

RESOLUTION NO. 11-_____

A RESOLUTION OF THE BOARD OF HARBOR COMMISSIONERS OF THE CITY OF LOS ANGELES AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$110,000,000 AGGREGATE PRINCIPAL AMOUNT OF HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES REFUNDING REVENUE BONDS IN ONE OR MORE SERIES OR SUBSERIES; AUTHORIZING A PRIVATE SALE OF SUCH BONDS, SELECTING THE UNDERWRITING FIRMS FOR SUCH PRIVATE SALE; AUTHORIZING THE PREPARATION OF ALL RELATED DOCUMENTATION, AND AUTHORIZING CERTAIN OTHER MATTERS AND ACTIONS; APPROVING THE PRINCIPAL FINANCING DOCUMENTS RELATED THERETO; AUTHORIZING THE EXECUTION AND DELIVERY OF SUCH DOCUMENTS; AUTHORIZING PROCEEDING WITH THE SALE OF THE BONDS, THE EXECUTION AND DELIVERY OF ONE OR MORE PURCHASE CONTRACTS AND AN OFFICIAL STATEMENT AND THE DISTRIBUTION OF ONE OR MORE PRELIMINARY AND FINAL OFFICIAL STATEMENTS; AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH

WHEREAS, the City of Los Angeles, California (the “City”) is a chartered city duly organized and existing under and pursuant to the provisions of the Constitution of the State of California (the “State”) and the Charter of the City (the “Charter”); and

WHEREAS, the Harbor Department (the “Department”) is a Proprietary Department (as defined in the Charter) of the City, established and provided for by the Charter, having control of its own revenues and funds and under the management and control of a Board of Harbor Commissioners (the “Board”); and

WHEREAS, pursuant to Section 609 of the Charter (“Section 609”) and the Charter implementation ordinance (the “Procedural Ordinance”) relating to the procedures for issuance and sale of revenue bonds by the Department under Section 609, which Procedural Ordinance is codified at Division 11, Chapter 1, Article 6.5, Sections 11.28.1 through 11.28.9, of the City Administrative Code, the Department has the power to borrow money and to issue bonds, refunding bonds, notes and other evidences of indebtedness for any lawful purpose relating to the Department payable from the revenues of the Department and from any other money lawfully available to the Department or under its control, in the form and manner approved by the Board; and

WHEREAS, in 2001, the Department issued \$36,180,000 Harbor Department of the City of Los Angeles Refunding Revenue Bonds, 2001 Series A (the “2001A Bonds”) and \$64,925,000 Harbor Department of the City of Los Angeles Refunding Revenue Bonds, 2001 Series B (AMT) (the “2001B Bonds”) for the purpose of refunding a portion of the Department’s then outstanding Series B Revenue Bonds, Issue of 1995; and

WHEREAS, the Department has determined that it may be in its best interest at this time

to provide for the refunding of all or a portion of the 2001A Bonds and the 2001B Bonds (collectively, the “Refunded Bonds”); and

WHEREAS, the Department now plans to authorize the exercise of the power pursuant to Section 609 to issue certain Harbor Department of the City of Los Angeles Refunding Revenue Bonds in one or more series or subseries (the “Bonds”), for the purpose of refunding the Refunded Bonds with the proceeds of the sale of revenue bonds, providing for the funding of a debt service reserve fund with respect to the Bonds and paying the costs incidental to such refunding and to the issuance of the Bonds; and

WHEREAS, the Board is required, pursuant to Section 11.28.1 of the Procedural Ordinance, to adopt a resolution authorizing the issuance of the Bonds; and

WHEREAS, pursuant to Section 11.28.1(a) of the Procedural Ordinance, such resolution must, at a minimum, specify, (i) the purposes for which the proposed Bonds are to be issued, (ii) the maximum principal amount of the Bonds proposed to be issued, (iii) the maximum term for which any of said Bonds are to run, and (iv) the maximum interest rate or cost, to be determined in the manner specified in said resolution, to be incurred through the issuance of such Bonds; and

WHEREAS, the Board may, by resolution, authorize the sale of its Bonds pursuant to private sale if the Chief Financial Officer of the Department (the “CFO”) determines that a private sale of such Bonds will be of benefit to, and in the financial interest of, the Department and has prepared a written report (the “CFO Report”) stating such determination and the reasons therefor, and the Department submits the matter to the City Council of the City as set forth in Section 11.28.4(a) of the Procedural Ordinance; and

WHEREAS, the CFO of the Department has determined that a private sale of the Bonds will be of benefit to, and in the financial interest of, the Department and has prepared such CFO Report; and

WHEREAS, the Department now desires to notify the City Administrative Officer (the “CAO”) in writing that the Department intends to issue Bonds pursuant to private sale, together with a copy of the above-mentioned CFO Report to the offices of the Mayor, of the CAO and of the City Clerk of the City (the “City Clerk”); and

WHEREAS, the Department further desires to request (a) the City Clerk to present forthwith this resolution and the CFO Report to the City Council; (b) the CAO to deliver to the City Council the report of the CAO required by Section 609(d) of the Charter; and (c) the City Council, by at least a majority vote of its members, and the Mayor to approve such resolution within the Time Period (as defined in the Procedural Ordinance) specified in Section 11.28.2 of the Procedural Ordinance; and

WHEREAS, the Board proposes by this resolution to select the underwriting firm(s) for the private sale of the Bonds and to provide the City Council an opportunity to disapprove such selection in the manner set forth in Section 11.28.4(b) of the Procedural Ordinance; and

WHEREAS, the Department has complied with the conflict of interest provisions set

forth in Section 609(e) of the Charter, including the provision which requires that an underwriting firm seeking selection as an underwriter of revenue bonds of the Department shall cause one of its officers to file with the City Clerk prior to the date on which its selection is made a certification under oath that no disqualifying gifts or contributions described by Section 609 of the Charter were made; and

WHEREAS, the Board now approves, pursuant to Section 11.28.5 of the Procedural Ordinance, the principal financing documents related to the Bonds, which may include, but which shall not be limited to, one or more indentures, offering documents, bond purchase agreements, escrow agreements and continuing disclosure certificates or agreements, in substantially final form, containing such terms and provisions as are acceptable to the Board, and to authorize the officers and staff of the Department to execute and deliver for and on behalf of the Department all such documents, instruments and certificates necessary or desirable for the sale and delivery of the Bonds; and

WHEREAS, the Board further desires, pursuant to Section 11.28.6 of the Procedural Ordinance, to delegate to its Deputy General Manager, Finance and Administration (commonly referred to within the Department as the Deputy Executive Director, Finance and Administration) (the “Deputy Executive Director”) or CFO or their respective designees, the award of the Bonds, by the execution of one or more bond purchase agreements (each, a “Purchase Contract,” and collectively, the “Purchase Contracts”) hereinafter mentioned between the Department and the underwriting firms identified herein (the “Underwriters”), within the parameters approved herein; and

WHEREAS, all acts, conditions and things required by the laws of the State and by the Charter and Procedural Ordinance to exist, to have happened and to have been performed precedent to and in connection with the consummation of the financing and refunding authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the Department is now duly authorized and empowered, pursuant to each and every requirement of law, to consummate such financing and refunding for the purpose, in the manner and upon the terms herein provided;

NOW, THEREFORE, BE IT RESOLVED by the Board of Harbor Commissioners of the City of Los Angeles, as follows:

Section 1. Findings. The above recitals are true and correct.

Section 2. Authorization of Bonds. The Board hereby authorizes the issuance of the Harbor Department of the City of Los Angeles Refunding Revenue Bonds in one or more series or subseries, to be sold at par, premium or discount, on a taxable or tax-exempt basis and all or a portion or none as “private activity bonds,” on the terms and conditions to be determined by the Board, subject to the following specified parameters:

- (i) the Bonds are to be issued for the purpose of refunding the Refunded Bonds with the proceeds of the sale of revenue bonds, providing for the funding of a debt service reserve fund with respect to the Bonds and paying the costs incidental to such refunding and to the issuance of the Bonds;

- (ii) the maximum principal amount of the Bonds shall not exceed \$110,000,000;
- (iii) the maximum term for which any of said Bonds are to run shall be 15 years;
- (iv) the maximum true interest cost, as calculated by Frasca & Associates, L.L.C., Financial Advisor to the Department (the “Financial Advisor”), and submitted to the CFO, to be incurred through the issuance of the Bonds, shall be five and a half percent (5.50%); and
- (v) the resulting present value savings from refunding the Refunded Bonds, as calculated by the Financial Advisor and submitted to the CFO, shall be not less than such minimum savings amount determined by the CFO with the assistance of the Financial Advisor in compliance with the Department’s financial policies.

As provided in Section 609 of the Charter, the Bonds authorized hereby shall not constitute or evidence an indebtedness of the City, or a lien or charge on any property or the general revenues of the City, but shall constitute and evidence an obligation of the Department, payable as to principal and interest, and as to any premiums upon the redemption thereof, only from revenues of the Department, and not out of any other fund or moneys of the Department or of the City, but the provisions of this Section shall not preclude:

- (a) the payment of any principal or purchase price of or interest or premiums on the Bonds through appropriate reserve funds or special trust accounts, including such funds and accounts established with the proceeds of refunding bonds;
- (b) the payment of interest on or principal of the bonds out of sums received as premiums or accrued interest on the sale thereof;
- (c) the payment of any such principal or purchase price of or premiums or interest on the Bonds from amounts drawn under any credit enhancement, liquidity agreements or surety bonds or from amounts made available by any entity, public or private, other than the City, the Department, or any other department of the City, in any case where any such entity may have guaranteed such payment.

Section 3. Authorization of Private Sale. The Board hereby authorizes the sale of the Bonds, subject to the parameters set forth above, pursuant to private sale, and submits the matter to the City Council as set forth in Section 11.28.4(a) of the Procedural Ordinance. The Board hereby notifies the CAO that the Department intends to issue the Bonds pursuant to private sale, and directs Department staff to transmit certified copies of this resolution authorizing the sale of the Bonds by private sale together with a copy of the CFO Report to the offices of the Mayor, of the CAO and of the City Clerk.

Section 4. Approval by City Council and Mayor. The Board hereby requests (a) the City Clerk to present forthwith this resolution and the CFO Report to the City Council, (b) the CAO to deliver to the City Council the report of the CAO required by Section 609(d) of the Charter, and (c) the City Council, by at least a majority vote of its members, and the Mayor to approve this resolution within the Time Period (as defined in the Procedural Ordinance) specified in Section 11.28.2 of the Procedural Ordinance.

Section 5. Selection of Underwriting Firms. The Board hereby selects Morgan Stanley & Co. Incorporated as the senior managing underwriting firm and E. J. De La Rosa & Co., Inc. as the co- senior managing underwriting firm for the private sale of the Bonds, with Siebert Brandford Shank & Co., LLC, as the co-managing underwriting firm for the private sale of the Bonds, and, by the submission of this resolution to the City Council for approval pursuant to Section 11.28.2 of the Procedural Ordinance, provides the City Council an opportunity to disapprove such selection, as required under Section 11.28.4(b) of the Procedural Ordinance.

Section 6. Indenture. The Executive Director or the CFO or their respective designees (each an “Authorized Officer,” and collectively, the “Authorized Officers”) are each hereby authorized and directed, acting alone, for and on behalf of the Department, to execute and deliver an Indenture between the Department and the trustee named therein, in substantially the form submitted to the Board for consideration with this Resolution, subject to such additions thereto or changes therein, and any amendments or supplements thereto, consistent with the parameters, terms and conditions previously established by the Board and approved by the Board and, where applicable, the City Council, as such Authorized Officer and the City Attorney may approve, such approval to be conclusively evidenced by the execution and delivery thereof. All references to the Indenture herein shall be deemed to include such amendments and supplements thereto.

Section 7. Escrow Agreement. The Authorized Officers are each hereby authorized and directed, acting alone, for and on behalf of the Department, to execute and deliver a Escrow Agreement, in substantially the form submitted to the Board for consideration with this Resolution, subject to such additions thereto or changes therein, and any amendments or supplements thereto, as such Authorized Officer and the City Attorney may approve, such approval to be conclusively evidenced by the execution and delivery thereof. All references to the Escrow Agreement herein shall be deemed to include such amendments and supplements thereto.

Section 8. Continuing Disclosure Certificate. The Authorized Officers are each hereby authorized and directed, acting alone, for and on behalf of the Department, to execute and deliver a Continuing Disclosure Certificate, in substantially the form submitted to the Board for consideration with this Resolution, subject to such additions thereto or changes therein, and any amendments or supplements thereto, as such Authorized Officer and the City Attorney may approve, such approval to be conclusively evidenced by the execution and delivery thereof. All references to the Continuing Disclosure Certificate herein shall be deemed to include such amendments and supplements thereto.

Section 9. Purchase Contracts. The Authorized Officers are each hereby authorized and directed, acting alone, to execute and deliver one or more Purchase Contracts in substantially the forms submitted to the Board for consideration with this Resolution, subject to such additions thereto or changes therein, consistent with the parameters, terms and conditions previously established by the Board and approved by the Board and, where applicable, the City Council, as such Authorized Officer and the City Attorney may approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided, that (i) the Bonds are to be issued for the purpose of refunding all or a portion of the Refunded Bonds, providing for the funding of a debt service reserve fund for the Bonds and paying the costs incidental to such refunding and to the issuance of the Bonds; (ii) the maximum principal amount of the Bonds shall not exceed

\$110,000,000; (iii) the maximum term for which any of said Bonds are to run shall be 15 years; (iv) the maximum true interest cost, as calculated by the Financial Advisor and submitted to the CFO, to be incurred through the issuance of the Bonds, shall be five and a half percent (5.50%); (v) the resulting present value savings from refunding the Refunded Bonds, as calculated by the Financial Advisor and submitted to the CFO, shall be not less than such minimum savings amount determined by the CFO with the assistance of the Financial Advisor in compliance with the Department's financial policies; and (vi) the aggregate principal amount of the Bonds shall be no greater than the amount reasonably necessary, as determined by the CFO with the assistance of the Financial Advisor, to refund the Refunded Bonds and provide for the other purposes set forth in (i) above. The aggregate Underwriters' discount under the Purchase Contracts shall not exceed 0.50% of the principal amount of the Bonds.

Section 10. Offering Documents. A Preliminary Official Statement of the Department relating to the Bonds (the "Preliminary Official Statement"), in substantially the form submitted to the Board for consideration with this Resolution, is hereby approved, subject to such additions thereto or changes therein, and any amendments or supplements thereto, consistent with the parameters, terms and conditions previously established by the Board and approved by the Board and, where applicable, the City Council, as an Authorized Officer, with the approval of the City Attorney, may deem appropriate. All references to the Preliminary Official Statement herein shall be deemed to include such amendments and supplements thereto. The Authorized Officers are each hereby authorized and directed, for and on behalf of the Department, to cause the printing of and distribution of said Preliminary Official Statement to persons who may be interested in purchasing the Bonds. The Authorized Officers are each hereby authorized and directed, acting alone, for and on behalf of the Department, to execute and deliver a final Official Statement of the Department relating to the Bonds (the "Official Statement"), in substantially the form of the Preliminary Official Statement, subject to such additions thereto or changes therein, and any amendments or supplements thereto, consistent with the parameters, terms and conditions previously established by the Board and approved by the Board and, where applicable, the City Council, as such Authorized Officer, with the approval of the City Attorney, may deem appropriate, and to execute and deliver such certifications as the Underwriters may require in order to confirm that the Preliminary Official Statement and Official Statement have been "deemed final" by the Department for purposes of Securities and Exchange Commission Rule 15c2-12, such approval to be conclusively evidenced by the execution and delivery thereof. All references to the Official Statement herein shall be deemed to include such amendments and supplements thereto. The Board hereby approves the distribution of the Preliminary Official Statement and the Official Statement by the Underwriters in connection with the offering, marketing and sale of the Bonds.

Section 11. Sale of Bonds. The Authorized Officers are each hereby authorized and directed, acting alone, to proceed with the sale, on a current or forward delivery basis, of the Bonds when, upon the advice of the Financial Advisor and the Underwriters, such officers deem appropriate and subsequent to the distribution of the Preliminary Official Statement.

Section 12. Attestations. The Executive Director, CFO or Secretary of the Board or any of their respective designees are each hereby authorized and directed, acting alone, for and on behalf of the Department, to attest the signatures of the Authorized Officers, and to affix and attest the seal of the Department, as may be required or appropriate in connection with the

execution and delivery of the financing documents, including, but not limited to, the Indenture, the Escrow Agreement, the Continuing Disclosure Certificate, the Purchase Contracts and the Official Statement.

Section 13. Additional Action. The officers, employees and agents of the Department are each hereby authorized and directed, jointly and severally, for and on behalf of the Department, to do any and all things, including without limitation, to engage a verification agent or to publish any notice required in connection with the purchase of the Bonds, and to execute and deliver any and all documents, certificates and other instruments, which may include, one or more investment agreements and one or more escrow agreements, and amendments or supplements thereto, and any and all documents, which they may deem necessary or advisable in order to consummate the issuance, sale and delivery of the Bonds and/or the refunding of all or a portion of the Refunded Bonds by the purchase of the Refunded Bonds pursuant to an optional redemption, and otherwise to effectuate the purposes of this Resolution and the transactions contemplated hereby. The Authorized Officers and other officers, employees and agents of the Department are directed to take the actions specified herein or necessary to effect the purposes hereof, and all such actions by such officers, employees and agents or their designees are hereby deemed to be non-discretionary and ministerial.

Section 14. Ratification of Prior Actions. All actions heretofore taken by the officers, employees, and agents of the Department prior to the date this Resolution becomes final as described in Section 15 hereof in connection with or related to the issuance and sale of the Bonds or the refunding of all or a portion of the Refunded Bonds, including but not limited to the printing of and distribution of any Preliminary Official Statement, are hereby approved, ratified and confirmed.

Section 15. Effective Date. This Resolution shall take effect upon approval by the Mayor and City Council in the manner and at the time set forth in the Charter, including Sections 11.28.1, 11.28.2, 11.28.4 and 11.28.7 of the City Administrative Code.

I HEREBY CERTIFY that the foregoing Resolution was adopted by the Board of Harbor Commissioners of the City of Los Angeles at its meeting held _____, 2011.

ROSE M. DWORSHAK
Board Secretary

APPROVED AS TO FORM

_____, 2011
CARMEN A. TRUTANICH, City Attorney

By: _____
HEATHER M. MCCLOSKEY, Deputy

SECRETARY'S CERTIFICATION

I, Rose M. Dworshak, Secretary of the Board of Harbor Commissioners of the City of Los Angeles, State of California, do hereby certify the foregoing to be a full, true and correct copy of the original Resolution No. 11- adopted by the Board of Harbor Commissioners of the City of Los Angeles on _____, 2011.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Harbor Department of the City of Los Angeles, California, this 18th day of _____, 2011.

Secretary, Board of Harbor
Commissioners of the City of Los Angeles