the storm pushes and piles up water along the coast. Temporary sea level rise can also be caused by wind-caused waves, and by the seawater increasing in volume as its temperature rises (as happens during an El Niño year). During the El Niño event of 1997-98, for example, there was up to 2 feet of standing water on Main Street, due to higher sea levels (king tide plus weather related temporary sea level rises)

and heavy rainwater runoff. In 1981, storms eroded Crown Beach all the way to the edge of Shoreline Drive. In 2006 storm waves damaged the Harbor Bay Ferry Terminal, and washed away portions of the adjoining Coastal Trail. While these are relatively minor events in terms of damage, and none involved structures, there is potential for much more extensive flooding and erosion.

FEMA issued preliminary flood insurance rate maps in 2015, which show a much more extensive area designated in the 100 year flood plain than was previously mapped in 2009. Bay Farm Island is especially vulnerable to flooding. According to the new FEMA modeling, flood waters can over top various locations along the Oakland Airport shoreline and Doolittle Drive, which would then flood the low-lying areas of the golf course and homes surrounding the golf course on Island Drive and Maitland Drive. The floodwaters could potentially block Doolittle Drive, Harbor Bay Parkway, Ron Cowan Parkway and the approach to Bay Farm Island Bridge, rendering Bay Farm Island completely cut off from Oakland and the rest of Alameda for both emergency and recovery access.

In addition to the coastal flooding hazard of heavy storm and high tide flooding, there is the frequent but more minor hazard of flooding from intense rainstorms that can overtax or plug the storm drain system. Alameda is very flat, especially in areas of made-ground, and so the storm drain system cannot gravity drain all of the storm water to the Bay.

Tsunamis. Large underwater displacements from major earthquake fault ruptures or underwater landslides can lead to ocean waves called tsunamis. Tsunamis can result from off-shore earthquakes within the Bay Area, or from distant events. While it is most common for tsunamis to be generated by subduction faults such as those in Washington and Alaska, local tsunamis can be generated from strike-slip faults. The Bay Area faults that pass-through portions of the Pacific coastline or under portions of the Bay are not likely to produce significant tsunamis because they move side to side, rather than up and down, which is the displacement needed to create significant tsunamis. They may have slight vertical displacements, or could cause small underwater landslides, but overall there is a minimal risk of any significant tsunami occurring in the Bay Area from a local fault. The greatest risk to the Bay Area is from tsunamis generated by earthquakes elsewhere in the Pacific.

Since 1946, when record-keeping increased, there have been 30 tsunamis within the San Francisco Bay, and of those, about half have been recorded in cities of Alameda or Oakland.

Climate Change and Sea-Level Rise. Storm related hazards will occur more frequently and more extensively in the future due to climate change, which contributes to both sea level rise and more intense storms. A home located in a currently predicted 100 year flood level would have a 1% annual likelihood of being flooded in any one year. As the sea levels rise, the normal high tide will rise, so that smaller and smaller high tides and storms will have the same flooding capabilities.

More violent storms than those currently predicted by FEMA are likely to occur as the climate changes. The more violent storms are likely to have more intense rainfall, more wind-driven waves and more storm set-up. More intense storms will be more likely to overtax the storm drain system, which would increase the likelihood of non-coastal flooding and damage if catch basins and pipes are not sized adequately to carry off the storm flow.

COVID-19 and Other Global Health Events

In recent years, public health authorities have warned of threats posed by outbreaks of disease and other public health threats. For example, in 2020 the WHO announced that COVID-19, an upper respiratory tract illness, was a pandemic as it spread across the globe, having significant adverse health and financial impacts throughout the world. The spread of the COVID-19 coronavirus pandemic, and responses intended to slow its spread, resulted in negative health and economic impacts to various communities, including the City (on a temporary basis).

Although the COVID-19 pandemic is now in decline, future pandemics may arise in the future with similar or even more adverse economic impacts. Uncertain too are the actions that may be taken by federal, State and local governmental authorities to contain or mitigate the effects of any such future outbreak.

Cyber Security

The City, like many other public and private entities, relies on computer and other digital networks and systems to conduct its operations. As a recipient and provider of personal, private or other sensitive electronic information, the City is potentially subject to multiple cyber threats, including without limitation hacking, viruses, ransomware, malware and other attacks. No assurance can be given that the City's efforts to manage cyber threats and attacks will be successful in all cases, or that any such attack will not materially impact the operations or finances of the City, or the administration of the Bonds. The City is also reliant on other entities and service providers in connection with the administration of the Bonds, including without limitation the County tax collector for the levy and collection of taxes, the trustee, and the dissemination agent. No assurance can be given that the City and these other entities will not be affected by cyber threats and attacks in a manner that may affect the Bond owners.

Limitations on Remedies Available to Bond Owners

The ability of the City to comply with its covenants under the Lease may be adversely affected by actions and events outside of the control of the City, and may be adversely affected by actions taken (or not taken) by voters, property owners, taxpayers or payers of assessments, fees and charges. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS" above. Furthermore, any remedies available to the owners of the Bonds upon the occurrence of an event of default under the Lease or the Indenture are in many respects dependent upon judicial actions, which are often subject to discretion and delay and could prove both expensive and time consuming to obtain.

In addition to the limitations on Bondowner remedies contained in the Lease and the Indenture, the rights and obligations under the Bonds, the Lease and the Indenture may be subject to the following: the United States Bankruptcy Code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equity principles which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the Federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or state government, if initiated, could subject the Owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation or modification of their rights.

Among the adverse effects of such a bankruptcy might be: (i) the application of the automatic stay provisions of the Bankruptcy Code, which, until relief is granted, would prevent collection of payments from the City or the commencement of any judicial or other action for the purpose of recovering or collecting a claim against the City, and which could prevent the Trustee from making payments from funds in its possession; (ii) the avoidance of preferential transfers occurring during the relevant period prior to the filing of a bankruptcy petition; (iii) the existence of unsecured or secured debt which may have a priority of payment that is superior to that of Owners of the Bonds; and (iv) the possibility of the adoption of a plan (an “**Adjustment Plan**”) for the adjustment of the City’s various obligations over the objections of the Trustee or all of the Owners of the Bonds and without their consent, which Adjustment Plan may restructure, delay, compromise or reduce the amount of any claim of the Owners if the bankruptcy court finds that such Adjustment Plan is “fair and equitable” and in the best interests of creditors. The Adjustment Plans approved by the Bankruptcy Courts in connection with the bankruptcies of the cities of Vallejo, San Bernardino and Stockton resulted in significant reductions in the amounts payable by the cities under lease revenue obligations that were substantially identical or similar to the Bonds. The City can provide no assurances about the outcome of the bankruptcy cases of other California municipalities or the nature of any Adjustment Plan if it were to file for bankruptcy.

The opinion to be delivered by Bond Counsel, concurrently with the issuance of the Bonds, will include a qualification that the rights of the owners of the Bonds and the enforceability of the Bonds and the Indenture, the Lease and the Site Lease may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and may also be subject to the exercise of judicial discretion in accordance with principles of equity or otherwise in appropriate cases. See “APPENDIX D – FORM OF OPINION OF BOND COUNSEL.”

Loss of Tax-Exemption

As discussed under the caption “TAX MATTERS,” interest on the Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date the Bonds were issued, as a result of future acts or omissions of the Authority or the City in violation of their respective covenants in the Lease and the Indenture. Should such an event of taxability occur, the Bonds are not subject to special redemption and will remain Outstanding until maturity or until redeemed under other provisions set forth in the Indenture.

Secondary Market for Bonds

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

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 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.

The opinions set forth in the preceding paragraph are subject to the condition that the Authority comply with all requirements of the Internal Revenue Code of 1986 (the “**Tax Code**”) that must be satisfied subsequent to the issuance of the Bonds. The Authority has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds.

Tax Treatment of Original Issue Discount and Premium. If the initial offering price to the public (excluding bond houses and brokers) at which a 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 (excluding bond houses and brokers) at which a Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes “original issue premium” for purposes of federal income taxes and State of California personal income taxes. De minimis original issue discount and original issue premium is disregarded.

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 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 Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such Bond. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the Bonds who purchase the Bonds after the initial offering of a substantial amount of such maturity. Owners of such Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering, the allowance of a deduction for any loss on a sale or other disposition, and the treatment of accrued original issue discount on such Bonds under federal individual alternative minimum taxes.

Under the Tax Code, original issue premium is amortized on an annual basis over the term of the Bond (said term being the shorter of the Bond’s maturity date or its call date). The amount of original issue premium amortized each year reduces the adjusted basis of the owner of the Bond for purposes of determining taxable gain or loss upon disposition. The amount of original issue premium on a Bond is amortized each year over the term to maturity of the 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 Bond premium is not deductible for federal income tax purposes. Owners of premium 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 Bonds.

California Tax Status. In the further opinion of Bond Counsel, interest on the 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 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 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 Bonds, or as to the consequences of owning or receiving interest on the Bonds, as of any future date. Prospective purchasers of the 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 Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the 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 Bonds, the ownership, sale or disposition of the Bonds, or the amount, accrual or receipt of interest on the Bonds.

CERTAIN LEGAL MATTERS

Jones Hall, A Professional Law Corporation, Bond Counsel, will render an opinion with respect to the validity of the Bonds, the form of which is set forth in "APPENDIX D – FORM OF OPINION OF BOND COUNSEL." Certain legal matters will also be passed upon for the City and the Authority by Jones Hall, as Disclosure Counsel. Certain legal matters will be passed upon for the Authority and the City by the City Attorney.

NO LITIGATION

Except as may otherwise be set forth in this Official Statement, to the best knowledge of the City, there is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state, municipal or other governmental authority pending and notice of which has been served on and received by the City or, to the knowledge of the City, threatened against or affecting the City or the assets, properties or operations of the City which, if determined adversely to the City or its interests, would have a material and adverse effect upon the consummation of the transactions contemplated by or the validity of the Lease, the Site Lease or the Indenture, or upon the financial condition, assets, properties or operations of the City, and the City is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default might have consequences that would materially adversely affect the consummation of the transactions contemplated by the Lease, the Site Lease or the Indenture, or the financial conditions, assets, properties or operations of the City, including but not limited to the payment and performance of the City's obligations under the Lease.

RATING

S&P Global Ratings (“**S&P**”), a division of Standard & Poor’s Financial Services LLC, has assigned its municipal bond rating of “___” to the Bonds.

This rating reflects only the views of S&P, and an explanation of the significance of this rating, and any outlook assigned to or associated with this rating, should be obtained from S&P. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. The City has provided certain additional information and materials to the rating agency (some of which does not appear in this Official Statement). There is no assurance that this rating will continue for any given period of time or that this rating will not be revised downward or withdrawn entirely by the rating agency, if in the judgment of the rating agency, circumstances so warrant. Any such downward revision or withdrawal of any rating on the Bonds may have an adverse effect on the market price or marketability of the Bonds.

CONTINUING DISCLOSURE

The City will covenant for the benefit of owners of the Bonds to provide certain financial information and operating data relating to the City by March 31 of each year for the prior fiscal year (each, an “**Annual Report**”) and to provide notices of the occurrence of certain listed events. The first Annual Report, for Fiscal Year 2022-23, will be due by March 31, 2024.

These covenants have been made in order to assist the Underwriter in complying with Securities Exchange Commission Rule 15c2-12(b)(5), as amended (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 C – FORM OF CONTINUING DISCLOSURE CERTIFICATE.”

In the previous five years, to the best of the City’s knowledge, the City has not failed to comply, in all material respects, with any of its prior undertakings made pursuant to the Rule.

MUNICIPAL ADVISOR

The City and the Authority have retained Urban Futures, Inc., as municipal advisor (the “**Municipal Advisor**”) in connection with the offering of the Bonds. All financial and other information presented in this Official Statement has been provided by the City and the Authority from their records, except for information expressly attributed to other sources. The Municipal Advisor takes no responsibility for the accuracy or completeness of the data provided by the City, Authority or others and has not undertaken to make an independent verification or does not assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement. The fee of the Municipal Advisor is contingent upon the successful closing of the Bonds.

UNDERWRITING

Piper Sandler & Co., as underwriter (the "Underwriter"), has entered into a Bond Purchase Agreement with the Authority under which it will purchase the Bonds at a purchase price of \$_____ (which is equal to the par amount of the Bonds, less an Underwriter's discount of \$_____, and plus (less) a net original issue premium (discount) of \$_____).

The Underwriter will be obligated to take and pay for all of the Bonds if any are taken. The Underwriter intends to offer the Bonds to the public at the offering prices set forth on the inside cover page of this Official Statement. After the initial public offering, the public offering price may be varied from time to time by the Underwriter.

Piper Sandler & Co., the Underwriter of the Bonds, has entered into a distribution agreement ("Distribution Agreement") with Charles Schwab & Co., Inc. ("CS&Co") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to the Distribution Agreement, CS&Co. will purchase Bonds from Piper Sandler at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that CS&Co. sells.

PROFESSIONAL SERVICES

In connection with the issuance of the Bonds, fees payable to the following professionals involved in the offering are contingent upon the issuance and delivery of the Bonds: Jones Hall, A Professional Law Corporation, as Bond Counsel and Disclosure Counsel; Urban Futures, Inc., as municipal advisor to the Authority and the City; Stradling Yocca Carlson & Rauth, a Professional Corporation, as counsel to the Underwriter; and U.S. Bank Trust Company, National Association, as Trustee.

EXECUTION

The execution of this Official Statement and its delivery have been authorized by the Board of the Authority and the City Council of the City.

CITY OF ALAMEDA FINANCING AUTHORITY

By: _____
Treasurer

CITY OF ALAMEDA

By: _____
Finance Director

APPENDIX A

SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

APPENDIX B

**AUDITED FINANCIAL STATEMENTS OF THE CITY
FOR FISCAL YEAR ENDING JUNE 30, 2022**

APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

\$ _____
CITY OF ALAMEDA FINANCING AUTHORITY
2023 Lease Revenue Bonds
(Aquatic Center)

This Continuing Disclosure Certificate (this “Disclosure Certificate”) is executed and delivered by the City of Alameda (the “City”) in connection with the issuance by the Authority of the bonds captioned above (the “Bonds”). The Bonds are being issued under an Indenture of Trust dated as of October 1, 2023 (the “Indenture”), by and between the Authority and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”). 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 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 Indenture, 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 March 31 of each year.

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

“*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, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

“*Official Statement*” means the final official statement, executed by the City and the Authority in connection with the issuance of the Bonds.

“*Participating Underwriter*” means Piper Sandler & Co., the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“*Rule*” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same 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, 2024, with the report for Fiscal Year 2022-23, 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 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the City) has not received a copy of the Annual Report, the Dissemination Agent shall contact the City to determine if the City is in compliance with the previous sentence. 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). The City shall provide a written certificate with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the City hereunder.

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

(c) With respect to each Annual Report, the Dissemination Agent shall:

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

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

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

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

(b) To the extent not contained in the audited financial statements filed pursuant to the preceding clause (a), the Annual Report shall contain information showing:

(i) The principal amount of Bonds outstanding as of June 30 preceding the filing of the Annual Report.

(ii) Updates as of June 30 preceding the filing of the Annual Report of the substance of the information contained in the following tables in the Official Statement:

- (1) General Fund Balance Sheets
- (2) Statements of Revenues, Expenditures and Changes in General Fund Balance
- (3) General Fund Revenues by Revenue Source, similar to Table 10
- (4) Assessed Value of Taxable Property, similar to Table 11
- (5) Largest Property Taxpayers (top 10 taxpayers only), similar to Table 12

(c) In addition to any of the information expressly required to be provided under this Disclosure Certificate, the City shall provide such further material 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 Significant Events.

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

- (1) Principal and interest payment delinquencies.
- (2) Non-payment related defaults, if material.
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (5) Substitution of credit or liquidity providers, or their failure to perform.
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.
- (7) Modifications to rights of security holders, if material.

- (8) Bond calls, if material, and tender offers.
- (9) Defeasances.
- (10) Release, substitution, or sale of property securing repayment of the securities, if material.
- (11) Rating changes.
- (12) Bankruptcy, insolvency, receivership or similar event of the City or other obligated person.
- (13) The consummation of a merger, consolidation, or acquisition involving the City or an obligated person, or the sale of all or substantially all of the assets of the City or an obligated person (other than in the ordinary course of business), the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (15) Incurrence of a financial obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City, any of which affect security holders, if material (for definition of "financial obligation," see clause (e)).
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the City, any of which reflect financial difficulties (for definition of "financial obligation," see clause (e)).

(b) Whenever the City obtains knowledge of 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 Indenture.

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

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City 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 Bonds. If such termination occurs prior to the final maturity of the Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5(b).

Section 8. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent will be NBS Government Finance Group. Any Dissemination Agent may resign by providing 30 days’ written notice to the City.

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 Bonds, or type of business conducted;

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

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

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

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the City to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative.

A notice of any amendment made pursuant to this Section 9 shall be filed in the same manner as for a Listed Event under Section 5(b).

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

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 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 Indenture, 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.

(a) 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 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 Bonds.

(b) The Dissemination Agent shall be paid compensation by the City for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

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 Alameda Financing Authority c/o City of Alameda 2263 Santa Clara Avenue Alameda, CA 94501
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To the Dissemination Agent	Digital Assurance Certification LLC 315 East Robinson Street, Suite 300 Orlando, FL 32801-1674
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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 Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

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.

Date: _____, 2023

CITY OF ALAMEDA

By: _____
Finance Director

AGREED AND ACCEPTED:

Digital Assurance Certification, LLC,
as Dissemination Agent

By: _____
Name:
Title:

APPENDIX D
FORM OF OPINION OF BOND COUNSEL

[Closing Date]

Board of Directors
City of Alameda Financing Authority
2263 Santa Clara Avenue
Alameda, CA 94501

OPINION: \$_____ City of Alameda Financing Authority
 2023 Lease Revenue Bonds (Aquatic Center)

Members of the Board of the Directors:

We have acted as bond counsel to the City of Alameda Financing Authority (the "Authority") in connection with the issuance by the Authority of its City of Alameda Financing Authority 2023 Lease Revenue Bonds (Aquatic Center) in the aggregate principal amount of \$_____ (the "Bonds"), under an Indenture of Trust dated as of October 1, 2023 (the "Indenture"), between the Authority and U.S. Bank Trust Company, National Association, as trustee, and under the provisions of Article 4 (commencing with Section 6584) of Chapter 5, Division 7, Title 1 of the California Government Code (the "Bond Law"). The Bonds are secured by Revenues as defined in the Indenture, including certain lease payments made by the City of Alameda (the "City") under a Lease Agreement dated as of October 1, 2023 (the "Lease") between the Authority as lessor and the City as lessee. We have examined the Indenture, the Lease, the Bond Law and such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the Authority and the City contained in the Indenture, the Lease and in the certified proceedings, and upon other certifications furnished to us, without undertaking to verify the same by independent investigation. Based upon our examination, we are of the opinion, under existing law, as follows:

1. The Authority is a joint exercise of powers agency duly organized and existing under the laws of the State of California, with power to enter into the Indenture and the Lease, to perform the agreements on its part contained therein and to issue the Bonds.
2. The Bonds constitute legal, valid and binding special obligations of the Authority enforceable in accordance with their terms and payable solely from the sources provided therefor in the Indenture.
3. The Indenture and the Lease have been duly approved by the Authority and constitute the legal, valid and binding obligations of the Authority enforceable against the Authority in accordance with their respective terms.

4. The Indenture establishes a valid first and exclusive lien on and pledge of the Revenues (as that term is defined in the Indenture) and other funds pledged thereby for the security of the Bonds, in accordance with the terms of the Indenture.

5. The City is a municipal corporation duly organized and existing under the laws of the State of California, with power to enter into the Lease and to perform the agreements on its part contained therein. The Lease has been duly approved by the City and constitutes a legal, valid and binding obligation of the City enforceable against the City in accordance with its terms.

6. 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. Interest on the Bonds may be subject to the corporate alternative minimum tax. The opinions set forth in the preceding sentence are subject to the condition that the Authority and the City comply with all requirements of the Internal Revenue Code of 1986, as amended, which must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Authority and the City have covenanted in the Indenture, the Lease and in other instruments relating to the Bonds to comply with each of such requirements, and the Authority and the City have full legal authority to make and comply with such covenants. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the ownership, sale or disposition of the Bonds, or the amount, accrual or receipt of interest on the Bonds.

7. Interest on the Bonds is exempt from California personal income taxation.

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 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. Our engagement with respect to this matter has terminated as of the date hereof.

Respectfully submitted,

A Professional Law Corporation

APPENDIX E

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

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

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

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the 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.