PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER [•], 2024

NEW ISSUE—BOOK-ENTRY-ONLY **Ratings: See "RATINGS" herein.**

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Department, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Series 2024 Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), except that no opinion is expressed as to such exclusion of interest on any Series 2024A Bond or Series 2024B Bond for any period during which the Series 2024A Bond or the 2024B Bond, as applicable, is held by a person who, within the meaning of Section 147(a) of the Code, is a "substantial user" of the facilities refinanced with the proceeds of the Series 2024A Bonds and the Series 2024B Bonds or a "related person," (ii) interest on the Series 2024B Bonds and the Series 2024C Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code, however, interest on the Series 2024B Bonds and Series 2024C Bonds is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code, and (iii) interest on the Series 2024A Bonds is treated as a preference item in calculating the alternative minimum tax under the Code and is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. In addition, in the opinion of Bond Counsel to the Department, under existing statutes, interest on the Series 2024 Bonds is exempt from personal income taxes imposed by the State of California. See "TAX MATTERS" herein.

[Port Logo]

$[PAR]*
HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES
Refunding Revenue Bonds

$[PARA1]*	**$[PARA2]***	**$[PARB1]***	**$[PARB2]***	**$[PARC]***
2024 Series A-1	**2024 Series A-2**	**2024 Series B-1**	**2024 Series B-2**	**2024 Series C**
(AMT)	**(AMT)**	**(Exempt Facility**	**(Exempt Facility**	**(Governmental**
	(Green Bonds)	**Non-AMT)**	**Non-AMT)**	**Non-AMT)**
			(Green Bonds)	

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

The Harbor Department of the City of Los Angeles Refunding Revenue Bonds, 2024 Series A-1 (AMT) and 2024 Series A-2 (AMT) (Green Bonds) (collectively, the "Series 2024A Bonds"), the Harbor Department of the City of Los Angeles Refunding Revenue Bonds, 2024 Series B-1 (Exempt Facility Non-AMT) and 2024 Series B-2 (Exempt Facility Non-AMT) (Green Bonds) (collectively, the "Series 2024B Bonds"), and the Harbor Department of the City of Los Angeles Refunding Revenue Bonds, 2024 Series C (Governmental Non-AMT) (the "Series 2024C Bonds," and collectively with the Series 2024A Bonds and the Series 2024B Bonds, the "Series 2024 Bonds") are being issued to (a) refund and defease the Refunded Series 2014 Bonds (as described herein) to generate debt service savings for the Harbor Department of the City of Los Angeles (the "Department") and (b) pay the costs of issuance of the Series 2024 Bonds. The Series 2024 Bonds are being issued under and pursuant to Section 609 of the Charter of the City of Los Angeles and Section 11.28.1 et seq. of the Los Angeles Administrative Code; Resolution Nos. 24-[•] and 24-[•] adopted by the Board of Harbor Commissioners of the City of Los Angeles (the "Board") on July [24], 2024, and approved by the City Council of the City of Los Angeles and the Mayor of the City of Los Angeles on [•], 2024 and [•], 2024, respectively; Resolution Nos. 24-[•] and 24-[•], adopted by the Board on August [8], 2024; and an Indenture of Trust, to be dated as of September 1, 2024 (the "Indenture"), by and between the Department and U.S. Bank Trust Company, National Association, as trustee (the "Trustee").

The Series 2024 Bonds will be issued as fully registered bonds in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company ("DTC"), New York, New York. Individual purchases and sales of the Series 2024 Bonds may be made in book-entry form only in denominations of $5,000 and integral multiples thereof. Interest on the Series 2024 Bonds will be payable on February 1 and August 1, commencing on February 1, 2025. So long as the Series 2024 Bonds are held by DTC, the principal of and interest on the Series 2024 Bonds will be payable by wire transfer to DTC, which in turn will be required to remit such principal and interest to the DTC participants for subsequent disbursement to the beneficial owners of the Series 2024 Bonds, as more fully described herein. See "APPENDIX F—BOOK-ENTRY-ONLY SYSTEM."

The Series 2024 Bonds are subject to redemption prior to maturity, as more fully described herein. See "DESCRIPTION OF THE SERIES 2024 BONDS—Redemption Provisions."

Maturity Schedule on Inside Front Cover

Principal of and interest on the Series 2024 Bonds are payable solely from the Revenues and other amounts pledged under the Indenture. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024 BONDS—Source of Payment" and "—Harbor Revenue Fund." The Series 2024 Bonds will be issued on a parity with the Department's outstanding Parity Obligations. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024 BONDS—Outstanding Parity Obligations" herein.

THE SERIES 2024 BONDS DO NOT CONSTITUTE OR EVIDENCE AN INDEBTEDNESS OF THE CITY OF LOS ANGELES (THE "CITY"), THE STATE OF CALIFORNIA (THE "STATE") OR ANY SUBDIVISION THEREOF OTHER THAN THE DEPARTMENT, OR A LIEN OR CHARGE ON ANY PROPERTY OR THE GENERAL REVENUES OF THE CITY, THE STATE OR ANY SUBDIVISION THEREOF OTHER THAN THE DEPARTMENT, AND IN ANY EVENT THE SERIES 2024 BONDS SHALL NOT BE PAYABLE OUT OF ANY FUNDS OR PROPERTIES OF THE CITY OR THE DEPARTMENT OTHER THAN THE REVENUES DEPOSITED INTO THE HARBOR REVENUE FUND AS PROVIDED IN THE INDENTURE AND OTHER AMOUNTS PLEDGED THEREFOR UNDER THE INDENTURE. THE SERIES 2024 BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE DEPARTMENT IN CONTRAVENTION OF ANY CHARTER, STATUTORY OR CONSTITUTIONAL DEBT OR OTHER

* Preliminary, subject to change

LIMITATION OR RESTRICTION AND DO NOT CONSTITUTE AN OBLIGATION FOR WHICH THE DEPARTMENT OR THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE DEPARTMENT OR THE CITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION.

The purchase and ownership of Series 2024 Bonds involve investment risk and may not be suitable for all investors. This cover page contains certain information for general reference only. It is not intended to be a summary of the security or terms of the Series 2024 Bonds. Investors are advised to read the entire Official Statement, including any portion hereof included by reference, to obtain information essential to the making of an informed decision, giving particular attention to the matters discussed under "CERTAIN INVESTMENT CONSIDERATIONS." Capitalized terms used on this cover page and not otherwise defined have the meanings set forth herein.

The Series 2024 Bonds are offered when, as, and if issued and received by the Underwriters, subject to the approval of validity by Hawkins Delafield & Wood LLP, Bond Counsel to the Department, and to certain other conditions. Certain legal matters will be passed upon for the Department by the Office of the City Attorney of the City. Certain legal matters will be passed upon for the Department by Kutak Rock LLP, Disclosure Counsel to the Department. Certain legal matters will be passed upon for the Underwriters by their counsel, Katten Muchin Rosenman LLP. KNN Public Finance, LLC has served as Municipal Advisor to the Department. It is expected that the delivery of the Series 2024 Bonds will be made through the facilities of DTC on or about September 25, 2024.

Jefferies

Loop Capital Markets **Ramirez & Co., Inc.**

Date of Official Statement:

MATURITY SCHEDULE*

$[PARA1]*
Harbor Department of the City of Los Angeles
Refunding Revenue Bonds
2024 Series A-1
(AMT)

Maturity Date (August 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP Number†

$[PARA2]*
Harbor Department of the City of Los Angeles
Refunding Revenue Bonds
2024 Series A-2
(AMT) (Green Bonds)

Maturity Date (August 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP Number†

* Preliminary; subject to change

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$[PARB1]*
Harbor Department of the City of Los Angeles
Refunding Revenue Bonds
2024 Series B-1
(Exempt Facility Non-AMT)

Maturity Date (August 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP Number†

$[PARB2]*
Harbor Department of the City of Los Angeles
Refunding Revenue Bonds
2024 Series B-2
(Exempt Facility Non-AMT) (Green Bonds)

Maturity Date (August 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP Number†

* Preliminary; subject to change
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$[PARC][*]
Harbor Department of the City of Los Angeles
Refunding Revenue Bonds
2024 Series C
(Governmental Non-AMT)

Maturity Date (August 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP Number[†]

[*] Preliminary; subject to change

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HARBOR DEPARTMENT
OF THE CITY OF LOS ANGELES

425 South Palos Verdes Street
San Pedro, CA 90731

BOARD OF HARBOR COMMISSIONERS

Lucille Roybal-Allard, President
Diane Middleton, Vice President
Michael Muñoz
Edward Renwick
I. Lee Williams

OFFICERS AND EXECUTIVES

Eugene D. Seroka, Executive Director
Erica M. Calhoun, Interim Deputy Executive Director, Harbor Administration
Thomas Gazsi, Deputy Executive Director, Public Safety
Michael DiBernardo, Deputy Executive Director, Marketing and Customer Relations
Dina Aryan-Zahlan, Deputy Executive Director, Development
David Libatique, Deputy Executive Director, Stakeholder Engagement
Jeff Strafford, Director of Financial Planning and Analysis; Interim Chief Financial Officer

SPECIAL SERVICES

City Attorney

Office of the City Attorney of the City of Los Angeles
Hydee Feldstein Soto, *City Attorney*
Steven Y. Otera, *General Counsel*

Trustee

U.S. Bank Trust Company, National Association

Bond Counsel

Hawkins Delafield & Wood LLP

Disclosure Counsel

Kutak Rock LLP

Municipal Advisor

KNN Public Finance, LLC

Verification Agent

Causey Demgen & Moore P.C.

No dealer, broker, salesperson or other person has been authorized by the Department to give any information or to make any representations other than as set forth herein and, if given or made, such other information or representation must not be relied upon as having been authorized by the Department. 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 Series 2024 Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the Series 2024 Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of facts. See "INTRODUCTION—Forward-Looking Statements" herein.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in, Rule 15c2-12(b)(5) adopted by the U.S. Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

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 create any implication that there has been no change in the affairs of the Department since the date hereof. This Official Statement is submitted in connection with the sale of the Series 2024 Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

The order and placement of information in this Official Statement, including the appendices, are not an indication of relevance, materiality or relative importance, and this Official Statement, including the appendices, must be read in its entirety. The captions and headings in this Official Statement are for convenience only and in no way define, limit or describe the scope or intent, or affect the meaning or construction, of any provision or section in this Official Statement.

THE SERIES 2024 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED THEREIN, AND HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE. THE INDENTURE HAS NOT BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED THEREIN. THE SERIES 2024 BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY COMMISSION. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS OFFICIAL STATEMENT.

THE UNDERWRITERS MAY OFFER AND SELL THE SERIES 2024 BONDS TO CERTAIN DEALERS AND OTHERS AT PRICES LOWER OR YIELDS HIGHER THAN THE PUBLIC OFFERING PRICES OR YIELDS STATED ON THE INSIDE COVER PAGES OF THIS OFFICIAL STATEMENT, AND SUCH PUBLIC OFFERING PRICES OR YIELDS MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

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OFFICIAL STATEMENT

$[PAR][*]
HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES
Refunding Revenue Bonds

$[PARA1][*]	**$[PARA2][*]**	**$[PARB1][*]**	**$[PARB2][*]**	**$[PARC][*]**
2024 Series A-1 (AMT)	**2024 Series A-2 (AMT) (Green Bonds)**	**2024 Series B-1 (Exempt Facility Non-AMT**	**2024 Series B-2 (Exempt Facility Non-AMT) (Green Bonds)**	**2024 Series C (Governmental Non-AMT)**

INTRODUCTION

General

The purpose of this Official Statement, which includes the cover page, inside cover pages, table of contents and appendices, is to provide certain information concerning the sale and delivery by the Harbor Department of the City of Los Angeles (the "Department") of its (a) $[PARA1][*] Refunding Revenue Bonds, 2024 Series A-1 (AMT) (the "Series 2024A-1 Bonds"), (b) $[PARA2][*] Refunding Revenue Bonds, 2024 Series A-2 (AMT) (Green Bonds) (the "Series 2024A-2 Bonds," and together with the Series 2024A-1 Bonds, the "Series 2024 Bonds"), (c) $[PARB1][*] Refunding Revenue Bonds, 2024 Series B-1 (Exempt Facility Non-AMT) (the "Series 2024B-1 Bonds"), (d) $[PARB2][*] Refunding Revenue Bonds, 2024 Series B-2 (Exempt Facility Non-AMT) (Green Bonds) (the "Series 2024B-2 Bonds," and together with the Series 2024B-1 Bonds, the "Series 2024B Bonds"), and (e) $[PARC][*] Refunding Revenue Bonds, 2024 Series C (Governmental Non-AMT) (the "Series 2024C Bonds," and collectively with the Series 2024A Bonds and the Series 2024B Bonds, the "Series 2024 Bonds" or the "Bonds"). Capitalized terms used but not defined herein have the meanings ascribed to them in "APPENDIX C—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE."

This Introduction is qualified in its entirety by reference to the more detailed information included and referred to elsewhere in this Official Statement. The offering of the Series 2024 Bonds to potential investors is made only by means of the entire Official Statement.

The Department and the Port

The Department is an independent proprietary department of the City of Los Angeles (the "City"), with possession, management and control of the Port of Los Angeles (the "Port"), which is located in San Pedro Bay, approximately 20 miles south of downtown Los Angeles. The Department has three major sources of revenue: (a) shipping revenue, which is a function of cargo throughput; (b) revenue from the rental of the Port's land and buildings (i.e., revenue from permit and lease agreements, which is not generally a function of cargo throughput); and (c) fees and royalty revenue, which is the smallest source of revenue. During the fiscal year ended June 30, 2024, the Port handled 9,223,793 TEUs, as compared to 8,634,636 TEUs in the fiscal year ended June 30, 2023. A "TEU" is a unit of measurement often used to describe the length of a cargo container, the capacity of container ships and container terminals and is derived by converting the actual length of a cargo container into 20-foot equivalent units. A standard-sized cargo container comes in two lengths (a 20-foot metal box or a 40-foot metal box), which can be easily transferred between different modes of transportation, such as ships, trains and trucks. A 40-foot container

[*] Preliminary; subject to change.

equals two TEUs. According to the Pacific Merchant Shipping Association ("PMSA"), during calendar year 2023, the Port was the busiest container port in North America in terms of container volume, handling approximately 8.6 million TEUs. In terms of physical size, the Port covers approximately 7,500 acres (4,300 acres of land and 3,200 acres of water). The Port generally encompasses approximately 43 miles of waterfront berthing and 25 terminals, including seven major container cargo terminals, four break-bulk facilities, three dry bulk facilities, seven liquid bulk cargo terminals, two passenger cruise terminals, one vehicle handling facility and one multi-use facility. The Department's fiscal year ("Fiscal Year") currently begins on July 1 and ends on June 30 of the immediately succeeding year. A description of the Port, the Department and certain financial and operating information concerning the Department is contained in "THE PORT AND THE DEPARTMENT."

Authority for Issuance

The Series 2024 Bonds are being issued under and pursuant to Section 609 of the Charter of the City, and Section 11.28.1 et seq. of the Los Angeles Administrative Code (collectively, the "Charter"); Resolution Nos. 24-[•] and 24-[•] (collectively, the "Authorizing Resolutions") adopted by the Board of Harbor Commissioners of the City of Los Angeles (the "Board") on July [25], 2024 and approved by the City Council of the City (the "City Council") and the Mayor of the City (the "Mayor") on [•], 2024 and [•], 2024, respectively; Resolution Nos. 24-[•] and 24-[•] (collectively, the "Document Resolutions," and together with Authorizing Resolutions, the "Resolutions") adopted by the Board on August [8], 2024; and an Indenture of Trust, to be dated as of September 1, 2024 (the "Indenture"), by and between the Department and U.S. Bank Trust Company, National Association, as trustee (the "Trustee").

Purpose of the Series 2024 Bonds

Proceeds from the sale of the Series 2024 Bonds, together with certain other available moneys, will be used to refund and defease the Refunded Series 2014 Bonds (as defined herein) to generate debt service savings for the Department and pay costs of issuance of the Series 2024 Bonds, all as further described herein. See "PLAN OF REFUNDING."

Security for the Series 2024 Bonds

The principal of and interest on the Series 2024 Bonds are payable from, and secured by a pledge of and lien on, the Revenues (as defined herein) and other amounts pledged under the Indenture. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024 BONDS—Source of Payment" and "—Harbor Revenue Fund."

THE SERIES 2024 BONDS DO NOT CONSTITUTE OR EVIDENCE AN INDEBTEDNESS OF THE CITY, THE STATE OF CALIFORNIA (THE "STATE") OR ANY SUBDIVISION THEREOF OTHER THAN THE DEPARTMENT, OR A LIEN OR CHARGE ON ANY PROPERTY OR THE GENERAL REVENUES OF THE CITY, THE STATE OR ANY SUBDIVISION THEREOF OTHER THAN THE DEPARTMENT, AND IN ANY EVENT THE SERIES 2024 BONDS WILL NOT BE PAYABLE OUT OF ANY FUNDS OR PROPERTIES OF THE CITY OR THE DEPARTMENT OTHER THAN THE REVENUES DEPOSITED INTO THE HARBOR REVENUE FUND AS PROVIDED IN THE INDENTURE AND OTHER AMOUNTS PLEDGED THEREFOR UNDER THE INDENTURE. THE SERIES 2024 BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE DEPARTMENT IN CONTRAVENTION OF ANY CHARTER, STATUTORY OR CONSTITUTIONAL DEBT OR OTHER LIMITATION OR RESTRICTION AND DO NOT CONSTITUTE AN OBLIGATION FOR WHICH THE DEPARTMENT OR THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE DEPARTMENT OR THE CITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION.

Parity Obligations

As of September [1], 2024, the Department had $347,005,000 aggregate principal amount of Parity Obligations outstanding, which consisted of the Department's: (a) Revenue Bonds and Refunding Bonds, 2014 Series A (AMT) (the "Series 2014A Bonds"); (b) Refunding Revenue Bonds, 2014 Series B (Exempt Facility Non-AMT) (the "Series 2014B Bonds"); (c) Revenue Bonds, 2014 Series C (Governmental Non-AMT) (the "Series 2014C Bonds," and collectively with the Series 2014A Bonds and the Series 2014B Bonds, the "Series 2014 Bonds"); (d) Refunding Revenue Bonds, 2019 Series A (AMT) (the "Series 2019A Bonds"); (e) Refunding Revenue Bonds, 2019 Series B (Non-AMT) (the "Series 2019B Bonds"); (f) Refunding Revenue Bonds, 2019 Series C-1 (AMT) (Green Bonds) (the "Series 2019C-1 Bonds"); and (g) Refunding Revenue Bonds, 2019 Series C-2 (Non-AMT) (Green Bonds) (the "Series 2019C-2 Bonds," and collectively with the Series 2019A Bonds, the Series 2019B Bonds and the Series 2019C-1 Bonds, the "Series 2019 Bonds"). See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024 BONDS—Outstanding Parity Obligations." Also see "PLAN OF REFUNDING" for a discussion of the Department's plans to use a portion of the proceeds of the Series 2024 Bonds and certain other available moneys to refund and defease all or a portion of the Series 2014 Bonds.

The principal of and interest on the Parity Obligations are secured by a pledge of and lien on Revenues on parity with the Series 2024 Bonds. Subject to the satisfaction of certain conditions set forth in the Indenture, the Department may issue additional bonds, notes or other evidence of indebtedness secured by a pledge of and lien on Revenues on parity with the Series 2024 Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024 BONDS—Outstanding Parity Obligations."

Pursuant to the Indenture, obligations of the Department secured by a pledge of and lien on Revenues senior to the payment of principal of or interest on the Parity Obligations (including the Series 2024 Bonds) are prohibited. The Department has no such senior obligations outstanding. Certain indentures previously entered into by the Department ("Prior Indentures") do not permit the Department to enter into obligations secured by a pledge of and lien on Revenues ranking junior and subordinate to the payment of principal of and interest on the Parity Obligations issued pursuant to such Prior Indentures. However, the Indenture, subject to the provisions set forth in the Indenture, permits the Department to enter into obligations secured by a pledge of and lien on Revenues ranking junior and subordinate to the pledge of and lien on the Revenues securing the Series 2024 Bonds and any future Parity Obligations. It is the Department's intent that any future obligations entered into will also provide the Department with such flexibility. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024 BONDS—Outstanding Parity Obligations" and "APPENDIX C—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Restrictions on Additional Indebtedness".

Rate Covenant

The Department has covenanted under the Indenture that it will fix rates, tolls and charges, rentals for leases, permits and franchises, and compensations or fees for franchises and licenses, subject to the approval of or submission to the City Council only in those instances and in such manner as may be provided in the Charter, and collect such charges, rentals, compensations and fees, such as to provide revenues, after payment of all Operation and Maintenance costs for each Fiscal Year, which will at least equal 125% of Debt Service (as defined herein), any amounts required to be paid to the provider of any Common Reserve Security Device (as defined herein) pursuant to such Common Reserve Security Device, any amounts required to be paid to the provider of any Separate Reserve Fund Security Device pursuant to such Separate Reserve Fund Security Device and other amounts to be paid by the Department under the Indenture for such Fiscal Year and during such period the City Council will, when its approval is required by the Charter, approve rates, tolls, charges, rentals, compensations and fees so fixed by the Department, sufficient for the purposes aforesaid; no ordinance adopted by the City Council approving any rate, toll, charge, rental compensation or fee so fixed by the Department will be subject to referendum. "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024 BONDS—Rate Covenant"

Continuing Disclosure

In connection with the issuance of the Series 2024 Bonds, the Department will agree to provide, or to cause to be provided, to the Municipal Securities Rulemaking Board ("MSRB") through its Electronic Municipal Market Access system ("EMMA"), for purposes of Rule 15c2-12(b)(5) ("Rule 15c2-12") adopted by the U.S. Securities and Exchange Commission ("SEC") under the Securities Exchange Act of 1934, as amended, certain annual financial information and operating data relating to the Department and the Port, and, notice of certain enumerated events. These covenants are made in order to assist the Underwriters (as defined herein) in complying with Rule 15c2-12. See "CONTINUING DISCLOSURE" and "APPENDIX D—FORM OF CONTINUING DISCLOSURE CERTIFICATE."

Forward-Looking Statements

This Official Statement, including the appendices hereto, contains statements relating to future results that are forward-looking statements. When used in this Official Statement, the words "estimate," "anticipate," "forecast," "project," "intend," "propose," "plan," "expect" and similar expressions identify forward-looking statements. 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. See "CERTAIN INVESTMENT CONSIDERATIONS—Forward-Looking Statements."

Additional Information

Brief descriptions of the Series 2024 Bonds, the Charter, the Resolutions, the Indenture and certain other documents are included in this Official Statement and the appendices hereto. Such descriptions do not purport to be comprehensive or definitive. All references herein to such documents and any other documents, statutes, reports or other instruments described herein are qualified in their entirety by reference to each such document, statute, report or other instrument. Information contained herein has been obtained from officers, employees and records of the Department and from other sources believed to be reliable. The information herein is subject to change without notice, and the delivery of this Official Statement will under no circumstances create any implication that there has been no change in the affairs of the Department or the Port since the date hereof. This Official Statement is not to be construed as a contract or agreement between the Department or the Underwriters and the purchasers or Owners of any of the Series 2024 Bonds. The Department maintains a website, and a presence on a variety of social media and internet platforms, the information on such platforms is not part of this Official Statement, has not and is not incorporated by reference herein, and should not be relied upon in deciding whether to invest in the Series 2024 Bonds.

PLAN OF REFUNDING

Plan of Refunding of Series 2014 Bonds

The Series 2024 Bonds are being issued to (a) current refund and defease all or a portion of (i) the Series 2014A Bonds (the "Refunded Series 2014A Bonds"), which are currently outstanding in the aggregate principal amount of $156,375,000, (ii) the Series 2014B Bonds (the "Refunded Series 2014B Bonds"), which are currently outstanding in the aggregate principal amount of $72,280,000, and (iii) the

Series 2014C Bonds (the "Refunded Series 2014C Bonds"), which are currently outstanding in the aggregate principal amount of $36,040,000, and (b) pay the costs of issuance of the Series 2024 Bonds.

The following tables detail the Refunded Series 2014A Bonds, the Refunded Series 2014B Bonds and the Refunded Series 2014C Bonds (collectively, the "Refunded Series 2014 Bonds") that may be refunded. The specific maturities and principal amounts, if any, of the outstanding Refunded Series 2014 Bonds that will be refunded will be determined by the Department at the time the Department and the Underwriters sign the Bond Purchase Agreement (as defined herein). The refunding of the Refunded Series 2014 Bonds is subject to market conditions, and the Department will only refund the Refunded Series 2014 Bonds if such refunding results in acceptable debt service savings to the Department.

Refunded Series 2014A Bonds*

Maturity Date (August 1)	Principal Amount	Interest Rate	CUSIP Number[1]	Redemption Date[2]
2025	$ 3,310,000	5.000%	544552VW9	December 24, 2024
2026	3,480,000	5.000	544552VX7	December 24, 2024
2027	7,245,000	5.000	544552VY5	December 24, 2024
2028	8,160,000	5.000	544552VZ2	December 24, 2024
2029	5,255,000	5.000	544552WA6	December 24, 2024
2030	7,945,000	5.000	544552WB4	December 24, 2024
2031	7,930,000	5.000	544552WC2	December 24, 2024
2032	9,965,000	5.000	544552WD0	December 24, 2024
2033	10,475,000	5.000	544552WE8	December 24, 2024
2034	11,015,000	5.000	544552WF5	December 24, 2024
2035	11,575,000	5.000	544552WG3	December 24, 2024
2036	12,175,000	5.000	544552WH1	December 24, 2024
2044	57,845,000	5.000	544552WJ7	December 24, 2024
Total	$156,375,000			

* Preliminary; subject to change.

[1] CUSIP numbers are provided only for the convenience of the reader. Neither the Department nor the Underwriters undertake any responsibility for the accuracy of such CUSIP numbers or for any changes or errors in the list of CUSIP numbers.

[2] The Refunded Series 2014A Bonds will be redeemed on December 24, 2024 at a redemption price of 100% of the principal thereof, plus accrued interest.

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Refunded Series 2014B Bonds*

Maturity Date (August 1)	Principal Amount	Interest Rate	CUSIP Number[1]	Redemption Date[2]
2025	$ 2,180,000	5.000%	544552WV0	December 24, 2024
2026	2,290,000	5.000	544552WW8	December 24, 2024
2027	2,410,000	5.000	544552WX6	December 24, 2024
2028	2,530,000	5.000	544552WY4	December 24, 2024
2029	640,000	3.000	544552WZ1	December 24, 2024
2029	2,015,000	5.000	544552XK3	December 24, 2024
2030	2,785,000	5.000	544552XA5	December 24, 2024
2031	540,000	3.250	544552XB3	December 24, 2024
2031	2,385,000	5.000	544552XL1	December 24, 2024
2032	3,065,000	5.000	544552XC1	December 24, 2024
2033	3,225,000	5.000	544552XD9	December 24, 2024
2034	3,390,000	5.000	544552XE7	December 24, 2024
2035	3,565,000	5.000	544552XF4	December 24, 2024
2036	1,750,000	3.500	544552XG2	December 24, 2024
2036	1,985,000	5.000	544552XM9	December 24, 2024
2039	12,345,000	5.000	544552XJ6	December 24, 2024
2044	25,180,000	5.000	544552XH0	December 24, 2024
Total	$72,280,000			

* Preliminary; subject to change.

1 CUSIP numbers are provided only for the convenience of the reader. Neither the Department nor the Underwriters undertake any responsibility for the accuracy of such CUSIP numbers or for any changes or errors in the list of CUSIP numbers.

2 The Refunded Series 2014B Bonds will be redeemed on December 24, 2024 at a redemption price of 100% of the principal thereof, plus accrued interest.

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Refunded Series 2014C Bonds*

Maturity Date (August 1)	Principal Amount	Interest Rate	CUSIP Number[1]	Redemption Date[2]
2025	$ 1,075,000	5.000%	544552XY3	December 24, 2024
2026	1,130,000	5.000	544552XZ0	December 24, 2024
2027	1,190,000	5.000	544552YA4	December 24, 2024
2028	1,250,000	5.000	544552YB2	December 24, 2024
2029	1,315,000	5.000	544552YC0	December 24, 2024
2030	1,380,000	5.000	544552YD8	December 24, 2024
2031	1,450,000	5.000	544552YE6	December 24, 2024
2032	1,525,000	5.000	544552YF3	December 24, 2024
2033	1,605,000	5.000	544552YG1	December 24, 2024
2034	1,685,000	5.000	544552YH9	December 24, 2024
2035	1,775,000	5.000	544552YJ5	December 24, 2024
2036	1,865,000	5.000	544552YK2	December 24, 2024
2039	6,185,000	5.000	544552YM8	December 24, 2024
2044	12,610,000	5.000	544552YL0	December 24, 2024
Total	$36,040,000			

* Preliminary; subject to change.

1 CUSIP numbers are provided only for the convenience of the reader. Neither the Department nor the Underwriters undertake any responsibility for the accuracy of such CUSIP numbers or for any changes or errors in the list of CUSIP numbers.

2 The Refunded Series 2014C Bonds will be redeemed on December 24, 2024 at a redemption price of 100% of the principal thereof, plus accrued interest.

A portion of the proceeds of the Series 2024A Bonds, together with certain moneys to be contributed by the Department, will be deposited with U.S. Bank Trust Company, National Association, as trustee and escrow agent, and will be held in an escrow fund (the "Series 2014A Escrow Fund"), to be created under the terms of an escrow agreement between the Department and U.S. Bank Trust Company, National Association, as trustee and escrow agent. Amounts deposited into the Series 2014A Escrow Fund will be invested in direct, noncallable obligations of the United States Treasury, and such amounts, together with the earnings thereon, will be used on December 24, 2024 to redeem the Refunded Series 2014A Bonds at a redemption price of 100% of the principal amount thereof, plus accrued interest thereon. Upon delivery of the Series 2024 Bonds, Causey Demgen & Moore P.C. (the "Verification Agent") will deliver a report stating that the firm has verified the mathematical accuracy of certain computations relating to the adequacy of the amounts to be deposited to the Series 2014A Escrow Fund, together with interest earnings thereon, to pay on December 24, 2024 the redemption price of the Refunded Series 2014A Bonds (at a redemption price of 100% of the principal amount thereof), plus accrued interest thereon. See "VERIFICATION OF MATHEMATICAL COMPUTATIONS."

A portion of the proceeds of the Series 2024B Bonds, together with certain moneys to be contributed by the Department, will be deposited with U.S. Bank Trust Company, National Association, as trustee and escrow agent, and will be held in an escrow fund (the "Series 2014B Escrow Fund"), to be created under the terms of an escrow agreement between the Department and U.S. Bank Trust Company, National Association, as trustee and escrow agent. Amounts deposited into the Series 2014B Escrow Fund will be invested in direct, noncallable obligations of the United States Treasury, and such amounts, together with the earnings thereon, will be used on December 24, 2024 to redeem the Refunded Series 2014B Bonds at a redemption price of 100% of the principal amount thereof, plus accrued interest thereon. Upon delivery of the Series 2024 Bonds, the Verification Agent will deliver a report stating that the firm has verified the mathematical accuracy of certain computations relating to the adequacy of the amounts to be deposited to the Series 2014B Escrow Fund, together with interest earnings thereon, to pay on December 24, 2024 the redemption price of the Refunded Series 2014B Bonds (at a redemption price of 100% of the principal amount thereof), plus accrued interest thereon. See "VERIFICATION OF MATHEMATICAL COMPUTATIONS."

A portion of the proceeds of the Series 2024C Bonds, together with certain moneys to be contributed by the Department, will be deposited with U.S. Bank Trust Company, National Association, as trustee and escrow agent, and will be held in an escrow fund (the "Series 2014C Escrow Fund"), to be created under the terms of an escrow agreement between the Department and U.S. Bank Trust Company, National Association, as trustee and escrow agent. Amounts deposited into the Series 2014C Escrow Fund will be invested in direct, noncallable obligations of the United States Treasury, and such amounts, together with the earnings thereon, will be used on December 24, 2024 to redeem the Refunded Series 2014C Bonds at a redemption price of 100% of the principal amount thereof, plus accrued interest thereon. Upon delivery of the Series 2024 Bonds, the Verification Agent will deliver a report stating that the firm has verified the mathematical accuracy of certain computations relating to the adequacy of the amounts to be deposited to the Series 2014C Escrow Fund, together with interest earnings thereon, to pay on December 24, 2024 the redemption price of the Refunded Series 2014C Bonds (at a redemption price of 100% of the principal amount thereof), plus accrued interest thereon. See "VERIFICATION OF MATHEMATICAL COMPUTATIONS."

Application of Series 2024 Bond Proceeds and Other Available Moneys

Proceeds from the sale of the Series 2024 Bonds, together with certain other available moneys, will be used to refund and defease the Refunded Series 2014 Bonds to generate debt service savings and pay costs of issuance of the Series 2024 Bonds. The following table sets forth the sources and uses of funds in connection with the issuance of the Series 2024 Bonds.

Sources	**Series 2024A Bonds**	**Series 2024B Bonds**	**Series 2024C Bonds**	**Total**
Par Amount	$	$	$	$
Original Issue Premium/(Discount)				
Other Available Moneys[1]				
Total Sources	$	$	$	$
Uses				
Deposit to Escrow Funds	$	$	$	$
Costs of Issuance[2]				
Underwriters' Discount				
Total Uses	$	$	$	$

[1] Includes a release of funds allocable to the Refunded Series 2014 Bonds from the Common Reserve, and a release of funds from the Interest Funds for the Refunded Series 2014 Bonds.

[2] Includes Trustee fees, Verification Agent fees, municipal advisor fees and expenses, rating agency fees, bond and disclosure counsel fees and expenses, printing costs, other costs of issuing the Series 2024 Bonds.

GREEN BONDS DESIGNATION

[The Department engaged Sustainalytics to review the Department's Green Bond Framework (the "Framework") and provide a second-party opinion on the Framework's environmental credentials, as well as the alignment of the Framework with the *Green Bond Principles 2018* (the "GBP 2018"), which are administered by the International Capital Market Association. As part of this engagement, Sustainalytics held conversations with various members of the Department's management team to understand the sustainability impact of their business processes and use of proceeds of the Series 2024A-2 Bonds and the Series 2024B-2 Bonds, as well as management of proceeds and reporting aspects of the Framework, and reviewed relevant public documents and non-public information. Sustainalytics is of the opinion that the Framework, pursuant to which the Department has labeled the Series 2024A-2 Bonds and the Series 2024B-2 Bonds as "Green Bonds," is credible and impactful, and aligns with the four core components of the GBP 2018. Sustainalytics conclusions were due, in part, to the use of the proceeds of the Series 2024A-2 Bonds and the Series 2024B-2 Bonds to refund the portion of the respective Refunded Series 2014A Bonds and the Refunded Series 2014B Bonds which were issued to refinance projects that fall under the eligible categories defined under the GBP 2018 ("Green Projects"). The purpose of designating the offered bonds as "Green Bonds" is to allow investors to invest directly in bonds which refinance existing Green Projects. Construction of such Green Projects has been completed, and details on allocated amounts and impact indicators are discussed within the Framework, and therefore, no additional reporting on the status of the Green Projects is anticipated.]

The use of the term "Green Bonds" is solely for identification purposes and is not intended to provide or imply that the owners of the Series 2024A-2 Bonds and the Series 2024B-2 Bonds are entitled to any security other than that described under the heading, "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024 BONDS.

DESCRIPTION OF THE SERIES 2024 BONDS

General

The Series 2024 Bonds will bear interest at the rates and mature on the dates set forth on the inside cover pages of this Official Statement. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Series 2024 Bonds will be dated their date of delivery, and will bear interest from that date, payable semi-annually on February 1 and August 1 of each year (each an "Interest Payment Date"), commencing on February 1, 2025. Interest due and payable on the Series 2024 Bonds on any Interest Payment Date will be paid to the registered owner as of the Record Date (Cede & Co., so long as the book-entry system with The Depository Trust Company ("DTC") is in effect). Each Series 2024 Bond will bear interest from the Interest Payment Date next preceding the date of authentication thereof unless (a) it is authenticated after a Record Date and on or before the following Interest Payment Date, in which event it will bear interest from such Interest Payment Date, or (b) it is authenticated on or before January 15, 2025, in which event it will bear interest from its date of delivery; provided, however, that if, as of the date of authentication of any Series 2024 Bond, interest thereon is in default, such Series 2024 Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

The Series 2024 Bonds will be issued in denominations of $5,000 or integral multiples thereof. The Series 2024 Bonds will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co., as registered owner and nominee of DTC. DTC will act as securities depository for the Series 2024 Bonds. Individual purchases may be made in book-entry form only. Purchasers will not receive certificates representing their interest in the Series 2024 Bonds purchased. So long as Cede & Co., as a nominee of DTC, is the registered owner of the Series 2024 Bonds, references herein to the Owners or registered owners means Cede & Co., and does not mean the beneficial owners of the Series 2024 Bonds.

So long as Cede & Co. is the registered owner of the Series 2024 Bonds, principal of and interest on the Series 2024 Bonds will be payable by wire transfer by the Trustee to Cede & Co., as nominee for

DTC, which is required, in turn, to remit such amounts to the DTC participants, for subsequent disbursement to the beneficial owners. See “APPENDIX F—BOOK-ENTRY-ONLY SYSTEM.”

Redemption Provisions

Optional Redemption. The Series 2024A Bonds maturing on or before August 1, 20__ are not subject to optional redemption prior to maturity. The Series 2024A Bonds maturing on or after August 1, 20__, are subject to redemption at the option of the Department prior to their stated maturity, as a whole, or in part in integral multiples of $5,000, on any date on or after __________, 20__, at a redemption price equal to the principal amount thereof, plus accrued and unpaid interest thereon to the redemption date, without premium.

The Series 2024B Bonds maturing on or before August 1, 20__ are not subject to optional redemption prior to maturity. The Series 2024B Bonds maturing on or after August 1, 20__, are subject to redemption at the option of the Department prior to their stated maturity, as a whole, or in part in integral multiples of $5,000, on any date on or after __________, 20__, at a redemption price equal to the principal amount thereof, plus accrued and unpaid interest thereon to the redemption date, without premium.

The Series 2024C Bonds maturing on or before August 1, 20__ are not subject to optional redemption prior to maturity. The Series 2024C Bonds maturing on or after August 1, 20__, are subject to redemption at the option of the Department prior to their stated maturity, as a whole, or in part in integral multiples of $5,000, on any date on or after __________, 20__, at a redemption price equal to the principal amount thereof, plus accrued and unpaid interest thereon to the redemption date, without premium.

Selection of Bonds for Redemption. In the case of any redemption in part of a Series of the Series 2024 Bonds, the Series 2024 Bonds to be redeemed are subject to redemption in such order of maturity as the Department may direct and by lot, selected in such manner as the Trustee deems appropriate, within a maturity; provided, however, that for so long as the Series 2024 Bonds are Book-Entry Bonds, the interests of the Participants in the particular Series 2024 Bonds or portions thereof to be redeemed of a Series of Series 2024 Bonds and within a maturity will be selected by lot by the Security Depository (DTC) in such manner as the Security Depository and the Participants may determine.

Notice of Redemption. Notice of redemption will be mailed by first-class mail not less than 20 days before any redemption date, to the respective Owners of any Series 2024 Bonds designated for redemption at their addresses appearing on the Registration Books and to the Securities Depositories (DTC) and to the Information Services (MSRB’s EMMA system). Each notice of redemption will state the redemption date, the place or places of redemption, the Series, the maturity date and the interest rate of the Series 2024 Bonds to be redeemed, whether less than all of the Series 2024 Bonds are to be redeemed, the distinctive numbers of the Series 2024 Bonds to be redeemed, and in the case of Series 2024 Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice will also state that on the redemption date there will become due and payable on each of said Series 2024 Bonds or parts thereof designated for redemption the principal amount with respect thereto (or portions thereof), plus accrued and unpaid interest thereon to the redemption date, without premium (the “Redemption Price”) thereof, and that from and after such redemption date interest thereon will cease to accrue, and will require that such Series 2024 Bonds be surrendered. Neither the failure to receive any notice nor any defect therein will affect the validity of the proceedings for such redemption or the cessation of accrual of interest from and after the redemption date. Notice of redemption of Series 2024 Bonds will be given by the Trustee, at the expense of the Department, for and on behalf of the Department.

With respect to any notice of redemption of Series 2024 Bonds under the Indenture, unless upon the giving of such notice such Series 2024 Bonds will be deemed to have been paid within the meaning of the Indenture or the Trustee has received amounts sufficient to pay the Redemption Price of such Series 2024 Bonds to be redeemed, such notice will state that such redemption is conditioned upon the receipt by the Trustee on or prior to the date fixed for such redemption of amounts sufficient to pay the Redemption Price of such Series 2024 Bonds to be redeemed, and that if such amounts have not been received said notice will be of no force and effect and such Series 2024 Bonds will not be subject to redemption on such date. In the event that such notice of redemption contains such a condition and such amounts are not so received, the redemption will not be made and the Trustee will within a reasonable time thereafter give notice, to the persons and in the manner in which the notice of redemption was given, that such amounts were not so received and the redemption was not made.

Effect of Redemption. Notice of redemption having been duly given as described above, and moneys for payment of the Redemption Price of the Series 2024 Bonds (or portions thereof) so called for redemption being held by the Trustee, on the redemption date designated in such notice, the Series 2024 Bonds (or portions thereof) so called for redemption will become due and payable, interest on the Series 2024 Bonds so called for redemption will cease to accrue, said Series 2024 Bonds (or portions thereof) will cease to be entitled to any benefit or security under the Indenture, and the Owners of said Series 2024 Bonds will have no rights in respect thereof except to receive payment of the Redemption Price thereof. The Trustee will, upon surrender for payment of any of the Series 2024 Bonds to be redeemed on their redemption dates, pay such Series 2024 Bonds at the Redemption Price.

Partial Redemption. Upon surrender of any Series 2024 Bond redeemed in part only, the Department will execute and the Trustee will authenticate and deliver to the Owner thereof, at the expense of the Department, a new Series 2024 Bond or Series 2024 Bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Series 2024 Bonds surrendered and of the same interest rate, maturity and Series.

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024 BONDS

Source of Payment

Subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture, all of the Revenues and any other amounts (including proceeds of the sale of the Series 2024 Bonds) held in any fund or account established pursuant to the Indenture (except the Rebate Fund) are irrevocably pledged to secure the payment of the principal of and interest, and the premium, if any, on the Series 2024 Bonds in accordance with their terms and the provisions of the Indenture. The pledge of the Revenues is on a parity with the lien on and security interest in Revenues granted to the other Parity Obligations pursuant to the Issuing Documents for such Parity Obligations.

No debt service reserve fund will be established to secure the payment of principal of and interest on the Series 2024 Bonds. The Series 2024 Bonds will not be secured by amounts held in the Common Reserve (defined herein) that secure all Common Reserve Parity Obligations (defined herein). See also "—No Reserve Fund Established for Series 2024 Bonds Reserve Fund; Reserve Fund Established for Certain Parity Obligations Not Available for Series 2024 Bonds" for additional information.

"*Revenues*" means: (a) all money received or collected from or arising out of the use or operation of any harbor or port improvement, work, structure, appliance, facility or utility, service, or watercraft, owned, controlled or operated by the City in or upon or pertaining to the lands and waters, or interests therein, of the City in the Harbor District (as defined below); all tolls, charges and rentals collected by the Department; and all compensations or fees required to be paid for franchises or licenses, or otherwise by law or ordinance or order, to the City for the operation of any public service utility upon lands and waters, or interests therein, of the City in the Harbor District; provided that for the avoidance of doubt user fees collected by the Department on behalf of, or required to be transmitted to, third parties pursuant to applicable law and not commingled with Revenues, will not be deemed to be Revenues; and (b) all interest or gain derived from the investment of amounts in any of the funds or accounts established under the Indenture (except interest and gain derived from the Rebate Fund).

"*Parity Obligations*" means the Series 2024 Bonds and all revenue bonds or notes of the Department authorized, executed, issued and delivered by the Department, and all contracts of the Department authorized and executed by the Department, the payments of which are on a parity with the Series 2024 Bonds and which are secured by a pledge of and lien on the Revenues. See "—Outstanding Parity Obligations" below.

THE SERIES 2024 BONDS DO NOT CONSTITUTE OR EVIDENCE AN INDEBTEDNESS OF THE CITY, THE STATE OR ANY SUBDIVISION THEREOF OTHER THAN THE DEPARTMENT, OR A LIEN OR CHARGE ON ANY PROPERTY OR THE GENERAL REVENUES OF THE CITY, THE STATE OR ANY SUBDIVISION THEREOF OTHER THAN THE DEPARTMENT, AND IN ANY EVENT THE SERIES 2024 BONDS WILL NOT BE PAYABLE OUT OF ANY FUNDS OR PROPERTIES OF THE CITY OR THE DEPARTMENT OTHER THAN THE REVENUES DEPOSITED INTO THE HARBOR REVENUE FUND AS PROVIDED IN THE INDENTURE AND OTHER AMOUNTS PLEDGED THEREFOR UNDER THE INDENTURE. THE SERIES 2024 BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE DEPARTMENT IN CONTRAVENTION OF ANY CHARTER, STATUTORY OR CONSTITUTIONAL DEBT OR OTHER LIMITATION OR RESTRICTION AND DO NOT CONSTITUTE AN OBLIGATION FOR WHICH THE DEPARTMENT OR THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE DEPARTMENT OR THE CITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION.

As of September [1], 2024, the Department had $347,005,000 aggregate principal amount of Parity Obligations (including the Refunded Series 2014 Bonds) outstanding. See "—Outstanding Parity Obligations" below for additional information on the Parity Obligations. The principal of and interest on the Parity Obligations are secured by a pledge and lien on Revenues on a parity with the Series 2024 Bonds. Subject to the satisfaction of certain conditions set forth in the Indenture, the Department may issue additional bonds, notes or other evidence of indebtedness secured by a pledge and lien on Revenues on a parity with the Series 2024 Bonds. Pursuant to the Indenture, obligations of the Department secured by a pledge of and lien on Revenues senior to the payment of principal of or interest on the Parity Obligations (including the Series 2024 Bonds) are prohibited. The Department has no such senior obligations outstanding. Certain indentures previously entered into by the Department ("Prior Indentures") do not permit the Department to enter into obligations secured by a pledge of and lien on Revenues ranking junior and subordinate to the payment of principal of and interest on the Parity Obligations issued pursuant to such Prior Indentures. However, the Indenture, subject to the provisions set forth in the Indenture, permits the Department to enter into obligations secured by a pledge of and lien on Revenues ranking junior and subordinate to the pledge of and lien on the Revenues securing the Series 2024 Bonds and any future Parity Obligations. It is the Department's intent that any future obligations entered into will also provide the Department with such flexibility. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024 BONDS—Outstanding Parity Obligations" and "APPENDIX C—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Restrictions on Additional Indebtedness".

"*Issuing Document*" means any indenture of trust, trust agreement, credit agreement or other document pursuant to which any Parity Obligations are issued or delivered; provided that, if a trustee is appointed under an Issuing Document, the trustee for all Parity Obligations will be the Trustee. The Indenture is an Issuing Document.

Harbor Revenue Fund

The Harbor Revenue Fund is a fund held by the Department and established by the Charter (the "Harbor Revenue Fund"). Pursuant to the Charter, all fees, charges, rentals and revenue from every source collected by the Department in connection with its possession, management and control of the Harbor District and Harbor Assets (as defined below) are deposited in the City Treasury to the credit of the Harbor Revenue Fund. All such moneys and revenues deposited in the Harbor Revenue Fund are under the direction and control of the Board.

Pursuant to the Charter, moneys deposited in the Harbor Revenue Fund may be appropriated or used only for the following purposes:

(a) for the necessary expenses of operating the Department, including the operation, promotion and maintenance of the lands and waters, and interests therein, under the possession, management and control of the Board (the "Harbor District") and all harbor and port improvements, works, utilities, facilities and watercraft, owned, controlled or operated by the Department (collectively with the Harbor District, the "Harbor Assets") in connection with or for the promotion and accommodation of maritime commerce, navigation and fishery ("Departmental Purposes");

(b) for the acquisition, construction, completion and maintenance of Harbor Assets for Departmental Purposes, and for the acquisition or taking by purchase, lease, condemnation or otherwise of property, real or personal, or other interest necessary or convenient for Departmental Purposes;

(c) for the payment of the principal and interest of bonds issued by the Department or by the City for Departmental Purposes;

(d) for defraying the expenses of any pension or retirement system applicable to the employees of the Department; and

(e) for reimbursements to another department or office of the City on account of services rendered, or materials, supplies or equipment furnished to support Departmental Purposes.

Flow of Funds

The Indenture establishes the following funds: (a) the Interest Fund (the "Interest Fund"); (b) the Principal Fund (the "Principal Fund"); (c) the Redemption Fund; (d) the Costs of Issuance Fund; and (e) the Rebate Fund (the "Rebate Fund"). All such funds and accounts are to be held and administered by the Trustee.

The Department will, from the moneys in the Harbor Revenue Fund, from time to time, pay all Operation and Maintenance costs (including amounts reasonably required to be set aside in contingency reserves for Operation and Maintenance costs, the payment of which is not then immediately required) as they become due and payable. In addition, the Department will transfer from the Harbor Revenue Fund to the Trustee for deposit into the following respective funds, the following amounts in the following order of priority and at the following times, the requirements of each such fund (including the making up of any deficiencies in any such fund resulting from lack of Revenues sufficient to make any earlier required deposit) at the time of deposit:

(a) Not later than the third Business Day preceding each date on which the interest on the Series 2024 Bonds becomes due and payable under the Indenture, that sum, if any, required to cause the aggregate amount on deposit in the Interest Fund to be at least equal to the amount of interest becoming due and payable on such date on all Series 2024 Bonds then Outstanding. The Department also will deposit in any applicable interest account created with respect to Parity Obligations, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, any other interest in accordance with the provisions of the Issuing Document relating thereto.

(b) Not later than the third Business Day preceding each date on which the principal of the Series 2024 Bonds becomes due and payable under the Indenture, that sum, if any, required to cause the aggregate amount on deposit in the Principal Fund to equal the principal amount of the Series 2024 Bonds coming due and payable on such date. The Department also will deposit in any applicable principal account created with respect to Parity Obligations, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, any other principal in accordance with the provisions of the Issuing Document relating thereto.

(c) The Department will, from the remaining moneys in the Harbor Revenue Fund, thereafter, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, transfer to the Trustee for deposit in: (i) the reserve funds for Parity Obligations which the Department has elected to make a part of the Common Reserve, an amount necessary to cause the balance on deposit therein, including the amounts available under the Common Reserve Security Devices, to be equal to the Common Reserve Requirement or to reimburse the providers of the Common Reserve Security Devices for any draws thereon in accordance with the written direction of the providers of the Common Reserve Security Devices, including interest due on amounts drawn thereunder; provided that to the extent the Department has transferred or is currently transferring amounts necessary to reimburse the providers of the Common Reserve Security Devices as described above, the amount available under the Common Reserve Security Devices will be deemed to be reinstated by the amount of the draws so reimbursed when determining the balance in the Common Reserve for purposes of this provision; and (ii) each Separate Reserve Fund for any Parity Obligations, an amount necessary to cause the balance on deposit therein, including the amounts available under any security devices credited to such Separate Reserve Fund, to be equal to the Separate Reserve Fund Requirement for such Parity Obligations or to reimburse the providers of such security devices for any draws thereon in accordance with the written direction of the providers thereof, including interest due on amounts drawn thereunder in accordance with the provisions of the Issuing Document for such Parity Obligations; provided that to the extent the Department has transferred or is currently transferring amounts necessary to reimburse the providers of such security devices as described above, the amount available under such security devices will be deemed to be reinstated by the amount of the draws so reimbursed when determining the balance in such Separate Reserve Fund for purposes of this provision.

No transfer of moneys for deposit to the reserve funds for Parity Obligations which the Department has elected to make a part of the Common Reserve need be made if the balance in the Common Reserve, including the amount available under any Common Reserve Security Device, is at least equal to the Common Reserve Requirement. No transfer of moneys for deposit to any Separate Reserve Fund for any Parity Obligations need be made if the balance in such Separate Reserve Fund, including the amount available under any security devices credited to such Separate Reserve Fund, is at least equal to the Separate Reserve Fund Requirement for such Parity Obligations. No debt service reserve fund will be established to secure the payment of the principal of and interest on the Series 2024 Bonds. See "—No Reserve Fund Established for Series 2024

Bonds Reserve Fund; Reserve Fund Established for Certain Parity Obligations Not Available for Series 2024 Bonds" below for additional information.

(d) Subject to the provisions of the Indenture, the Department shall, from the remaining moneys in the Harbor Revenue Fund, thereafter, without preference or priority, from time to time, pay all debt service on any Subordinate Obligations issued or incurred in compliance with the provisions of the Indenture contained under the caption "—Additional Debt" below as it becomes due and payable and in the event of any insufficiency of such moneys ratably without any discrimination or preference and thereafter, to the replenishment of any reserve funds for any such Subordinate Obligations.

(e) Subject to the provisions of the Indenture, thereafter, the Department may apply Revenues for any lawful purpose.

Rate Covenant

The Department has covenanted under the Indenture that it will fix rates, tolls and charges, rentals for leases, permits and franchises, and compensations or fees for franchises and licenses, subject to the approval of or submission to the City Council only in those instances and in such manner as may be provided in the Charter, and collect such charges, rentals, compensations and fees, such as to provide revenues, after payment of all Operation and Maintenance costs for each Fiscal Year, which will at least equal 125% of Debt Service, any amounts required to be paid to the provider of any Common Reserve Security Device pursuant to such Common Reserve Security Device, any amounts required to be paid to the provider of any Separate Reserve Fund Security Device pursuant to such Separate Reserve Fund Security Device and other amounts to be paid by the Department under the Indenture for such Fiscal Year and during such period the City Council will, when its approval is required by the Charter, approve rates, tolls, charges, rentals, compensations and fees so fixed by the Department, sufficient for the purposes aforesaid; no ordinance adopted by the City Council approving any rate, toll, charge, rental compensation or fee so fixed by the Department will be subject to referendum.

"*Debt Service*" means, for any period of calculation, the sum of principal of and interest on the Series 2024 Bonds, Parity Obligations and other bonds, notes, certificates and other evidences of indebtedness of the Department and bonds, notes, certificates and other evidences of indebtedness of the City payable or serviced out of the Harbor Revenue Fund (as calculated based on the reasonable assumptions of the Department) on a parity with the Series 2024 Bonds during such period. See "—Outstanding Parity Obligations," "FINANCIAL INFORMATION CONCERNING THE DEPARTMENT—Other Financial Matters—*Debt Service on the Parity Obligations*" and "APPENDIX C—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE."

No Reserve Fund Established for Series 2024 Bonds; Reserve Funds Established for Certain Parity Obligations Not Available for Series 2024 Bonds

No debt service reserve fund will be established to secure the payment of the principal of and interest on the Series 2024 Bonds. The Series 2024 Bonds will not be secured by amounts held in the Common Reserve that secure all Common Reserve Parity Obligations.

Pursuant to an Issuing Document, the Department may establish a reserve fund for such Parity Obligations. Subject to the terms of each Issuing Document, the Department may elect to treat such reserve fund as a part of the "Common Reserve." The Common Reserve secures all of the Parity Obligations for which the Department has elected to participate in the Common Reserve (each, a "Common Reserve Parity

Obligation"). The Department has elected to treat the reserve funds established for the Series 2014 Bonds, the Series 2015A Bonds and the Series 2016 Bonds as part of the Common Reserve.

All amounts on deposit in the Common Reserve will be released upon delivery of the Series 2024 Bonds and used to current refund and defease a portion of the Refunded Series 2014 Bonds. See "PLAN OF REFUNDING." After the refunding and defeasance of the Refunded Series 2014 Bonds, no Parity Obligations will be secured by the Common Reserve or any other debt service reserve fund.

Additional Debt

No Priority. The Indenture provides that no revenue bonds, revolving obligations and related bank notes, notes, or other obligations of the Department payable out of the Harbor Revenue Fund will be issued having any priority with respect to payment of principal or interest out of the Harbor Revenue Fund over Parity Obligations (including the Series 2024 Bonds). No revenue bonds, revolving obligations and related bank notes, notes or other obligations of the Department payable out of the Harbor Revenue Fund will be issued with payment of principal or interest out of the Harbor Revenue Fund on a basis subordinate to or on a parity with Parity Obligations (including the Series 2024 Bonds), except in compliance with the provisions of the Indenture as set forth below.

No transfer of money will be made out of the Harbor Revenue Fund in any one Fiscal Year for the purpose of paying the principal of or interest on any Subordinate Obligations unless and until the principal of and interest on the Parity Obligations (including the Series 2024 Bonds) issued or incurred in compliance with the provisions of the Indenture contained under this caption, due and payable in that Fiscal Year, have been paid or set aside in a separate fund held in trust and charged with such payments as set forth in the provisions of the Indenture contained under the caption "—Flow of Funds" above and unless and until the replenishment of any reserve fund for any such Parity Obligations required pursuant to the provisions of the Indenture contained under the caption "—Flow of Funds" above are then current.

No transfer of money will be made out of the Harbor Revenue Fund in any one Fiscal Year for the purpose of paying the principal of or interest on any revenue bonds, revolving obligations and related bank notes, notes or other obligations of the Department (other than the Parity Obligations (including the Series 2024 Bonds) and Subordinate Obligations) serviced out of the Harbor Revenue Fund unless and until the principal of and interest on the Subordinate Obligations issued or incurred in compliance with the provisions of the Indenture contained under this caption, due and payable in that Fiscal Year, have been paid or set aside in a separate fund held in trust and charged with such payments as set forth in the provisions of the Indenture contained under the caption "—Flow of Funds" above and unless and until the replenishment of any reserve fund for any such Subordinate Obligations required pursuant to the provisions of the Indenture contained under the caption "—Flow of Funds" above are then current.

Additional Indebtedness. Pursuant to the Indenture, no revenue bonds, revolving obligations and related bank notes, notes or other obligations of the Department will be created or incurred by the Department, and no contracts of the Department will be created or executed by the Department, the payments of which are secured by a pledge of and lien on the Revenues senior to the pledge of and lien on the Revenues securing the Parity Obligations (including the Series 2024 Bonds).

Pursuant to the Indenture, no additional Parity Obligations will be created or incurred unless (the following is referred to as the "Additional Indebtedness Test"):

(a) the Net Revenues (Revenues less Operation and Maintenance costs) for any consecutive 12-calendar-month period during the 18-calendar-month period preceding the date of adoption by the Board of the resolution authorizing the issuance or execution of such Parity

Obligations, as evidenced by a special report prepared by an Independent Certified Public Accountant or Independent Financial Consultant on file with the Department, produces a sum equal to at least 125% of the Debt Service, any amounts required to be paid to the provider of any Common Reserve Security Device pursuant to such Common Reserve Security Device, any amounts required to be paid to the provider of any Separate Reserve Fund Security Device pursuant to such Separate Reserve Fund Security Device and other amounts to be paid by the Department under the Indenture due and payable during such 12-calendar-month period; and

(b) the Net Revenues for any consecutive 12-calendar-month period during the 18-calendar-month period preceding the date of the execution of such Parity Obligations or the date of adoption by the Board of the resolution authorizing the issuance of such Parity Obligations, including adjustments to give effect as of the first day of such 12-month period to increases or decreases in tolls, charges, rentals, compensations or fees approved and in effect as of the date of calculation, as evidenced by a special report prepared by an Independent Certified Public Accountant or Independent Financial Consultant on file with the Department, produces a sum equal to at least 125% of Average Annual Debt Service, including such Parity Obligations being created or incurred (but excluding the Series 2024 Bonds or other Parity Obligations to be redeemed or defeased simultaneously with the issuance and with the proceeds of the Parity Obligations being created or incurred), any amounts required to be paid to the provider of any Common Reserve Security Device pursuant to such Common Reserve Security Device, any amounts required to be paid to the provider of any Separate Reserve Fund Security Device pursuant to such Separate Reserve Fund Security Device and other amounts to be paid by the Department under the Indenture due and payable during such 12-calendar-month period; and provided that, as to any such Parity Obligations bearing or comprising interest at other than a fixed rate, the rate of interest on such Parity Obligations will be equal to the rate per annum of the Bond Buyer Revenue Bond Index most recently published in *The Bond Buyer* preceding the date of calculation, or if such index is no longer in existence, a comparable index selected by the Department; and provided, further, that if any series or issue of such Parity Obligations have 25% or more of the aggregate principal amount of such series or issue due in any one year, principal of and interest on such series or issue will be determined for the Fiscal Year of determination as if the principal of and interest on such series or issue of such Parity Obligations were being paid from the date of incurrence thereof in substantially equal annual amounts over a period of 25 years from the date of calculation; and provided, further, that, as to any such Parity Obligations or portions thereof bearing no interest but which are sold at a discount and which discount accretes with respect to such Parity Obligations or portions thereof, such accreted discount will be treated as interest, in the calculation of Debt Service; and provided, further, that the amount on deposit in a debt service reserve fund on any date of calculation of principal of and interest on such Parity Obligations will be deducted from the amount of principal due at the final maturity of the Parity Obligations for which such debt service reserve fund was established and in each preceding year until such amount is exhausted; and provided, further, that if the Parity Obligations constitute Paired Obligations, the interest rate on such bonds or contracts will be the resulting linked rate or the effective fixed interest rate to be paid by the Department with respect to such Paired Obligations.

The issuance of Parity Obligations for the purpose of refunding at or prior to maturity the principal of Parity Obligations and paying any premium upon redemption of any thereof so refunded will not be limited or restricted by the provisions of this paragraph (b), if the Debt Service for such Parity Obligations in each year will be lower than the Debt Service on the Parity Obligations being refunded.

(c) No Subordinate Obligations will be created or incurred, unless: (i) any issuing document authorizing the issuance of any such Subordinate Obligations will specifically state that such pledge of and lien on the Revenues is junior and subordinate to the pledge of and lien on the Revenues securing the Parity Obligations (including the Series 2024 Bonds); and (ii) payment of principal and interest on such Subordinate Obligations is permitted only if all deposits required to be made to the Trustee to be used to pay debt service on the Parity Obligations (including the Series 2024 Bonds) and to replenish any reserve funds for Parity Obligations are then current in accordance with the provisions of the Indenture contained under the caption "—Flow of Funds" above.

(d) No revenue bonds, revolving obligations and related bank notes, notes or other obligations of the Department, nor any contracts, the payments of which are secured by a pledge of and lien on the Revenues (other than the Parity Obligations (including the Series 2024 Bonds) and Subordinate Obligations) will be created or incurred.

(e) Nothing in the Indenture will limit the ability of the Department to issue or incur any bonds, notes or other evidences of indebtedness, or certificates of participation payable solely from and/or secured solely by a pledge of and lien on certain revenues of the Department which do not constitute Revenues, or which bonds, notes or other evidences of indebtedness, or certificates of participation are unsecured obligations of the Department.

Outstanding Parity Obligations

As of September [1], 2024, the Department had $347,005,000 of Parity Obligations (including the Refunded Series 2014 Bonds) outstanding, which consisted of the Department's revenue bonds. The Parity Obligations are secured by Revenues on parity with the Series 2024 Bonds.

The following table sets forth the Parity Obligations that have been issued and were outstanding as of September [1], 2024.

Outstanding Parity Obligations
(as of September [1], 2024)

Bonds	Original Principal Amount	Principal Amount Outstanding [1]	Issuing Document
Series 2014A[2]	$203,280,000	$156,375,000	Indenture of Trust, dated as of September 1, 2014, by and between the Department and U.S. Bank Trust Company, National Association, successor in interest to U.S. Bank National Association, as trustee (the "Series 2014 Indenture")
Series 2014B[2]	89,105,000	72,280,000	Series 2014 Indenture
Series 2014C[2]	44,890,000	36,040,000	Series 2014 Indenture
Series 2019A	115,065,000	34,295,000	Indenture of Trust, dated as of September 1, 2019, by and between the Department and U.S. Bank Trust Company, National Association, successor in interest to U.S. Bank National Association (the "Series 2019 Indenture")
Series 2019B	32,340,000	32,340,000	Series 2019 Indenture
Series 2019C-1	4,995,000	4,995,000	Series 2019 Indenture
Series 2019C-2	10,680,000	10,680,000	Series 2019 Indenture
Total	$640,995,000	$347,005,000	

[1] See "FINANCIAL INFORMATION CONCERNING THE DEPARTMENT—Other Financial Matters—*Debt Service on the Parity Obligations*."
[2] See "PLAN OF REFUNDING" for a discussion of the refunding and defeasance of the Refunded Series 2014 Bonds.
Source: Harbor Department of the City of Los Angeles

THE PORT AND THE DEPARTMENT

Introduction and Organization

General. The Port is located in San Pedro Bay approximately 20 miles south of downtown Los Angeles. The Port is held in trust by the City for the people of the State pursuant to a series of tidelands grants. The Department operates the Port independently from the City, using its own revenues, and administers and controls its fiscal activities, subject to oversight by the City Council. Under the Charter, the Department is a proprietary, or independent, department of the City similar to the Department of Water and Power and the Department of Airports. See "—*Tidelands Trust Properties*" below.

The Department has three major continuing sources of revenue: shipping revenue, which is a function of cargo throughput; revenue from the rental of the Port's land and buildings (i.e., revenue from permit and lease agreements, which is not generally a function of cargo throughput); and the smallest revenue component, fee and royalty revenues. In addition, the Department actively pursues grant opportunities at the federal, State and local levels to further supplement the funding obtained from the aforementioned revenue sources.

The Department operates the Port as a landlord, issuing permits to Port occupants for the use of Port land, docks, wharves, transit sheds, terminals (including oil terminals) and other facilities (including cruise and auto facilities). The Department also is landlord to fish markets, ocean-related entities (i.e., fisheries and ship repair), railroads, restaurants and other similar operations. These arrangements are entered into under various lease and permit agreements. Under the permit agreements, the occupants agree to pay to the Department tariffs or fees established by the Department. Permittees are generally shipping or terminal companies, agents and other private firms. The Department has no direct role in managing the daily movement of cargo. The Department also recovers its costs of providing services and improvements through tariff charges for shipping services. In 2023, the Department administered over 300 active leases throughout Port property with its various tenants. See "—*Tidelands Trust Properties*," "—Operating Data—*Terminal Operations*," "—Operating Data—*Rental Property*" and "FINANCIAL INFORMATION CONCERNING THE DEPARTMENT."

The inbound cargo handled at the Port and the nearby Port of Long Beach (a proprietary department of the City of Long Beach governed by its own board of harbor commissioners), which is adjacent to and east of the Port, is distributed throughout the Southern California region and the rest of the nation. According to PMSA, during calendar year 2023, the Port was the busiest container port in North America in terms of cargo volume, handling approximately 8.6 million TEUs. The Port primarily competes with the Port of Long Beach (which according to PMSA, during calendar year 2023, was the second busiest container port in North America in terms of cargo volume, handling approximately 8.0 million TEUs) and other West Coast ports in the United States, Canada and Mexico. Expansion of other ports, construction of additional ports and changes in access to or features of other ports may affect the Port in the future. See "CERTAIN INVESTMENT CONSIDERATIONS—Port Competition."

Physical Description and Geography. The Port's facilities lie within the shelter of a nine-mile long breakwater constructed by the federal government in several stages, the first of which commenced in 1899. The breakwater encloses the largest man-made harbor in the western hemisphere. The Port encompasses approximately 7,500 acres (4,300 acres of land and 3,200 acres of water), including 43 miles of waterfront. The Port facilities include 25 terminals, including seven major container cargo terminals, four break-bulk facilities, three dry bulk facilities, seven liquid bulk cargo terminals, two passenger cruise terminals, one vehicle handling facility and one multi-use facility.

With 83 ship-to -shore container cranes, all Port container terminals feature shoreside power connections and on-dock rail facilities, with access to robust drayage resources and a regional portfolio of warehouse and distribution centers. See "THE PORT AND THE DEPARTMENT—Digitalizing the Supply Chain" for more information relating to the Port Optimizer™.

The Port is a deep-water port, with its main channel dredged to a depth of -53 feet throughout which allows the Port to accommodate the most modern and largest container ships. The Port currently has the capability to handle modern, deeper-draft vessels, adding to its efficiency and growth potential. However, Port growth may be limited by geographic, physical, economic and environmental regulatory limitations. See "—Environmental and Regulatory Matters."

The Port is served by two major railroads (Union Pacific Railroad Company ("Union Pacific"), and BNSF Railway Company (formerly known as The Burlington Northern and Santa Fe Railway Company) ("BNSF")) that utilize the Alameda Corridor to move cargoes to and from the Port. The Alameda Corridor consists of a 20-mile long, multiple-track rail system that links the rail yards and tracks at the Port and the Port of Long Beach (collectively referred to as the "San Pedro Bay Ports") with Union Pacific's and BNSF's transcontinental mainlines originating near downtown Los Angeles, California. See "FINANCIAL INFORMATION CONCERNING THE DEPARTMENT—Other Financial Matters—*Alameda Corridor*."

Additionally, the Port lies at or near the terminus of two major interstate freeways, the I-110 and the I-710, within the Los Angeles area freeway system.

Maintenance of Port Facilities. Because the Department operates primarily as a landlord, most of the Port facilities' maintenance is undertaken by its permittees. The Department, however, maintains most wharf structures within the Port as well as the shipping channel and berth depths. The Department retains in-house engineers and maintenance crews to conduct regular inspections of key Port facilities. Wharfs are inspected both above and below the water surface. Routine repairs and maintenance are performed by the Department's Construction and Maintenance Division. These repairs and maintenance include replacement of timber fender piles, wharf fenders and other elements. Larger repairs and other preventive maintenance measures may be contracted out as part of the Department's Wharf Inspection Program, an element of the Department's Maintenance Improvement Program. See also "—Capital Improvement Planning."

The Port's channels have moderate maintenance requirements because there is no major river source of sand or silt coming into the harbor. Sand and silt deposits are typically restricted to storm drain outlets and the adjacent Dominguez Channel. Maintenance dredging typically occurs every three years to remove any accumulations of deposits throughout the Port.

Tidelands Trust Properties. Most of the property on which the Department's land, docks, wharves, transit sheds, terminals and other facilities are located is owned by the State and administered by the City through the Department, subject to a trust created pursuant to certain tidelands grants from the State. These tidelands were granted to the City under the State Tidelands Trust Act by the California State Legislature in 1911 for the purpose of promoting commerce, navigation and fishery. California Assembly Bill 2769 (enacted in 2002) expanded the permitted uses of tidelands to include maritime commerce, fishing, navigation and recreation and environmental activities that are water-oriented and are intended to be of statewide benefit. Certain additional requirements and restrictions are imposed by the tidelands grants, including limitations on the sale and long-term leasing of tidelands and limitations on the use of funds generated from the tidelands and tidelands trust assets.

Under the tidelands trusts, funds from the tidelands may be transferred to the City's General Fund only for tidelands trust purposes and may not be transferred to the City General Fund for general municipal purposes. All amounts in the Harbor Revenue Fund are subject to the tidelands trust use restrictions. The

Department does not expect that restrictions on the use of tidelands or with respect to tidelands funds will materially adversely affect the operations or finances of the Department. Tidelands grants and terms of the tidelands trusts are subject to amendment or revocation by the State Legislature, as grantor of the trust and as representative of the beneficiaries (the people of the State).

Organization and Management of the Department. The Department is governed by the Board which consists of five commissioners. Commissioners are appointed to staggered five-year terms by the Mayor, subject to confirmation by the City Council. The Charter requires one member of the Board to live within the area surrounding the Harbor District. The Board makes policy for the Department, controls all Department funds and adopts the budget. It sets rates in connection with permit agreements for its land facilities and services, subject, in some instances, to City Council review. The current commissioners of the Board, their primary occupations and expiration of their current terms are shown below.

Board Commissioners	Occupation	Term Expiring
Lucille Roybal-Allard	Former U.S. Representative	June 30, 2028
Diane Middleton	Retired Attorney	June 30, 2024[1]
Michael Muñoz	Research Director	June 30, 2025
Edward R. Renwick	Business Person	June 30, 2027
I. Lee Williams	Real Estate	June 30, 2026

1 Diane Middleton's term expired on June 30, 2024; however, a decision by the Mayor to reinstate or replace her is pending. Commissioner Middleton continues to serve on the Board pending Mayoral feedback within the 45-day period following the expiration of her term.

Pursuant to the Charter, each department created by the Charter will have a board of commissioners consisting of five commissioners, unless some other number is provided in the Charter for a specific board. Commissioners are appointed by the Mayor, subject to the approval of the City Council. The Charter requires that within 45 days of a vacancy, the Mayor will submit to the City Council for its approval the name of the Mayor's appointee to serve for the next ensuing term or remainder of the unexpired term created by the vacancy. The Board elects one of its members as President and one as Vice-President. Elections are held during its last meeting in July of each year, but the Board may fill the unexpired term of any vacancy occurring in the office of President or Vice-President at any meeting.

The management and operations of the Department are under the direction of the Executive Director. Following is brief biographical information regarding members of the Department's senior management team and the City Attorney serving the Department:

Eugene D. Seroka, Executive Director. In June 2014, Eugene D. Seroka became the Executive Director of the Department where he oversees the daily operations and internal management of the Department. As Executive Director, Mr. Seroka is responsible for managing a $2.6 billion budget, advancing major capital projects, growing trade volume and promoting innovative, sustainable practices that strengthen the region's economy. He interacts with a wide range of stakeholders, including Port customers around the globe, industry partners, elected and appointed officials, business leaders, community organizations and local residents. Mr. Seroka continues to advocate for a national export policy and data-sharing among ports globally. He has been appointed to serve on five federal committees on supply chain optimization and currently serves as Vice President for North America of the International Association of Ports and Harbors and on the boards of directors for the Alameda Corridor Transportation Authority and the Pacific Council on International Policy. He also serves on the Northwestern University Transportation Center Business Advisory Council.

Mr. Seroka received the Stanley T. Olafson Award from the Los Angeles Area Chamber of Commerce in 2023, recognizing his work in the world trade industry and leadership of the nation's busiest container port. In 2021, the Containerization & Intermodal Institute named him the 2021 recipient of the Connie Award. Lloyd's List has recognized Mr. Seroka as the preeminent source on the supply chain, which earned him a spot In 2021, he was named one of the top 100 most influential people in shipping by Lloyd's List. Also in 2021, the Inland Empire Economic Partnership honored Mr. Seroka with its Lifetime Achievement Award, recognizing decades of leadership and accomplishments in the supply chain, logistics and maritime industry. In 2023, the Asian American Architects/Engineers Association honored Mr. Seroka with its President Award. He has been named one of the most influential people in Los Angeles by the Los Angeles Business Journal and featured on the LA500 list each year since 2016.

Prior to joining the Department, Mr. Seroka held several key positions—both nationally and internationally—in sales and management for American President Lines (APL) Limited. He holds an MBA and Bachelor of Science in Marketing from the University of New Orleans.

Erica M. Calhoun, Interim Deputy Executive Director, Harbor Administration. In April 2024, Erica Calhoun was appointed Interim Deputy Executive Director, Harbor Administration. Ms. Calhoun oversees Human Resources, Risk Management, Contracts & Purchasing, and the Commission Office. She also is the Executive Officer, serving as Acting Executive Director of the Department when the Executive Director is unable to serve in such capacity. Ms. Calhoun first joined the Department in August 2012 as a Senior Management Analyst in the Grants Unit, where she identified and managed grant funding opportunities. She joined the Executive Office in October of the same year and in 2015, after serving as an adjutant for the last three Harbor Department General Managers, she was appointed Chief of Staff to the Executive Director. Prior to joining the Department, Ms. Calhoun served as Assistant Officer in Charge in the Los Angeles Police Department's Budget Section where she aided in the preparation, dissemination and management of the Police Department's $1.3 billion adopted budget. Her tenure also includes serving in a civilian oversight capacity in the Los Angeles Police Commission's Office of the Inspector General and as a grants manager with the City's Housing Department. Ms. Calhoun has an undergraduate degree in Spanish language and literature from the University of California, Berkeley and a Master of Science degree in Public Administration from California State University, Los Angeles.

Thomas Gazsi, Deputy Executive Director, Public Safety. In November 2015, Thomas Gazsi was appointed Chief of Public Safety and Emergency Management for the Department. Chief Gazsi oversees the Los Angeles Port Police, Los Angeles Port Pilot and Information Technology Divisions at the Port. He holds the ultimate responsibility for Port-related security and public safety issues in the Port consisting of 43 miles of waterfront and 7,500 acres of land area adjacent to the harbor communities of San Pedro and Wilmington, in the City of Los Angeles. His divisions work cooperatively with associated government and law enforcement to uphold maritime laws, enforce safety, cyber security and security regulations and continually test and enhance emergency response and preparedness procedures to ensure the safety of the Port workforce and residents. Prior to joining the Department, he served as the Chief of Police for the Costa Mesa Police Department from 2011 to 2014, an agency of 220 personnel and a community of 117,000 in Southern California. Prior to his appointment in Costa Mesa, Chief Gazsi served a full career with the Newport Beach Police Department from 1979 through 2011 working his way up to Commander. Chief Gazsi is a graduate of University of Southern California's School of Public Policy and Management where he earned a bachelor's degree.

Michael DiBernardo, Deputy Executive Director, Marketing and Customer Relations. In January 2015, Michael DiBernardo was appointed Deputy Executive Director, Marketing and Customer Relations at the Department. In this role, Mr. DiBernardo oversees the Department's Business Development, Environmental Management, Planning and Economic Development, Real Estate, and Wharfinger Divisions. He previously served as Director of Business Development, where he was responsible for the direction and management of the Port's comprehensive sales, marketing and promotional program. The Port's business development team administers the activities of the Port's network of overseas offices in trading centers around the world and provides marketing intelligence, promotion of the Port, technological assessments, and analysis of trade data that affects the Port's future competitive position. He previously served as the Department's Assistant Director of Marketing from 2003 to 2005, where he worked cooperatively with steamship lines and rail and terminal operators to promote Port facilities to key customers. In addition to his marketing background, Mr. DiBernardo also served as the Department's Director of Planning from February 2005 through January 2007, where he managed the Port's land use, facility-site, maritime and trade research activities, determined cargo forecast data and evaluated socioeconomic impact analyses. He began his career at the Department as a student worker in the late 1970s and later as a draftsman in the Department's Engineering Division in the early 1980s. Mr. DiBernardo rejoined the Department as a Marketing Manager in November 2002, after spending 19 years with APL, where he served in various management positions in marketing, operations, customer service, transportation and logistics. During his last five years with APL, Mr. DiBernardo was Director of Logistics in the Pacific Southwest Region where he worked with APL customers and the terminal operators in moving containers through the terminals. His expertise encompasses intermodal, maritime, security, labor opportunities and future planning initiatives impacting current terminal operators. Mr. DiBernardo holds a bachelor's degree in business administration from California State University, Dominguez Hills and a certificate in the Executive Management Program from University of California, Los Angeles.

Dina Aryan-Zahlan, Deputy Executive Director, Development. In October 2023, Dina Aryan-Zahlan was appointed Deputy Executive Director of Development. In this role, Ms. Aryan-Zahlan oversees the Construction, Construction and Maintenance, Engineering and Internal Audit Divisions. She previously served as Chief Harbor Engineer where she oversaw the day-to-day activities of the Engineering Division and was responsible for the planning and design of a wide variety of Port infrastructure and facilities that support the diverse operations of the Port complex. Ms. Aryan-Zahlan has spearheaded several critical Port development projects, including an infrastructure program for Port electrification and zero-emission facilities and terminals, and public access investment for neighboring communities. She joined the Department as a Construction Manager in 2000, and was promoted to Harbor Engineer-Chief of Design in 2003, and to Assistant Chief Harbor Engineer in 2015. She is a registered civil engineer in the State, a certified Project Management Professional and a Senior Certified Professional of the Society of Human Resources Management. Ms. Aryan-Zahlan is an active member of WTS-LA, the American Society of Civil Engineers, the American Public Works Association and the Project Management Institute. In November 2022, she was named WTS-LA 2022 Woman of the Year; the award recognizes a female leader in the transportation field who has made an outstanding contribution to the industry, and directly contributed to the advancement of women and minorities through programs or opportunities in the transportation field. She holds a Bachelor of Science in civil engineering and Executive Master of Leadership degree from the University of Southern California.

David Libatique, Deputy Executive Director, Stakeholder Engagement. In April 2018, David Libatique was appointed Deputy Executive Director, Stakeholder Engagement. In his role, Mr. Libatique oversees and manages all communications on behalf of Department via the Community Relations, Media Relations, Government Affairs, Trade Development, and Labor Relations and Workforce Development Divisions. In this role, he also works with diverse stakeholders, including local communities, a dedicated and organized workforce, beneficial cargo owners, terminal operators, international customers, shipping and cruise lines, railroads, the trucking industry, media, and regulatory, environmental agencies to advance the Department's goals and initiatives for the Port. Mr. Libatique also interacts on a broader scale with an array of local, regional, statewide, and national elected officials and stakeholders. Mr. Libatique first joined the Department in January 2011 as Senior Director of Government Affairs. Prior to joining the Department, Mr. Libatique served as former Mayor Antonio Villaraigosa's Director of Energy Policy, where he was responsible for advancing Mayor Villaraigosa's environmental policies at the Los Angeles Department of

Water and Power. Before assuming that role, Mr. Libatique served as a senior policy analyst for Mayor Villaraigosa, and acted as a liaison with the Port, where he advanced the Mayor's "Green Growth" policies, including the Clean Air Action Plan and Clean Truck Program. Before joining the Villaraigosa Administration, Mr. Libatique served as Senior Deputy for Councilmember Martin Ludlow, where he led policy development and legislative strategies to reform City of Los Angeles anti-gang efforts. Mr. Libatique has conducted extensive experience in economic research, including working as a research analyst at the World Health Organization in Geneva, Switzerland. There, he was a part of Working Group VI of the Commission on Macroeconomics and Health that analyzed the economic impact of investment in improved health outcomes for poor and middle-income countries. Mr. Libatique holds a bachelor of arts in economics from the University of California, Berkeley and a master of public policy from Harvard University's Kennedy School of Government.

Jeff Strafford, Director of Financial Planning and Analysis, Interim Chief Financial Officer. In April 2024, Jeffrey Strafford was appointed Interim Chief Financial Officer, and he continues to serve as Director of Financial Planning and Analysis (a role he was appointed in September 2017). Mr. Strafford leads the division that administers the annual budget process for the Department, including the formulation of the overall salaries and benefits and revenue budgets, analyzes the financial viability of investment projects, and performs long-term financial planning at the Port. Within the overall finance function, Strafford is also responsible for developing and optimizing the Port's Enterprise Resource Planning system, including serving as a core team member on the Department's current cloud migration project. He previously managed the Department's Budget Section, successfully maintaining a balanced budget for the Department since 2012. Prior to joining the Department in 2011, Mr. Strafford worked in private-industry and for the City's Office of Finance and Department of Recreation and Parks in fields including data management, systems analysis, revenue collection, and purchasing, all of which prepared him for a career in finance. Mr. Strafford holds a degree in business management economics from University of California, Santa Cruz.

Steven Otera, General Counsel. In April 2022, Steve Otera was appointed as General Counsel of the Department. He oversees all legal matters on behalf of the Department. Mr. Otera is a member of the Department's Leadership Team (he leads the Harbor Division of the Office of the City Attorney). As General Counsel, he supervises the attorneys who provide general legal advice to the Department, Board, the Alameda Corridor Transportation Authority, and the Intermodal Container Transfer Facility. Harbor Division attorneys draft and approve contracts, handle all legal matters on behalf of the Department and advise the Board, Department senior management and staff on property management, marketing, international trade, maritime, fishing, environmental, and railroad operating matters, and represent the Department in litigation and administrative and regulatory matters. Prior to his role as General Counsel, Mr. Otera served as Assistant City Attorney where he supervised staff providing in-house legal services. During his tenure, he handled and oversaw major transactional matters such as container terminal leasing and advised the Department on a variety of legal matters, including municipal governance, land use and development, contracting and negotiation, litigation management, among other areas. Prior to working in the Los Angeles City Attorney's Office, Mr. Otera spent more than a decade in private practice, including as director of legal compliance and education at LRN (formerly the Legal Research Network), where he managed development of web-based, multimedia workplace ethics and legal compliance training modules for clients such as Ford Motor Co., Johnson & Johnson, and Boeing. Before that, he served as an associate attorney for various local area law firms. Mr. Otera earned his bachelor's degree from University of California, Los Angeles, and Juris Doctor degree from Loyola Law School in Los Angeles.

Neighborhood Councils. The Charter provides that under applicable law the City Council may delegate its authority to hold public hearings to neighborhood councils prior to the City Council making a decision on a matter of local concern. The five neighborhood councils serving the Port area are the Coastal San Pedro Neighborhood Council, the Central San Pedro Neighborhood Council, the Wilmington

Neighborhood Council, the Harbor City Neighborhood Council and the Northwest San Pedro Neighborhood Council. All of the neighborhood councils in the Port region hold regular meetings concerning areas of local interest and then refer their conclusions and resolutions to the Board and the City Council on an advisory basis.

Port Security. The Department's port security program is structured to secure the Port through deterrence and prevention. Security operations are conducted by the Los Angeles Port Police in collaboration with federal, state and local agencies. The Port Police security operations include land and waterside patrols, escorts for vessels of special interest such as cruise ships and tankers, underwater scanning and dive operations, and sea marshal boardings of commercial vessels. These operations are supported by advanced surveillance and communications systems. Security for the supply chain and cargo entering the Port is accomplished through various cargo security measures that are principally conducted by U.S. Customs and Border Protection. The Department's port security program places great emphasis on the security of key Port infrastructure including railways, roadways and bridges within the Port complex. In addition to the security operations, the Port Police have officers assigned to several intelligence and anti-terrorism task forces and conduct on-going intelligence analysis along with other State and federal agencies. The Department receives federal port security grant funds annually which are used to maintain security systems and to make system upgrades as the technology advances. See "CERTAIN INVESTMENT CONSIDERATIONS—Security at the Port."

In 2014, the Department established its Cybersecurity Operations Center (the "Cybersecurity Center"), operated by a dedicated cybersecurity team, as a centralized location to monitor network traffic in order to prevent, detect and respond to cyber incidents under the Department's control. Since 2015, the Department also continues to maintain its ISO 27001 certification for the Cybersecurity Center. ISO 27001 certification demonstrates that the Department is following information security best practice and delivers an independent, expert assessment of whether the Department's information security management system complies with this international cybersecurity standard.

In 2021, the Department established a cross-sector Cyber Resilience Center (the "CRC") in order to further reduce the risks of cybersecurity threats that could disrupt the flow of cargo at the Port. The CRC expands the scope of stakeholder engagement to encompass the key parties operating in the Port complex: shipping lines, marine terminal operators, railroad companies, labor and representatives from the trucking industry. The CRC enables key stakeholders to share cyber threat indicators and defensive measures with each other as a means to reduce the potential of a cyber incident experienced by any one of the Port's stakeholders to disrupt multiple operations within the Port. See "CERTAIN INVESTMENT CONSIDERATIONS—Cybersecurity."

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Operating Data

During Fiscal Year 2024 and 2023, the Port handled approximately 9.2 million TEUs and 8.6 million TEUs, respectively. According to PMSA, during calendar year 2023, the Port was the busiest container port in North America in terms of cargo volume, handling approximately 8.6 million TEUs, and the Port and the Port of Long Beach combined, ranked as the ninth busiest container port complex in the world in terms of TEUs handled. The following Table 1 provides a summary of the type and volume of cargo handled at the Port for Fiscal Years 2015 through 2024 (preliminary). See also "FINANCIAL INFORMATION CONCERNING THE DEPARTMENT—Summary of Revenues, Expenses and Net Assets" for a discussion of certain events that impacted cargo volumes and Port revenues over the last six Fiscal Years (2019 through 2024).

Table 1
Port of Los Angeles
Revenue Tonnage by Cargo Type[1]
(In Thousands of Metric Revenue Tons)

Fiscal Year Ended June 30	General Cargo[2]	Liquid Bulk	Dry Bulk[3]	Total[4]	Percent Increase/(Decrease) in Total Tonnage over Prior Year
2015	165,100	10,300	1,400	176,800	0.2%
2016	167,300	14,300	1,200	182,800	3.4
2017	184,300	13,200	600	198,100	8.4
2018	178,000	15,500	1,000	194,500	(1.8)
2019	193,000	13,400	900	207,300	6.6
2020	170,000	12,300	700	183,000	(11.7)
2021	211,900	9,300	800	222,000	21.3
2022	207,000	10,700	1,000	218,700	(1.5)
2023	170,200	7,500	800	178,500	(18.4)
2024[5]	187,000	7,800	600	195,400	9.5

1 Numbers are rounded.
2 General Cargo tonnage comprised of both TEU tonnage and non-TEU tonnage.
3 Dry bulk cargo includes steel slabs, pipe, beams, scrap metal and cement.
4 Computed on an accrual basis, adjusted for unverified amounts.
5 Preliminary; subject to year-end adjustment.
Source: Harbor Department of the City of Los Angeles

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The following Table 2A summarizes revenues per ton for Fiscal Years 2015 through 2024 (preliminary), and the following Table 2B shows the breakdown of shipping revenues by container and noncontainer for the same period. Shipping revenues are comprised of wharfage, dockage, demurrage, pilotage, assignment charges, and storage. See also "FINANCIAL INFORMATION CONCERNING THE DEPARTMENT—Summary of Revenues, Expenses and Net Assets" for a discussion of certain events that impacted cargo volumes and Port revenues over the last seven Fiscal Years (2018 through 2024).

Table 2A
Port of Los Angeles
Shipping Revenues Per Ton[1]

Fiscal Year Ended June 30	Total Shipping Revenues ($000s)	Total Revenue Tonnage[2] (000s of Metric Revenue Tons)	Shipping Revenue Per Ton
2015	$364,900	176,800	$2.06
2016	368,500	182,800	2.02
2017	398,300	198,100	2.01
2018	405,300	194,500	2.08
2019	410,300	207,300	1.98
2020	369,600	183,000	2.02
2021	463,800	222,000	2.09
2022	485,800	218,700	2.22
2023	448,000	178,500	2.51
2024[3]	507,100	195,400	2.60

[1] Numbers are rounded.
[2] Computed on an accrual basis, adjusted for unverified amounts.
[3] Preliminary; subject to year-end adjustment.
Source: Harbor Department of the City of Los Angeles

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Table 2B
Port of Los Angeles
Shipping Revenue Breakdown[1]

		Container Shipping Revenues			Non-Container Shipping Revenues		
Fiscal Year Ended June 30	**Total Shipping Revenues (000s)**	**Container Shipping Revenues (000s)**	**TEUs (000s)**	**Container Shipping Revenue Per TEU**	**Non-Container Shipping Revenues (000s)**	**Non-Container Tons (000s)**	**Non-Container Shipping Revenue Per Ton**
2015	$364,900	$325,500	8,191	$39.74	$39,400	15,100	$2.61
2016	368,500	324,100	8,391	38.62	44,400	18,500	2.40
2017	398,300	351,800	9,206	38.21	46,500	17,300	2.69
2018	405,300	353,600	9,170	38.56	51,700 [2]	19,500	2.65[2]
2019	410,300	358,800	9,688	37.04	51,500	17,000	3.03
2020	369,600	323,300	8,560	37.77	46,300	14,500	3.19
2021	463,800	421,400	10,879	38.74	42,400	12,800	3.31
2022	485,800	422,300	10,664	39.60	63,500	13,700	4.64
2023	448,000	365,300	8,635	42.31	82,700	10,300	8.03
2024[3]	507,100	428,600	9,223	46.47	78,500	10,500	7.48

[1] Numbers are rounded.
[2] Non-Container Shipping Revenue was previously recorded as $51,800,000. Non-Container Shipping Revenue Per Ton was adjusted from $2.66 to $2.65.
[3] Preliminary; subject to year-end adjustment.
Source: Harbor Department of the City of Los Angeles

The Port's major trading partners are the "Pacific Rim" countries, including [China, Japan, Taiwan, South Korea, Indonesia and Vietnam.] China alone was the destination for approximately [•]% of the Department's Fiscal Year 2024 exports, and approximately [•]% of the Department's Fiscal Year 2024 imports.

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The following Table 3 shows a breakdown of total TEUs by country of origin for imports and country of destination for exports for Fiscal Years 2019 and 2024. See "FINANCIAL INFORMATION CONCERNING THE DEPARTMENT—Summary of Revenues, Expenses and Net Assets—Container-Shipping Industry Generally" below.

Table 3
Port of Los Angeles
TEUs by Country
Fiscal Years 2019 and 2024

Fiscal Year 2019			**Fiscal Year 2024**		
Exports Country	***TEUs***	***% of Total***	***Exports Country***	***TEUs***	***% of Total***
China	409,085	25.3%			
Japan	218,453	13.5			
Taiwan	152,862	9.4			
South Korea	149,613	9.2			
Indonesia	113,063	7.0			
Vietnam	105,309	6.5			
Malaysia	70,637	4.4			
Singapore	55,985	3.5			
Hong Kong	49,987	3.1			
Thailand	36,899	2.3			
All Others	257,246	15.9			
Total Exports	1,619,138	100.0%	Total Exports		

Imports Country	***TEUs***	***% of Total***	***Imports Country***	***TEUs***	***% of Total***
China	3,015,339	61.9%			
Vietnam	351,704	7.2			
Taiwan	232,269	4.8			
Japan	208,925	4.3			
South Korea	208,465	4.3			
Thailand	174,852	3.6			
Indonesia	136,010	2.8			
Hong Kong	86,717	1.8			
Malaysia	82,494	1.7			
India	60,563	1.2			
All Others	311,135	6.4			
Total Imports	4,868,472	100.0%	Total Imports		

Source: Ports Import Export Reporting Services (Data from PIERS excludes domestic cargo and empties)

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The following Table 4 shows the top container ports in North America as measured by total TEUs handled (inbound loaded TEUs, outbound loaded TEUs and empty TEUs) by each respective port for the calendar year ended December 31, 2023. See "CERTAIN INVESTMENT CONSIDERATIONS—Port Competition."

Table 4
Top Container Ports in North America
Total TEUs
Calendar Year 2023

Port	Total TEUs[1] (000's)
Port of Los Angeles	8,630
Port of Long Beach	8,019
Port of New York and New Jersey	7,810
Port of Savannah	4,928
Port of Houston	3,825
Port of Manzanillo (Mexico)	3,699
Port of Virginia (Norfolk)	3,288
Port of Vancouver (Canada)	3,127
Northwest Ports Alliance[2]	2,974
Port of Charleston	2,482
Port of Oakland	2,066

1 Includes inbound loaded TEUs, outbound loaded TEUs and empty TEUs.
2 The Ports of Seattle and Tacoma.
Source: Port of Los Angeles data, Harbor Department of the City of Los Angeles; Port of Manzanillo data, Statistical Report of the Port of Mexico 2023; and data for other ports derived from websites of each respective port

Terminal Operations.

General. The Department operates the Port as a landlord, issuing permits to a diverse range of cargo-handling companies for the use of Port land, docks, wharves, transit sheds, terminals and other facilities. These arrangements are entered into under various lease and permit agreements. Under the permit agreements the occupants agree to pay tariffs and fees to the Department. Permittees are generally shipping or terminal companies, agents and other private firms. These permits have varying expiration dates over the term of the Series 2024 Bonds. The Department has no direct role in managing the daily movement of cargo. In 2023, the Department administered over 300 active leases throughout Port property with its various tenants. The Department also is landlord to fish markets, ocean related entities (i.e., fisheries and ship repair), railroads, restaurants and other similar operations. Shipping companies and agents are given preferential assignments to berths at the Port by the Department in order to allow such companies to handle all their ships at the same berth or berths. A berth refers to the location within the Port used for fastening vessels to a pier (or mooring). These assigned berths become the companies' bases of operations at the Port. The Department reserves the right to assign other ships temporarily to berths which have been preferentially assigned when there is space available. The Department also recovers its costs of providing services and improvements through tariff charges for shipping services. The Port's major permittees (tenants) as of June 30, 2024 are shown in the following Table 5.

Table 5
Port of Los Angeles
Major Permittees (Tenants)
(In Alphabetic Order)
As of June 30, 2024

APM Terminals Pacific LLC / Maersk Pacific, Ltd. / Maersk Line A/S
China Shipping Holding Co., Ltd.
Everglades Company Terminal, Inc.
Everport Terminal Services Inc.
Fenix Marine Services, Ltd.
Innovative Terminal Services, Inc.
Parking Concepts, Inc.
PBF Energy Western Region, LLC
Phillips 66 Company
Ports America Cruise, Inc.
Rio Doce Pasha Terminal
SA Recycling LLC
Shell Oil Company
Taylored Transload, LLC
Trapac, LLC
Union Pacific Railroad Company
Vopak Terminal Los Angeles Inc.
Westrec Marina Management, Inc. / Cathay Bank
WWL Vehicle Services Americas, Inc.
Yusen Terminal, Inc./N.Y.K. (North America) Inc.

Source: Harbor Department of the City of Los Angeles

Revenues Related to Terminal Operations and Tariff Setting. The Department's ten largest permittees accounted for approximately 75% of unaudited Fiscal Year 2024 operating revenues. Most of these major permittees generate revenues for the Port through the handling of TEUs.

The Department sets tariff charges for, among other things, wharfage, dockage, storage, pilotage, land usage, passenger fees, storage and demurrage applicable to all ships and cargo using Department owned property and necessary for the orderly movement of cargo. The Department and all other State public ports control and determine their own individual tariff structures. However, the ports cooperate in setting tariff rates through membership in the California Association of Port Authorities ("CAPA"). One of CAPA's goals is to establish and maintain reasonable and, as far as practicable, uniform terminal rates, charges, classifications, rules and regulations for the handling and movement of domestic and foreign waterborne cargo. These tariff provisions cover, among other things, space assignments at marine terminal facilities, as well as other miscellaneous terminal charges necessary for the orderly movement of cargo. The goal is to permit State ports to obtain an adequate return on investment in order to facilitate the necessary maintenance, expansion and improvement of marine facilities. CAPA is exempt from federal antitrust laws, thereby allowing for this cooperative rate setting.

Most of the Port's largest cargo handling permittees are located at terminals which are under long-term permit agreements, generally of 20 to 30 years duration. These permit agreements typically require a portion of the Department's gross tariff on cargo passing through the terminal to be shared by the Department with the permittee, or have the permittee's compensation tied to an efficiency scale measured by TEUs handled per acre. These provisions generally result in a tariff discount to the facility operator as the volume of cargo increases. The amounts of these discounts or revenue sharing, or the TEU rate, are based on the volume of cargo handled at the applicable facility, and are typically subject to certain minimum annual guaranteed amounts payable to the Department. The following Table 6 details actual and estimated minimum annual revenues from permit agreements payable to the Department (including minimum annual guarantee income and contractual rental revenues) for Fiscal Years 2019 through 2024 (actual) and for Fiscal Years 2025 through 2029 (estimated), respectively.

Table 6
Port of Los Angeles
Actual and Estimated Minimum Annual
Permit Revenue Under Existing Permits

Fiscal Year Ended June 30	Minimum Permit Revenue ($000s)
Actual	
2019	$354,362
2020	370,998
2021	381,676
2022	426,269
2023	470,529
2024 [1]	484,757
Estimated	
2025	$484,026
2026	486,728
2027	471,734
2028	480,440
2029	489,431

[1] Preliminary; subject to year-end adjustment.
Source: Harbor Department of the City of Los Angeles

Rental Property. In addition to its marine terminal operations, the Department enters into lease and permit agreements with respect to industrial sites, open land area and other Port property. Such agreements are authorized for terms of not more than 66 years. Pursuant to requirements of the Charter all rates payable to the Department under the agreements must be subject to review and renegotiation by the Department at intervals of not more than five years. Most agreements do not extend beyond 30 years and rates payable to the Department under the agreements are generally renegotiated every five years.

The Department's Real Estate Divisions conduct frequent reviews and appraisals of property and rates in order to assure the Department of an adequate return on its property used under lease and permit agreements.

The Board has adopted a comprehensive leasing policy (the "Leasing Policy") which applies to all Port property agreements. The Leasing Policy provides the Department with a framework in making leasing decisions, increasing efficiency and achieving consistency and transparency in the development of new property agreement and modifications to existing property use agreements. The Leasing Policy requires all new permits or amendments to existing permits to include covenants to comply with environmental standards. The Leasing Policy includes procedures for the leasing of Port property, for solicitation and selection of tenants, for setting rates and pricing for use of Port property and for assignments and subleases.

Capital Improvement Planning

Overview. In connection with its capital improvement planning the Department reviews and monitors its long-term capital needs on an on-going basis and has identified capital improvement projects through Fiscal Year 2029. However, some of the projects being considered by the Department are in different stages of discussion and remain subject to change. In prioritizing its projects, the Department is taking into account, among other things, business needs, cash flow position, trends in TEU counts and legal and regulatory requirements.

Projected Capital Improvement Program Expenditures. The Department's capital improvement program over the next five Fiscal Years (Fiscal Year 2025 through Fiscal Year 2029) has an estimated cost of $1.3 billion. The following Table 7 sets forth the Department's projected capital improvement program expenditures and funding sources for Fiscal Years 2025 through 2029 (data as of June 2024). The Department expects to use approximately $861.8 million of available Department cash and approximately $420.5 million of federal and state grants to fund its capital improvement program over the next five Fiscal Years. The Department does not expect to fund any of the costs of the capital improvement program with proceeds of additional Parity Obligations or any other obligations issued by the Department and secured by a pledge of and lien on Revenues.

Table 7
Port of Los Angeles
Projected Capital Improvement Program Expenditures
and Source of Funding[1]
(in millions of dollars)

		Source of Funding		
Fiscal Year Ending June 30	**Total Capital Improvement Plan Expenditures[2]**	**Department Cash**	**Federal and State Grants[3]**	**Debt**
2025	$ 257.7	$161.0	$ 96.7	–
2026	336.1	237.6	98.5	–
2027	356.3	245.2	111.1	–
2028	210.7	96.5	114.2	–
2029	121.5	121.5	–	–
Total[4]	$1,282.2	$861.8	$420.5	–

[1] The projected timing, expenditure and funding of the capital improvement program are subject to change and the Department cannot anticipate future changes in the timing, expenditure and funding of the capital improvement program.
[2] Projected capital improvement project expenditures and funding described in this table are based on the Department's forecasted revenues and include those projects that are in planning, design or construction. Some of the costs projected relating to planning and design may change as such projects are further refined during such period. These figures do not include projects that are under conceptual development wherein the costs have not yet been determined, but which may be material.
[3] Projected grant receipts are based upon those provided within the most recently adopted fiscal year budget. The Department estimates that an additional $27.8 million in grant proceeds will be available for use from currently awarded grants beyond June 2028; however, there is uncertainty as to the timing of when these proceeds will be received.
[4] May not add due to rounding.
Source: Harbor Department of the City of Los Angeles

Capital Improvement Projects. The Department's capital improvement projects are categorized into five types of projects: (i) Maritime Services Projects, (ii) Terminal Projects, (iii) Public Access/Environmental Enhancement Projects, (iv) Transportation Projects and (v) Security Projects.

The following Table 8 provides a summary of the total estimated project costs by category of the Department's capital improvement program for Fiscal Years 2025 through 2029.

Table 8
Port of Los Angeles
Capital Improvement Program by Category
Fiscal Years 2025-2029

Project Category	Estimated Total Cost ($ millions)
Maritime Services	$394.5
Terminal Projects	377.7
Public Access/Environmental Enhancements	273.1
Transportation Projects	229.2
Security Projects	7.8
Total[1]	$1,282.3

[1] Numbers may not total due to rounding.
Source: Harbor Department of the City of Los Angeles

For Fiscal Year 2025, the Department has budgeted $257.7 million for capital improvement projects in the following categories: Maritime Services Projects (approximately $97.1 million), Terminal Projects (approximately $52.2 million), Public Access/Environmental Enhancements Projects (approximately $52.4 million), Transportation Projects (approximately $49.5 million), and Security Projects (approximately $6.4 million). The timing of completion for all capital projects is subject to uncertainties and delays, some of which are outside the control of the Department.

Following are certain of the projects included in the Department's capital improvement program for Fiscal Years 2025 through 2029:

Maritime Services Projects.

Port of Los Angeles and Port of Long Beach Goods Movement Workforce Training Facility. The Joint Ports Goods Movement Workforce Training Facility will be the first training center in the United States dedicated to the goods movement industry. The project will be a joint effort between the Department and the Port of Long Beach with a total project cost of $150.0 million. The facility will replicate goods movement environments, such as marine cargo terminals and providing a safe training environment for workers. In addition, the facility will provide the region's workforce with skills to succeed in careers that utilize newer and cleaner human operated technologies. The Department and the Port of Long Beach will evenly split project costs, and project funding will also be supplemented with State funding in the amount of $110 million. Construction is expected to start in February 2027 with a completion date of early 2029.

Oracle ERP Cloud Migration. The Department is currently in the process of migrating the Department's Oracle Enterprise Business Solutions financial system to a new Oracle ERP Cloud system. Capital costs of $28.6 million are anticipated to be incurred as part of the overall implementation of this new system, which will include all new, enhanced and improved functionalities. The enhanced system is anticipated to resolve inadequate reporting capabilities, cumbersome user interfacing, labor intensive software maintenance, and other inflexibilities inherent within the existing system to accommodate the Port's business process changes. The new Oracle ERP Cloud system is anticipated to "go-live" in the Fall of 2024.

Harbor Administration Building - HVAC Replacement. The project consists of the redesign and replacement of the heating, ventilation, and air conditioning system at the Department's administration building with an electric system in response to the City's policies and commitment for zero carbon in major renovation of buildings. The total project budget is estimated at $19.5 million, and construction is expected to start in April 2025 with project completion expected in September 2026.

Harbor Administration Building – Workspace Solutions and Board Room Remodel. These projects consist of upgrading Information Technology staff workspaces, expanding a portion of the existing server room, replacing 40-year-old office furniture utilized by Engineering and Construction Division staff, and remodeling the Board Hearing Room and Executive Session Room. The total project budget is estimated at $13.5 million, and construction is expected to start in September 2024 with an expected completion date of September 2027.

Unallocated Funds. The Department has included approximately $133.8 million in the capital improvement program through 2029 for unanticipated projects or unanticipated cost increases on active projects which may arise over the course of a given fiscal year. While this level of funding is presented within the Maritime Services Projects category, funding may be allocated to any type of project pending approval from a majority of Executive Team members as part of the Department's monthly Project Development Committee meetings. For example, spending within the Public Access/Environmental Enhancements project category may be approximately $81.1 million higher through Fiscal Year 2029 due to an increase in 10-year project costs from $299 million to a revised $501 million associated for the Zero Emissions Port Electrification and Operations Program.

<u>Terminal Projects</u>.

Terminal Island Maritime Support Facility. The Department is in the process of designing a support facility on Terminal Island which will provide an additional storage area to stack empty containers and chassis. This $194.6 million project will develop most of the approximately 80-acre site and build upon temporary site improvements spanning 23.3 acres which were constructed to alleviate vessel congestion experienced in October 2021. The project will replace the temporary improvements already constructed and improve the remaining 56.7 acres for storing and stacking of containers. Proposed construction activities for the site include: installation of high mast light poles; as-needed installation of vaults, switchgears, transformers, associated concrete pads/foundations and conduit; installation of chain-link fencing; construction of a roadability canopy, longshore restrooms and guard booths; installation of a storm water drainage system; installation of a sewage system; installation of fire hydrants and potable water system; installation of an asphalt pavement roadway; and pavement of 70 acres for backland storage use. Design activities began in February 2023, and construction activities are expected to begin in September 2025 with a completion date of August 2027. The Department has been awarded $149.3 million in grants via the California Department of Transportation's Port and Freight Infrastructure Program to complete this project.

Berths 49-51 Outer Harbor Cruise Development. The Department is designing a new 11 kilovolt "kV") Alternative Maritime Power ("AMP") system for cruise ships at Berths 49-51 in order to accommodate future development of a comprehensive cruise terminal which will enable larger cruise vessels to utilize AMP while docking. This $53.0 million project includes construction of a new Los Angeles Department of Water and Power (the "LADWP") 34.5 kV industrial station, new 34.5 kV switchgear, a new 18 Mega Volt Amp transformer equipped with Automatic Load Tap Change to automatically adjust the necessary transformer tap changes under load, new 11 kV AMP switchgear, two new 11 kV wharf AMP outlets, and an 11 kV AMP mobile cable management system for cruise ship connections. In addition, this project requires the extension of new LADWP 34.5 kV circuits through existing LADWP underground conduit, wharf structural AMP improvements, landside structural AMP support and Berths 49-50 wharf repairs. Design activities are anticipated to be completed by December 2024 with construction of the project occurring from July 2025 through June 2027.

Berths 302-305, On-Dock Railyard Expansion. The Department is finalizing the design of an on-dock railyard expansion project at the Fenix Container Terminal which is anticipated to increase on-dock intermodal railyard capacity by a projected 520,000 TEUs per year. This $52.4 million project will enable more cargo to be loaded onto trains via the on-dock railyard within the terminal instead of via off-dock railyards. Proposed construction activities for the site include construction of five new tracks comprising approximately 12,000 linear feet of rail; reuse of three existing tracks totaling approximately 7,000 linear feet; grading and paving; drainage; fire protection; electrical improvements; striping and signage. Design activities were completed in July 2024, and construction activities are expected to begin in January 2025 with a completion date of December 2026. The Department has been awarded $37.4 million in grants consisting of a $19.2 million grant from the 2020 SB1 – Trade Corridor Enhancement Program administered by the California Transportation Commission as well as an $18.2 million grant from the 2019 United States Department of Transportation ("USDOT") Port Infrastructure Development Program ("PIDP").

<u>*Public Access/Environmental Enhancements Projects*</u>.

Zero Emissions Port Electrification and Operations Program. The Department is in the planning stages of a $501 million program to support the future power demand requirements throughout the Port for zero-emission operations, as set by the 2017 San Pedro Bay Ports Clean Air Action Plan goal to achieve a 100% zero-emission cargo harbor equipment fleet by 2030. The program consists of four major components: construction of a fourth rack at the LADWP power receiving station in Wilmington (the "RS-Q"), and separate projects to construct distribution lines and other electrical infrastructure from the RS-Q to the Outer Harbor, West Basin, and Terminal Island. Environmental, design and construction work are anticipated to be done by LADWP, commencing in 2024, in close coordination with the Department's Engineering Division. Construction efforts will occur over an extended period of time and are currently not anticipated to be completed until mid-2035. The Department expects to use available moneys to fund these project costs.

Avalon Promenade Bridge and Gateway Project. The Avalon Promenade Bridge and Gateway Project is a companion piece to the recently completed Wilmington Waterfront Promenade project, and includes a signature pedestrian bridge along Avalon Boulevard that is currently in the design phase. This $76.6 million project includes construction of a pedestrian bridge over existing rail tracks and development of approximately 12 acres of visitor-serving open space. Design of the Avalon Promenade and Gateway project was resumed in late 2022, and construction is anticipated to begin in March 2026 with a completion date of August 2028. Grant funding in an aggregate amount of $52.2 million was awarded via $42.0 million from California State Transportation Agency as well as Los Angeles County Metropolitan Transportation Authority ("LACMTA") Measure M grant funds in the amount of $10.2 million from Metro/South Bay Council of Governments. The remaining project costs will be funded by the Department using available moneys.

208 East 22nd Street Parking Lot Improvements. The Department is currently in the design phase for development and redevelopment of 17.5 acres at the 208 East 22nd Street parking lot, creating up to 2,350 parking stalls. This $31.8 million project includes building demolition, grading, paving, drainage, lighting, as well as construction of security fencing, additional entrances, a restroom facility, bus turnout area and pay stations. Design efforts are anticipated to be completed in November 2024, and construction is expected to start in June 2025 with project completion expected in May 2026. The Department expects to use available moneys to fund project costs.

Transportation Projects.

State Route 47 (SR-47)/Vincent Thomas Bridge & Front Street/Harbor Blvd Interchange Reconfiguration. This interchange is an important transportation facility providing access to the LA Waterfront, residential community of San Pedro, Terminal Island, and the West Basin Container Terminal. The project would improve traffic safety and operational deficiencies at the interchange. This $130.0 million project will include replacing the existing westbound off-ramp from the Vincent Thomas Bridge currently located on the south side of the Vincent Thomas Bridge with a new off-ramp located on the north side of the Vincent Thomas Bridge. Additional improvements include realigning the existing westbound on-ramp onto SR-47 and I-110 connector; modifying the westbound off- ramp onto Harbor Boulevard; and modifying the eastbound on-ramp onto the Vincent Thomas Bridge toward Terminal Island. Project design was completed in 2023 and construction began in early 2024, with project completion expected in 2027. The Department has been awarded $73.1 in grant funds comprised of $49.8 million in LACMTA Measure R funding, $13.4 million in Transportation Corridor Enhancement Program funds, and $9.9 million in funding from the USDOT PIDP. The Department has used or intends to use available moneys to finance its portion of the costs of the project.

Navy Way and Seaside Avenue Interchange Improvements. The Department has begun designing modifications to the intersection of Navy Way and Seaside Avenue to improve traffic operations and safety. This $65.7 million project would eliminate left turns and improve roadway geometry to reduce collision potential at this intersection. Project improvements include an auxiliary lane for westbound traffic; elimination of a traffic signal at the intersection; new eastbound collector-distributor road; and widening of the north side highway bridge over both Ports' rail tracks. Design is anticipated to be completed by March 2025, and construction is expected to start in January 2026 with project completion expected in June 2028. The project was awarded $41.8 million in grant funding by the California State Transportation Agency. The Department has used, or intends to use, available moneys to finance the remaining portion of the costs of the project.

Maritime Support Facility Access/Terminal Island Rail System Grade Separation. In conjunction with the Terminal Island Maritime Support Facility described above, the Department is in the process of designing a four-lane, rail-roadway grade separation. This $39.2 million project would eliminate significant truck access impediments into the proposed Terminal Island Maritime Support Facility and connect the project to Terminal Way, Ferry Street, and Pier 300. The Department was awarded $20.0 million of USDOT FY 2022 RAISE grant funding and a State Trade Corridor Enhancement Program funding in the amount of $15.0 million. The Department has used, or intends to use, available moneys to finance the remaining portion of the costs of the project. Construction is expected to start in early 2026, with project completion expected in August 2027.

Capital Plan Budgeting Process. Pursuant to Section 11.28.3 of the Los Angeles Administrative Code, not later than June 1 of each year, the Department is required to provide, for information purposes only, to the Mayor, to the Trade, Travel and Tourism Committee of the City Council (or such successor committee deemed appropriate by the City Council), and to the City Controller, a capital plan or budget covering at least the next Fiscal Year and describing: (i) the proposed capital expenditures of the Department; (ii) the proposed method(s) of financing such proposed expenditures including a discussion, if relevant, of financing alternatives; and (iii) a description of any proposed debt financings. Under the Charter, the Department is obligated to submit a debt accountability and major capital improvement plan to the Mayor, the City Council and the City Controller every two years in conjunction with submittal of its annual budget. The Department submitted its last debt accountability and major capital improvement plan to the City Council in July 2024. Funding for capital projects is subject to annual appropriations from the Department's budget, which must be approved by the Board. The Department's most recent long-term capital improvement plan was presented to the Board in June 2024 as part of the Fiscal Year 2025 Budget adoption process.

Environmental and Regulatory Matters

Environmental Compliance. The Department was the first port in the nation to have an Environmental Management Division. The Department's Environmental Management Division provides full environmental services related to water, soil and sediments, air and associated living resources, as well as environmental assessment documentation. In 2003, the Department adopted an environmental policy, which calls for continuous environmental improvement and the implementation of pollution prevention measures. The Department's Environmental Management System meets the specifications of the International Organization for Standardization Standard 14001 for environmental management systems.

The Department is required to comply with the provisions of a number of federal and state laws designed to protect or enhance the environment. Environmental assessments are conducted in accordance with the federal National Environmental Policy Act ("NEPA") and the California Environmental Quality Act ("CEQA"). These two laws require consideration and disclosure of environmental impacts of development projects. Other federal environmental laws applicable to the Department include the Resource Conservation and Recovery Act, which governs the treatment and disposal of certain substances; the Clean Water Act and the Marine Protection, Research and Sanctuary Act, which govern the dumping of dredged materials; the Rivers and Harbors Act, which governs navigable waterways; and State and Federal Endangered Species Act. Enforcement agencies include the U.S. Environmental Protection Agency, the U.S. Army Corps of Engineers, the California Regional Water Quality Control Board, the California Air Resource Board, the South Coast Air Quality Management District ("South Coast AQMD"), and the California Department of Toxic Substances Control. The Department is also required to conform to provisions of a number of other State environmental and health safety laws.

In addition to these laws and the implementing regulations, the Department has instituted additional programs and procedures to protect the environment, each of which are designed to, among other things, limit the Department's liabilities. In 2006, the Department and the Port of Long Beach established the Clean Air Action Plan (the "CAAP"). See "Clean Air Action Plan" below. In 2010, the Department adopted its Water Resources Action Plan aimed at significantly reducing water pollution discharges from land, vessels and the watershed and removing contaminated sediments. These programs are backed up by long-term monitoring of the applicable media.

Environmental Remediation Liability. In Fiscal Year 2023, the Department expended approximately $2.5 million on environmental remediation at the Port. In Fiscal Year 2024, the Department expended approximately $2.1 million (unaudited) on environmental remediation. The Department estimates that in Fiscal Year 2025 and beyond it will spend $63.4 million on environmental remediation at the Port. Costs associated with pollution remediation liability relate to soil and ground water contamination on sites within the Port's premises that were formerly used for industrial purposes where historical or past contamination and environmental impairments exist. The Department uses a combination of in-house specialists and outside consultants to perform estimates of potential liability.

Environmental Documentation. For projects located on Port property, the Department is the lead agency under CEQA, which requires public disclosure of the environmental effects of Port development projects that are determined to not be exempt under CEQA. Under CEQA, such environmental effects are disclosed through one of several document types, depending on the level of environmental impact. Projects which are determined to have less than significant impacts are assessed through a "Negative Declaration" or an "ND." Projects which are determined to have significant impacts but which can be mitigated to avoid or reduce the environmental effects to a point where no significant effect would occur are assessed through a "Mitigated Negative Declaration" or "MND." When a project has significant and unavoidable impacts, an Environmental Impact Report ("EIR") is prepared. In the last five years, the Board has certified/approved eight NDs/MNDs and two EIRs prepared by the Environmental Management Division. The Environmental Management Division is currently preparing one NDs/MNDs and ten EIRs. Many of these documents have been or are joint documents with federal agencies which have permitting or funding authority over all or part of the project. These disclosure documents examine the environmental effects on air, water, traffic, etc., of proposed projects, and identify feasible mitigation measures to eliminate or reduce any significant environmental effects. Generally, operational mitigation measures become the responsibility of permittees through permits with the Department. Mitigation associated with Department capital development construction are recouped through revenues generated by long-term permits with Department permittees.

Clean Air Action Plan. In 2006, the Department, together with the Port of Long Beach, developed the CAAP with input from the U.S. Environmental Protection Agency, the California Air Resources Board, and the South Coast AQMD. The CAAP was updated and reauthorized in 2010 and again in 2017. The CAAP is the Department's comprehensive plan to address air pollution emissions from port-related sources and contains aggressive long-term goals through 2035 to reduce health risks, diesel particulate matter, nitrogen and sulfur oxides, and greenhouse gases. Pursuant to the CAAP, the Department has undertaken several programs to lower air pollution levels at the Department. Emission sources targeted by the CAAP include ships, trains, cargo handling equipment, harbor craft and heavy-duty trucks. The Department's voluntary Vessel Speed Reduction ("VSR") Program has been included as part of the CAAP and it has produced notable reductions in ship emissions as they approach and depart the Port. In calendar year 2023, vessel operators calling at the Port, on average, were approximately 97% (at 20 nautical miles) and 93% (at 40 nautical miles) compliant with the VSR Program. The CAAP also includes a Technology Advancement Program ("TAP") that evaluates and funds demonstrations of new and emerging emissions treatment technologies. In 2008, the CAAP Clean Truck Program (the "Clean Truck Program") was implemented, which essentially replaced older polluting trucks with newer clean trucks, thereby reducing truck emissions by over 90% at the Port and the surrounding communities. According to the Port Inventory of Air Emissions 2023, through implementation of the CAAP, since 2005, there has been an 88% reduction in diesel particulate matter, a 97% reduction in sulfur oxides, a 62% reduction in nitrogen oxides emissions, and a 4% reduction for greenhouse gases from Port-related sources. The CAAP and its associated various measures have cost the Department over [$300] million to date. As a result of continuing initiatives as well as zero-emission truck and cargo-handling equipment goals outlined in the CAAP 2017 Update, the CAAP will continue to require a significant investment by the Department, the Port of Long Beach and private sector businesses to expedite the introduction of new and innovative methods of reducing emissions prior to any federal or State requirements being imposed on the Port and the Port of Long Beach. Since April 1, 2022, the Department and the Port of Long Beach have charged a Clean Truck Fund ("CTF") rate on all loaded containers entering/exiting the Port and the Port of Long Beach. The purpose of the CTF rate is to generate funds to accelerate the deployment of clean trucks, in support of achieving the goal of zero-emission trucks by 2035. The CTF rate is $10 per loaded 20-foot equivalent unit (TEU) or $20 for containers longer than 20 feet. Through June 30, 2024, the CTF rate has generated approximately $174 million for the Department and the Port of Long Beach since implementation. Zero-emissions trucks are permanently exempt from the CTF rate and certain qualified low nitrogen oxides emissions trucks that were placed into service by December 31, 2022 receive an exemption from the CTF rate through December 31, 2027. Collected CTF rates will be used to facilitate the purchase of zero-emission trucks and associated infrastructure that services the Port and the Port of Long Beach.

Trans-Pacific Green and Digital Shipping Corridor. In April 2023, the Department, the Port of Long Beach and the Port Authority of Singapore entered into a Memorandum of Understanding to develop a plan to accelerate the reduction of emissions on one of the world's busiest container shipping routes across the Pacific. A partnership among the Department, the Port of Long Beach, the Port Authority of Singapore, and certain of the shipping companies created the "Green Shipping Corridor Implementation Plan Outline" which, among other things, provides that the shipping companies will begin deploying reduced or zero lifecycle carbon capable ships on the corridor by 2025 and the partners will work together to demonstrate by 2030 the feasibility of deploying the world's first zero cycle carbon emission container ships. The partnership is supported by "C40", a global network of nearly 100 mayors of the world's leading cities.

Recent Developments Relating to China Shipping EIR. In connection with the expansion of the China Shipping Terminal (which occurred in several phases over the last 20 years), the Department prepared, and the Board accepted/certified, an EIR (the "2008 EIR") and a Supplemental Environmental Impact Report (the "2019 SEIR"). In 2019, the Natural Resources Defense Council ("NRDC") and the South Coast AQMD, with intervenors the California Air Resources Board and the California Attorney General (collectively, "Petitioners") sued the Department and China Shipping in California District Court, alleging that the Department failed to implement mitigation measures from the 2008 EIR, and that the 2019 SEIR, which modified or deleted certain mitigation measures, violated CEQA. In June 2022, the District Court, in large part, agreed with this contention, mainly because China Shipping was not contractually bound to implement mitigation measures in compliance with CEQA in its lease with the Department. The District Court's ruling was appealed by NRDC and South Coast AQMD, and in December 2023, the California Court of Appeal made rulings on which mitigation measures were and were not feasible for performance, remanding to the District Court to issue an appropriate CEQA remedy. On remand, the District Court issued a Writ of Mandate requiring the Department to (i) set aside the 2019 SEIR and related project approvals, (ii) enforce, through a new permit amendment, the CEQA mitigation and lease measures determined to be feasible by court proceedings, and (iii) prepare a new environmental document under CEQA. The Department completed the first two requirements through Board and City Council actions adopted in June and July 2024, which action also included Board direction to staff to commence work on the third requirement. The District Court retained continuing jurisdiction to oversee the Department's compliance with the Writ of Mandate and the new environmental document's compliance with CEQA.

Transportation and Infrastructure Programs. The efficient movement of cargo is integral to environmentally responsible Port operations. The modern and efficient handling of cargo reduces transportation conflicts which in turn benefits traffic flow and reduces air emissions. Such programs include deepening of channels to allow the most modern and largest ships to enter the harbor which minimizes the number of ships calling at the Port; development of on- and near-dock rail facilities to divert cargo from trucks to rail; construction of grade separations to separate rail from surface transportation; design of modern facilities to facilitate cargo handling; implementation of an environmental management plan to upgrade the fleet of locomotives operating within the Port and operations changes.

Heavy Container Corridor. The Department created a heavy container corridor to aid in the movement of overweight 40 foot or larger ocean-going containers on designated City streets in and around the Port. The City, the City of Long Beach and the State of California Department of Public Works approved a measure that allows permits to be granted for overweight container loads in the Port area.

Alternative Maritime Power. The Department has actively advanced the use of Alternative Maritime Power at its facilities, which is a specialized air quality program that focuses on reducing emissions from container vessels docked at the Port. Instead of running on diesel power while at berth, AMP-equipped ships connect to shore side electrical power. AMP technology is often referred to as "cold ironing" and has been used for naval vessels, Baltic ferries and cruise ships operating in Alaska. The Port was the first port in the world to use AMP technology for in-service container ships.

In June 2004, the Department and China Shipping Container Line opened the West Basin Container Terminal at Berth 100, the first container terminal in the world to use AMP. The Department continues to encourage use of AMP technology as a means of improving air quality. As of July 1, 2024, 25 berths at the Port had AMP capabilities. Depending on the size of the ship, estimates are that AMP will reduce nitrogen oxide by one ton and take more than half a ton of sulfur oxide out of the air each day the ship is at berth and plugged in.

Regulation. The operations of the Department and the Port are regulated by various agencies. The Department believes that it is currently in substantial compliance with the regulations of all such regulatory bodies.

Stevedoring and Cargo Handling (Labor Relations for Port Tenants)

Arranging for cargo handling services is the responsibility of each shipping line and not the Department. Cargo handling at the Port is provided pursuant to a contract between the Pacific Maritime Association (the "PMA") and the International Longshore and Warehouse Union ("ILWU"). The PMA represents most of the steamship lines, marine terminal operators, car loading bureaus and cargo companies on the Pacific Coast. Most of the ILWU members work under contract with the PMA. The ILWU members are not employees of the Department. The current contract between the PMA and the ILWU was entered into on June 14, 2023 and was ratified on August 31, 2023, as a six year contract, retroactive to July 1, 2022. This agreement was reached after a contract negotiation process that took 13 months to complete, which included the ILWU membership working without a contract for nearly a year after their prior agreement expired on June 30, 2022.

Since 2002, there have been three other periods of prolonged labor unrest which led to an interruption of the normal course of business at the Port. In October 2002, after the PMA and the ILWU failed to negotiate a new contract, there was a lock out by the stevedoring companies, thereby shutting down all West Coast ports, including the Port, for ten days. Work resumed when then-President Bush ordered the ports to re-open pursuant to the Taft Hartley Act.

In November 2012, after the Harbor Employers Association ("HEA") and ILWU Marine Clerks Association Local 63 Office Clerical Unit ("ILWU, Local 63 OCU") failed to negotiate a new contract, the approximately 600 clerical workers represented by ILWU, Local 63 OCU walked off the job. Although only about 450 clerical workers throughout both the Port and the Port of Long Beach participated in the strike, thousands of workers represented by a sister union refused to cross the picket lines. As a result, 10 out of the 14 terminals at the Port and the Port of Long Beach were shut down for eight days. Work resumed when the HEA and ILWU, Local 63 OCU reached a tentative agreement whereby ILWU, Local 63 OCU members received modest increases in wage and pension benefits, and the HEA promised to outsource no more than 14 jobs over a four-year period.

In May 2014, the PMA and the ILWU began negotiating a new contract, but did not agree on a new contract until February 2015. The protracted negotiations had a compounding effect on congestion issues that had slowed container cargo movements through the San Pedro Bay Ports) since September 2014. The Department's revenues and container volumes at the Port were temporarily impacted during Fiscal Year 2015 as a result of the slowdown and other congestion factors, but full Fiscal Year revenues were not materially affected and container volumes increased slightly by 0.23%.

Other than the periods of uncertainty with the contract negotiations which occurred in 2002, 2012, 2014-15 and 2022-23, there has generally been a history of cooperative working relationships between the ILWU and the employer groups represented by the PMA and HEA. Prolonged work slowdowns or stoppages, if they occur, could adversely affect the Department's revenues. The Department understands that the risk of a work slowdown is the greatest as negotiations get closer to the end of the current contract and until a new agreement is reached. To that end, in 2017, the Department created a new division, Labor Relations & Workforce Development, focused on promoting greater coordination with the ILWU, PMA, the Department and other labor partners. The Labor Relations & Workforce Development was recently renamed the Labor Relations & Government Affairs division and such division continues to work closely with the ILWU, PMA, and all other labor unions and their employers that operate at the Port.

San Pedro Bay Port's Cooperative Working Agreement

On February 27, 2015, the U.S. Federal Maritime Commission approved an amendment to a cooperative working agreement previously entered into by the Department and the Port of Long Beach. The amendment allows the two ports to discuss and agree on projects and programs that address congestion issues (including, establishing initiatives to increase terminal productivity, facilitate chassis availability and usage, and improve drayage truck turn times), transportation infrastructure needs and the reduction of pollution caused by port-related activities.

In 2021, in response to the supply chain congestion issues, the Department and the Port of Long Beach under the cooperative working agreement, met to discuss ways to relieve congestion. These meetings brought together the Department, the Port of Long Beach, marine terminal operators, railroads, shipping lines, organized labor, Biden-Harris Administration officials, and other stakeholders to work towards solving ongoing congestion. The meetings began in 2021 and ran through [June 2022] and the dialogue and initiatives developed through the meetings helped to resolve the congestion issues experienced at the Port and the Port of Long Beach.

Digitalizing the Supply Chain

A major focus of the shipping industry is on the need to digitalize the global supply chain to enhance secure transactions and the flow of cargo movement through the supply chain. The Department launched its own digital strategy and supply chain solution when it entered into an agreement with Wabtec to develop the Port Optimizer™, including Track and Trace which provides supply chain stakeholders an advanced view on container cargoes scheduled to arrive at the Port, and Control Tower, a suite of dashboards designed to provide aggregated current and historical container movement trends across the Port. With container information being available earlier in the process, supply chain stakeholders are able to plan the movement of containers better, thus enhancing cargo velocity through the Port's marine terminals. Port Optimizer™ brings the power of proactive notifications, exception management, and an easy-to-use web-based interface allowing users to easily manage their cargo across multiple terminals and multiple carriers from a single pane of glass view. Features include real-time empty return information, appointment statuses, and availability information. All but one of the major container shipping lines, and all the Port's marine terminals, provide information to the Port Optimizer. Beneficiaries of the information are cargo owners, trucking companies, railroads and chassis providers.

FINANCIAL INFORMATION CONCERNING THE DEPARTMENT

General

The Department has three major sources of revenue: shipping revenue, a function of cargo throughput; revenue from the rental of the Port's land and buildings (i.e., revenue from permit and lease agreements, which is not generally a function of cargo throughput); and the smallest revenue component, fee and royalty revenues. The Department's primary expenses include salaries and benefits, outside and professional services and payments for services rendered by the City to the Department. In recent years, the Department's operating expenses have increased due to increased expenditures for salaries and benefits, City services, Port security and environmental initiatives.

With East Asia being the primary trade origin and destination of the ships of the terminal operators at the Port, these growing economies have historically provided the Department with a level of steady growth in its shipping revenues. Even so, the Department has included minimum annual guarantee provisions in all major permit agreements and seeks the extra security of letter of credit collateralization from certain occupants. Permit agreement income is derived from approximately 198 separate fixed-rent permits, leases or agreements, and provides further stabilization of the Department's revenue stream. See "THE PORT AND THE DEPARTMENT—Operating Data—Rental Property" herein.

Summary of Revenues, Expenses and Net Assets

Revenues, Expenses and Net Assets (Fiscal Years 2019 through 2024). The following Table 9 sets forth a breakdown of the Department's revenues, expenses and net assets for Fiscal Years 2019 through 2024 (unaudited).

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Table 9
Port of Los Angeles
Summary of Revenues, Expenses and Net Assets
(In Thousands of Dollars)

	2019	2020	2021[5]	2022[6]	2023	Unaudited 2024
Revenues						
Wharfage	$ 383,549	$ 345,195	$ 435,513	$ 441,966	$ 405,046	
Dockage	4,348	4,257	4,509	5,914	3,619	
Demurrage	202	200	207	133	123	
Pilotage	10,985	9,495	10,682	13,432	13,209	
Assignment Charges	11,244	10,418	12,938	24,397	26,011	
Total Shipping Services[1]	**$ 410,328**	**$ 369,565**	**$ 463,849**	**$ 485,842**	**$ 448,008**	
Rentals						
Land	$ 65,291	$ 72,099	$ 76,475	$ 85,092	$ 115,375	
Other Rentals	674	1,004	1,706	1,745	1,915	
Total Rentals	**$ 65,965**	**$ 73,103**	**$ 78,181**	**$ 86,837**	**$ 117,290**	
Royalties, Fees and Other Operating Revenues	30,134	24,998	27,683	55,163 [7]	91,102 [7]	
Total Operating Revenues	**$ 506,427**	**$ 467,666**	**$ 569,713**	**$ 627,842**	**$ 656,400**	
Expenses						
Operating and Administrative Expenses						
Salaries and Benefits	$ 98,062	$ 113,342	$ 108,646	$ 109,778	$ 107,747	
Pension Expense [2]	20,913	28,805	33,086	14,840	33,200	
OPEB Expense [3]	4,083	3,679	4,468	(2,208)	788	
City Services and Payments	45,223	48,366	45,876	45,531	47,823	
Outside Services	33,418	31,815	26,219	27,864	33,332	
Utilities	19,946	18,443	23,241	33,708	27,210	
Materials and Supplies	6,593	5,672	4,517	5,106	5,974	
Pollution Remediation Expenses	(4,106)	89	924	--	1,107	
Marketing and Public Relations	2,510	2,388	1,372	2,101	2,710	
Workers' Compensation, Claims and Settlement	193	3,272	14,255	1,712	15,583	
Clean Truck Program Expenses	3,120	1,014	752	2,613	5,835	
Travel [4]	733	508	71	281	577	
Other Operating Expenses	9,739	16,177	9,556	12,574	17,534	
Total Operating and Administrative Expenses	**$ 240,427**	**$ 273,570**	**$ 272,983**	**$ 253,900**	**$ 299,420**	
Income from Operations before Depreciation	$ 266,000	$ 194,096	$ 296,730	$ 373,942	$ 356,980	
Depreciation	161,977	158,613	154,295	147,569	194,869	
Operating Income	**$ 104,023**	**$ 35,483**	**$ 142,435**	**$ 226,373**	**$ 162,111**	
Nonoperating Revenues / (Expenses)						
Income from Investments in Joint Powers Authorities	$ 2,596	$ 2,461	$ 2,243	$ 1,513	$ 1,888	
Investment Income (Loss) - Net	32,804	39,643	(2,656)	(47,744)	4,538	
Interest Expense	(1,290)	(24,707)	(21,773)	(19,037)	(17,837)	
Other Income and Expenses, net	27,151	2,025	9,240	(5,125)	15,756	
Net Nonoperating Revenues/(Expenses)	**$ 61,261**	**$ 19,422**	**$ (12,946)**	**$ (70,393)**	**$ 4,345**	
Income Before Capital Contributions	$ 165,284	$ 54,905	$ 129,489	$ 155,980	$ 166,456	
Capital Contributions	3,523	3,440	7,116	11,906	43,505	
Changes in Net Assets	**$ 168,807**	**$ 58,345**	**$ 136,605**	**$ 167,886**	**$ 209,961**	
Total Net Assets - Beginning of Year	$ 3,334,871	$3,503,678	$3,562,023	$3,698,628	$3,866,514	
Total Net Assets - End of Year	**$ 3,503,678**	**$3,562,023**	**$3,698,628**	**$3,866,514**	**$4,076,475**	

[1] For Fiscal Year 2021, increase in shipping services revenues is, in part, attributed to the worldwide COVID-19 pandemic.

[2] Pension Expense increased by $18.4 million from $14.8 million in Fiscal Year 2022 to $33.2 million in Fiscal Year 2023, due primarily to the unfavorable return on the market value of pension assets that was less than the rate of return assumption.

[3] OPEB Expense increased by approximately $3.0 million from approximately $(2.2) million, an OPEB credit or income, in Fiscal Year 2022 to approximately $800,000 in Fiscal Year 2023, due primarily to the unfavorable return on the market value of OPEB assets in OPEB plans.

[4] This line-item was previously named "Travel and Entertainment". For Fiscal Year 2021, decrease in "Travel" expenses is due to the worldwide COVID-19 pandemic.

[5] Government Accounting Standards Board ("GASB") Statement No. 87, "Leases" ("GASB 87") establishes standards for the recognition of certain leased assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. The financial statements for Fiscal Year 2021 were restated as a result of the implementation of GASB 87. The beginning net position at July 1, 2020 was not restated due to the information to restate those amounts was not readily available and impractical to do so.

[6] GASB Statement No. 96, "Subscription-Based Information Technology Arrangements" ("GASB 96") provides guidance on the accounting and financial reporting for subscription-based information technology arrangements for governments. GASB 96 has been implemented retroactively to July 1, 2021. The financial statements for Fiscal Year 2022 were restated as a result of the implementation of GASB 96.

[7] Beginning in Fiscal Year 2022, the Department began collecting the Clean Truck Fund rate. See "THE PORT AND THE DEPARTMENT—Environmental and Regulatory Matters—*Clean Air Action Plan*."

Source: Harbor Department of the City of Los Angeles

Management Discussion and Analysis. Over the six-year period spanning July 1, 2018 through June 30, 2024, the Department was subjected to certain external events which impacted cargo volumes and associated wharfage. First, in March 2020, cargo volumes dramatically declined due to lockdowns attributable to the onset of the worldwide COVID-19 pandemic. Following the initial steep decline, cargo volumes and associated wharfage dramatically increased as consumer spending patterns shifted towards goods and away from travel and services, such that the Port handled a record 10.9 million TEUs in FY 2021. As lockdown measures continued to ease, the Department observed a shift in consumer spending patterns away from goods purchases. Furthermore, uncertainty regarding cargo handling increased following the expiration of the ILWU labor agreement in June 2022 and persisted until ratification of a six-year contract in August 2023. These changes in consumer spending patterns and the advent of labor uncertainty served to negatively impact cargo volumes resulting in a 19.1% annual decline in FY 2023 cargo volumes to 8.6 million TEUs.

While the aforementioned events were mostly beyond the Department's control, the Department continued to monitor and manage those revenue and expense items which it could control. As a result, net assets consistently increased from approximately $3.3 billion as of July 1, 2018 to over $4.0 billion as of June 30, 2023. Staff estimates that net assets will continue to exhibit growth for Fiscal Year 2024, following a rebound in cargo volumes and continued management of non-cargo revenues as well as overall spending.

In Fiscal Year 2024, total cargo volumes increased by 6.82% relative to Fiscal Year 2023. The Port handled approximately 9.224 million TEUs in Fiscal Year 2024 as compared to approximately 8.635 million TEUs in Fiscal Year 2023. Total operating revenues were approximately $[•] million (unaudited) in Fiscal Year 2024, an increase of approximately $[•] million, or [•]%, over Fiscal Year 2023. Total operating and administrative expenses for Fiscal Year 2024 were approximately $[•] million (unaudited), a decrease of approximately [•]% over the same period in Fiscal Year 2023. Overall, operating income, before depreciation, for Fiscal Year 2024 increased to approximately $[•] million (unaudited), an increase of approximately [•]% from Fiscal Year 2023.

Tariffs. Shipping revenues are comprised of wharfage, dockage, demurrage, pilotage, assignment charges, and storage, which the Department sets through tariff charges. The Department's tariffs are competitive with those charged by other West Coast ports. The following Table 10 provides a history of the Department's general cargo tariffs and basic dockage charges for Fiscal Years 2015 through 2024.

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Table 10
Port of Los Angeles
General Cargo Tariffs and
Basic Dockage Charges

Fiscal Year Ended June 30	General Cargo Tariff[1]	Basic Dockage Charge[2]
2015	$6.25	$2,465
2016	6.25	2,465
2017	6.25	2,465
2018	6.25	2,465
2019	6.25	2,465
2020	6.25	2,465
2021	6.25	2,465
2022	6.25	2,465
2023 [3]	6.69	2,640
2024 [4,5]	7.10	2,804

[1] Per metric ton or cubic meter of cargo.
[2] Per overall length of vessel between 180 and 195 meters per 24-hour day or fraction thereof.
[3] In October 2022, the City Council adopted a permanent ordinance to amend Tariff No. 4 for a 7.1% General Rate increase (effective August 1, 2022) based on the Consumer Price Index, an annual General Rate increase methodology adopted by CAPA, of which the Department is a member ("CAPA Methodology").
[4] In May 2024, the City Council adopted a permanent ordinance to amend Tariff No. 4 for a 6.2% General Rate increase (effective September 1, 2023) based on the CAPA Methodology.
[5] In June 2024, the Board approved a permanent ordinance to amend Tariff No. 4 for a 3.6% General Rate increase (effective July 1, 2024) based on the CAPA Methodology which would further increase the General Cargo Tariff from $7.10 to $7.36. The permanent ordinance is currently pending City Council approval.
Source: Harbor Department of the City of Los Angeles

Container-Shipping Industry Generally. The revenues of the Department depend to a large extent on shipping activity. The shipping industry as a whole and the level of shipping traffic activity at the Port specifically are dependent upon a variety of factors, including: (a) local, regional, national and international economic and trade conditions; (b) international political conditions and hostilities; (c) cargo security concerns; (d) shipping industry economics, including the cost and availability of labor, fuel, vessels, containers and insurance; (e) competition among shipping companies and ports, including with respect to timing, routes and pricing; (f) governmental regulation, including security regulations and taxes imposed on ships and cargo, as well as maintenance and environmental requirements; and (g) demand for shipments.

In 2008 and 2009, the global economic downturn resulted in a significant drop in local trade. The economy and trade showed signs of recovery in 2010 and the Port regained its lost container volume over the subsequent Fiscal Years. In Fiscal Year 2013, container volume dropped primarily due to the transfer of a service route to the Port of Long Beach, however, the Department regained the lost cargo volume by offering cargo incentives in calendar year 2014. In Fiscal Year 2015, container cargo movements through the Port were temporarily affected as a result of protracted negotiations between the PMA and the ILWU and certain other congestion issues, however, the Department regained lost cargo volume in Fiscal Year 2016 and 2017 as it continued to recover from the congestion issues experienced in mid-Fiscal Year 2015. In Fiscal Year 2017, the Port experienced an 8.4% increase in container volume as compared to Fiscal Year 2016. In Fiscal Year 2018, the Port experienced a 1.8% decrease in container volume as compared to Fiscal Year 2017 as a result of realignment and consolidation of vessel services among the shipping alliances. In Fiscal Year 2019, the Port experienced a 6.6% increase in container volume as compared to Fiscal Year 2018. Fiscal Year 2020 container volumes decreased 11.6% as compared to Fiscal Year 2019 as a direct result of the COVID-19 pandemic that began in March 2020. Container volumes increased 27.1% in Fiscal Year 2021 as a result of the economic recovery related to the COVID-19 pandemic. Container volumes were down slightly (2.0%) in Fiscal Year 2022, but were still the second highest volumes ever recorded at the Port. Container volumes decreased 19.0% in Fiscal Year 2023, which was primarily attributed to changes in spending patterns by consumers, as well as uncertainty related to protracted negotiations between the PMA and ILWU. [FY 2024 to come] See "*Management Discussion and Analysis*" above.

Incentive Programs. The Department currently has five incentive programs in place aimed at increasing market share, promoting port efficiency and reducing emissions. In Fiscal Year 2019, the Board approved the updated Ocean Common Carrier ("OCC") Program, which was last active in calendar year 2014. Similar to the previous iteration of the OCC Program, the updated OCC Program is designed to capture a larger portion of the Asia trade market share and maintain the Port's position as the busiest container port in the United States (by container volume). The updated OCC Program rewards eligible OCCs with $10 per TEU on every incremental loaded and empty TEU that such OCC delivers to the Port during the Fiscal Year (the "Incentive Period"). The OCC will be rewarded with this incentive if 1) TEUs delivered during the Incentive Period is greater than the proceeding Incentive Period (the "Baseline Year"); 2) TEU volume growth exceeds the Transpacific Market growth in TEU volumes delivered relative to the OCC's Baseline Year, 3) the OCC electronically transmits manifest and container information in accordance with the data schedule in Tariff No. 4, and 4) the OCC submits a written request for payment by no later than August 31st following the Incentive Period. The maximum payout per OCC per incentive period will not exceed $2.0 million. In Fiscal Year 2023, the Department spent $5.5 million, and in Fiscal Year 2024, the Department estimates that it spent $0.6 million, to fund the OCC Program. The Department has budgeted $6.24 million for the OCC Program in Fiscal Year 2025.

To help evaluate the future feasibility of deploying Ultra-Large Container Vessels, the Department introduced the Ultra-Large Container Vessel ("ULCV") Program in Fiscal Year 2019, which provides a financial incentive to OCCs that bring into the Port a ULCV it operates. To qualify, the container vessel needs to be a minimum of 398 meters in length and 54 meters in width, and deliver a minimum of 24,000 TEUs to the Port. The ULCV Program rewards OCCs with $10 per loaded TEU on its TEU volume delivered to the Port. The ULCV program would be limited to only one ULCV that an OCC operates and limited to only one of that ULCV's visits to the Port. The maximum incentive amount an OCC could earn is $150,000. The Department made no payouts under the ULCV Program in Fiscal Years 2023 and 2024 and no OCCs qualified to receive a payout over the most recent two-year period. However, in order to continue supporting the ULCV Program and assessing the feasibility of ULCVs calling at the Port, the Department has budgeted approximately $600,000 in Fiscal Year 2025 for the ULCV Program.

Although the cruise industry is not a primary revenue contributor at the Port, it plays an important role in increasing economic activity in the region, providing new visitors to the LA Waterfront and maintaining a diversified portfolio of land uses that serve the maritime needs of the citizens of California. With this in mind, the Department introduced two Cruise Vessel Incentive programs (the "Cruise Vessel Programs") in Fiscal Year 2017 aimed at increasing business at the cruise terminal. The first incentive rewards cruise vessel operators based on the yearly passenger volume through the Port with a payment made to the cruise vessel operator per vessel call (ranging from $5,000 to $12,000). The second incentive rewards cruise vessel operators that have more than 10 vessel calls during the low-season summer months with a $5,000 payment made to the cruise vessel operator per vessel call. In Fiscal Year 2023, the Department spent $1.55 million, and, in Fiscal year 2024, the Department estimates that it spent $2.91 million to fund the Cruise Vessel Programs. The Department has budgeted approximately $2.25 million in Fiscal Year 2025 for the Cruise Vessel Programs.

To increase the efficiency of truck turn time performance and lower carbon emissions, two incentive programs for Truck Turn Time and Dual Transactions were introduced in 2021. Under the Container Terminal Truck Turn Time Incentive Program, a container terminal Tenant is eligible to receive a financial incentive if the tenant: (1) maintains a Truck Turn Time Average of 35 minutes or less during any calendar month within the Incentive Period; and (2) improves its Truck Turn Time Average each month relative to their prior year Baseline Period. Under the Container Terminal Dual Transaction Incentive Program, a Container Terminal Tenant is eligible to receive a financial incentive if the tenant: achieves a Dual Transaction percentage of 50% or greater. Under both the Container Terminal Tenant Truck Turn Time and Dual Transaction Incentive Programs, container terminal tenants are required to transmit electronically to the Department information in accordance with the Tariff No. 4 schedule which is required to calculate and process incentive payments. In Fiscal Year 2023, the Department spent $1.22 million, and in Fiscal Year 2024, the Department estimates that it spent $5.54 million, to fund the Truck Turn Time and Dual Transaction Programs. The Department has budgeted approximately $5.78 million in Fiscal Year 2025 for the Truck Turn Time and Dual Transaction Programs.

The Department funds a series of programs that encourages Port tenants to conduct their operations in a more environmentally friendly manner. For example, the Vessel Speed Reduction Incentive Program (introduced in calendar year 2001), incentivizes vessel operators who berth their ships at the Port to reduce their vessel speed when they are within a certain distance of the Port to reduce air pollution within the San Pedro Bay area. In Fiscal Year 2023 the Department expended approximately $1.96 million, and in Fiscal Year 2024, the Department estimates that it spent $2.30 million, to fund the Vessel Speed Reduction Incentive Program. The Department has budgeted approximately $2.10 million to fund the Vessel Speed Reduction Incentive Program in Fiscal Year 2025. Another program the Department funds, the Technology Advancement Program (introduced in calendar year 2007), seeks to accelerate commercial availability of new, clean technologies, through evaluation and testing, to reduce air pollution in and around the Port and the Port of Long Beach. In Fiscal Year 2023, the Department expended approximately $440,000, and in Fiscal Year 2024, the Department estimates that it spent $960,000, to fund the Technology Advancement Program. The Department has budgeted approximately $1.07 million in Fiscal Year 2025 to fund the Technology Advancement Program.

Another program the Department funds, the Environmental Ship Index ("ESI") Program (introduced in Fiscal Year 2013), rewards Port vessel operators for reducing diesel particulate matter ("DPM"), greenhouse gasses, and nitrogen oxide ("NOx") emissions from their ocean-going vessels ("OGVs"). The ESI Program rewards operators that use cleaner technology and practices that reduce emissions beyond the regulatory requirements set by the International Maritime Organization, as well as rewards operators with the cleanest ship engines and those with OGVs that demonstrate emission technology reducing NOx and/or DPM under a Technology Advancement Program technology demonstration agreement approved by the Board. In Fiscal Year 2023, the Department expended approximately $660,000, and in Fiscal Year 2024, the Department estimates that it expended $800,000, to fund the ESI Program. The Department has budgeted approximately $500,000 in Fiscal Year 2025 to fund the ESI Program.

For Fiscal Year 2023, the Department incurred $8.27 million in total customer incentives and approximately $3.06 million in total environmental incentives. For Fiscal Year 2024, the Department estimates that it incurred $9.07 million in total customer incentives and approximately $4.06 million in total environmental incentives. For Fiscal Year 2025, the Department has budgeted $14.9 million in total customer incentives and has budgeted approximately $3.67 million for total environmental incentives.

Debt Service Coverage. The total revenues, operating expenses (including payments to the City for services), revenues available to pay debt service (excluding amortization, depreciation and interest expense), debt service and debt service coverage ratios for Fiscal Years 2019 through 2024 (unaudited) are shown in the following Table 11.

Table 11
Port of Los Angeles
Debt Service Coverage
(In Thousands of Dollars)

				Scheduled Debt Service		Total Debt Service	
Fiscal Year Ended June 30	Total Revenues[1]	Operating Expenses[2]	Available Revenues	Debt Service	Debt Service Coverage [3]	Debt Service	Debt Service Coverage [3]
2019	$578,794	$240,427	$338,367	$84,884	4.0x	$84,884	4.0x
2020	524,346	273,570	250,776	84,288	3.0	84,288	3.0
2021	586,039	272,983	313,056	79,070	4.0	79,070	4.0
2022	665,857	253,900	411,957	77,823	5.3	118,968 [4]	3.5
2023	706,407	299,420	406,987	67,377	6.0	67,377	6.0
2024 [5]							

[1] Total Revenues include operating revenues as well as income from investments, and interest and other non-operating revenues.
[2] Operating Expenses include payroll, fringe benefits and payments for City services.
[3] Available Revenues divided by Debt Service.
[4] The Debt Service for Fiscal Year 2022 includes the Department's use of excess cash to redeem $41,145,000 aggregate principal of the Department's Refunding Revenue Bonds, 2011 Series A and 2011 Series B and the payment of accrued interest thereon.
[5] Preliminary; subject to year-end adjustment.
Source: Harbor Department of the City of Los Angeles

Fiscal Year 2025 Budget

The Adopted Fiscal Year 2025 Budget represents the ongoing commitment of Department staff to operate and maintain the Port in a fiscally sound manner according to the guidelines, policies, and direction set forth by the Board. Furthermore, the Adopted Fiscal Year 2025 Budget complies with the Board-approved Financial Policies that relate to debt rating, debt service coverage and reserve levels.

The Adopted Fiscal Year 2025 Budget is comprised of three primary components: (i) $684.7 million in operating revenues, (ii) $403.7 million in operating expenses, and (iii) $298.1 million in capital expenditures. See Table 12 below for additional details of the budgeted operating revenues and expenses for Fiscal Year 2025. The Adopted Fiscal Year 2025 Budget includes a 4.9% increase in operating revenues as compared to the Adopted Fiscal Year 2024 Budget. This increase in operating revenues is anticipated to be driven primarily by higher shipping services derived from a 2.0% increase in cargo volumes relative to those budgeted for Fiscal Year 2024 as well as the implementation of recent general rate increases. The remainder of the increase in operating revenues within the Adopted Fiscal Year 2025 Budget is anticipated to be derived from higher rental revenues due to recently completed compensation resets and higher than expected Consumer Price Index adjustments.

The Adopted Fiscal Year 2025 Budget includes an 8.4% increase in total operating expenses as compared to the Adopted Fiscal Year 2024 Budget due to higher spending in almost all budget categories, most notably an increase in salaries & benefits expenses resulting primarily from the addition of 37 new full-time positions (including the addition of 16 Port Police Officers) as well as employee memorandum of understanding-mandated increases to salaries, salary step increases and position upgrades.

The Fiscal Year 2025 capital budget is projected to increase by approximately 18.1% as compared to the Fiscal Year 2024 capital budget, primarily due to a 19.0% increase in the Department's capital improvement program (which comprises the largest category in the Fiscal Year 2025 capital budget) in Fiscal Year 2025, due to increased spending on Transportation Projects, Public Access and Environmental Enhancement Projects as well as Maritime Services Projects. The Department's cash outlays on capital projects are expected to be partially offset by $96.7 million in grant funding which represents an increase of 101.6% relative to the capital grant receipts that were included in the Adopted Fiscal Year 2024 Budget.

Table 12
Port of Los Angeles
Fiscal Year 2025 Budgeted Operating Revenues and Expenses
(In Thousands of Dollars)

Operating Revenues	
Shipping Services	$502,977
Rentals	107,598
Royalties & Fees	6,817
Clean Truck Fees	36,396
Other	30,926
Total Operating Revenues	$684,714
Operating Expenses	
Salaries & Benefits	$199,383
Marketing & Travel	5,787
Outside Services	59,168
Materials & Supplies	7,248
City Services	68,497
Other	63,612
Total Operating Expenses	$403,695
Operating Income (before Depreciation)	$281,019

Source: Harbor Department of the City of Los Angeles

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Other Financial Matters

Debt Service on the Parity Obligations. Debt service on the Series 2024 Bonds and the other Parity Obligations (excluding the Refunded Series 2014 Bonds) is shown in the following Table 13.

Table 13
Port of Los Angeles
Debt Service on Parity Obligations[1]

Fiscal Year Ended June 30	Series 2024A Bonds		Series 2024B Bonds		Series 2024C Bonds		Total Debt Service Requirements for Series 2024 Bonds	Total Debt Service Requirements on Other Parity Obligations[2]	Total Debt Service Requirements
	Principal	Interest	Principal	Interest	Principal	Interest			
2025									
2026									
2027									
2028									
2029									
2030									
2031									
2032									
2033									
2034									
2035									
2036									
2037									
2038									
2039									
2040									
2041									
2042									
2043									
2044									
2045									
Total									

[1] Total debt service on the Series 2024 Bonds and the other Parity Obligations (excluding the Refunded Series 2014 Bonds).
[2] On [•], 2024, the Department deposited available cash and moneys released from the Common Reserve with U.S. Bank Trust Company, National Association, as trustee and escrow agent, which moneys and the earnings thereon will be sufficient to defease all of the Department's outstanding Refunding Revenue Bonds, 2015 Series A, Refunding Revenue Bonds, 2016 Series B (Non-AMT), Refunding Revenue Bonds, 2016 Series C (Non-AMT) (Green Bonds).
Source: Harbor Department of the City of Los Angeles

Financial Transactions With the City of Los Angeles. The Department is a self-supporting, revenue-producing enterprise fund of the City. Revenues, expenditures, assets and liabilities of the Department are accounted for on a separate basis from other funds of the City and maintained in trust for the people of the State pursuant to the tidelands grants. See "THE PORT AND THE DEPARTMENT—Introduction and Organization—Tidelands Trust Properties."

The Department makes annual payments to the City for services rendered by the City on behalf of the Department ("City Services"). Estimated payments are included in the Department's annual budget. For Fiscal Year 2023, City Services payments totaled approximately $52.6 million. For Fiscal Year 2024 (unaudited), City Services payments totaled approximately $64.5 million. For Fiscal Year 2025, the Department has budgeted approximately $68.5 million for City Services payments.

Alameda Corridor. The Alameda Corridor Transportation Authority ("ACTA") is a joint exercise of powers authority created by the City and the City of Long Beach pursuant to the Joint Exercise of Powers Act, California Government Code Section 6500, and operating under an Amended and Restated Joint Exercise of Powers Agreement, dated as of December 18, 1996, as amended, between the City and the City of Long Beach, for the purpose of establishing a comprehensive transportation corridor and related facilities consisting of street and railroad rights-of-way and an improved highway and railroad network along Alameda Street between the Santa Monica Freeway and the San Pedro Bay Ports, linking the Ports to the main east-west rail line in the central Los Angeles area. The Alameda Corridor began operating on April 15, 2002. ACTA is governed by a seven-member board which is comprised of two members from each of the San Pedro Bay Ports, one each from the City and the City of Long Beach and one from the Los Angeles County Metropolitan Transportation Authority.

In October 1998, the San Pedro Bay Ports, ACTA, Union Pacific and BNSF (Union Pacific and BNSF are collectively referred to as the "Railroads") entered into the Alameda Corridor Use and Operating Agreement (which was subsequently amended and restated on December 15, 2016) (the "Corridor Agreement"). The Corridor Agreement governs the administration, operation and maintenance of the Alameda Corridor and the collection and application of use fees, container charges, maintenance and operation charges and Shortfall Advances (as defined below).

The Alameda Corridor has been financed and refinanced with taxable and tax-exempt bonds. According to ACTA, as of April 1, 2024, ACTA had outstanding approximately $2.286 billion aggregate principal/accreted value of taxable and tax-exempt bonds (collectively, the "ACTA Obligations"). The ACTA Obligations are payable from the use fees and container charges, payable by the Railroads, and from Shortfall Advances.

The Corridor Agreement requires the San Pedro Bay Ports, severally and not jointly, to make payments (the "Shortfall Advances") in the event the amount of use fees and container charges collected from the Railroads are not sufficient to pay in full the Annual ACTA Amount. The Annual ACTA Amount includes the yearly debt service payments on the ACTA Obligations, certain financing fees and required deposits to any debt service reserve account established for the ACTA Obligations. Pursuant to the Corridor Agreement, each year, the San Pedro Bay Ports are each individually liable for 20% of the Annual ACTA Amount. Neither of the San Pedro Bay Ports is required to make Shortfall Advances that are due and payable by the other port. Most of the Annual ACTA Amount consists of the debt service payments on the ACTA Obligations. Based upon the April 1, 2024 outstanding amount of the ACTA Obligations, in the event use fees and container charges ceased to be collected from the Railroads, the San Pedro Bay Ports are potentially liable for a maximum of approximately $2.005 billion (the Department and the Port of Long Beach each being liable for approximately $1.002 billion) of debt service payments on the ACTA Obligations through 2054. Pursuant to the Corridor Agreement, the Department is obligated to include any forecasted Shortfall Advances in its budget for each fiscal year. The San Pedro Bay Ports were first required to pay Shortfall Advances in calendar year 2011 when they paid a total of $5.9 million ($2.95 million each) for debt service payments due on October 1, 2011. The San Pedro Bay Ports were again required to pay Shortfall Advances in calendar year 2012 when they paid a total of $5.9 million ($2.95 million each) for debt service payments due on October 1, 2012. Since the 2012 payment, the San Pedro Bay Ports have not been required to pay Shortfall Advances. In July 2022 and again in February 2024, ACTA restructured some of its outstanding bonds which, among other things, relieved the San Pedro Bay Ports from having to make Shortfall Advances. However, according to information provided in ACTA's official statement dated January 23, 2024, with respect to ACTA's Tax-Exempt Senior Lien Revenue Refunding Bonds, Series 2024A, Taxable Senior Lien Revenue Refunding Bonds, Series 2024B, Tax-Exempt Subordinate Lien Revenue Refunding Bonds, Series 2024C, and Taxable Subordinate Lien Revenue Refunding Bonds, Series 2024D, ACTA projects that the San Pedro Ports will again be required to make Shortfall Advances beginning in Fiscal Year 2027.

The Department's obligation to make Shortfall Advance payments is subordinated to other obligations of the Department, including the Series 2024 Bonds, and the Department is not required to take Shortfall Advance payments into account when determining whether it may incur additional indebtedness or when calculating compliance with the rate covenants under the Indenture and the other Issuing Documents. The Department's obligation to make Shortfall Advances will continue even if use fees are abated as a result of complete blockage of the rail corridor for more than five days. Shortfall Advances are to be reimbursed to the Department and the Port of Long Beach from use fees and container charges to the extent available, after payment of debt service on the ACTA Obligations, the funding of any reserves associated with the ACTA Obligations, the payment of maintenance and operating expenses of the Alameda Corridor, and the payment of administrative and other amounts. See "*Insurance*" and "Financial Policies—*Financial Reserve and Target Balance Policy*" below.

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Historical Cash Balances. The following Table 14 sets forth the ending cash balances in the Harbor Revenue Fund and the Department's unrestricted and restricted funds for Fiscal Years 2020 through 2024 (unaudited).

Table 14
Port of Los Angeles
Historical Ending Cash Balances
(In Thousands of Dollars)

	2020	2021	2022	2023	Unaudited 2024
Unrestricted Funds					
Harbor Revenue Fund	$642,486	$757,841	$891,200	$1,019,835	
Harbor Special Operating Fund	199,847	196,237	185,824	203,342	
Emergency/ACTA Reserve Fund	50,580	50,633	50,563	52,563	
Others	5,793	7,302	16,566	5,834	
Total Unrestricted Funds	$928,706	$1,012,012	$1,144,153	$1,281,573	
Restricted Funds					
China Shipping Mitigation Fund	$9,246	$9,074	$8,576	$8,469	
Community Mitigation Trust Fund—TraPac	122	397	385	–	
Clean Truck Fee Fund	5	5	5	39,215	
Batiquitos L/T Investment Fund [1]	7,449	7,390	6,893	6,823	
Bond Funds	42,281	42,435	37,452	37,105	
Customer Security Deposits	3,127	3,071	2,910	2,869	
Other	3,288	3,249	3,117	3,172	
Total Restricted Funds	$65,519	$65,622	$59,339	$97,652	
Total Unrestricted and Restricted Funds	$994,225	$1,077,634	$1,203,492	$1,379,225	

[1] As environmental mitigation, the Department created a fund to pay certain maintenance expenses at the Batiquitos Lagoon.
Source: Harbor Department of the City of Los Angeles

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Investment of Funds. Moneys on deposit in all of the Department's unrestricted funds and the majority of the Department's restricted funds are currently held and invested by the Treasurer of the City (the "Treasurer") in the Treasurer's general pooled investment fund (the "Pool"). Gains and losses on the Pool's investments are allocated on a pro rata basis among the participants in the Pool. The assets of the Pool as of June 30, 20[23/24] are shown in the following Table 15:

Table 15
City of Los Angeles Pooled Investment Fund Investments
As of June 30, 20[23/24]

	Market Value (millions)	Percent of Total
Treasury Notes		
Commercial Paper		
Corporate Notes		
U.S. Agencies/Munis/Supras		
Asset-Back Securities		
Bank Deposits		
Money Market Funds		
Total		100.00%

Source: City of Los Angeles, Office of the Treasurer

The City's treasury operations are managed in compliance with the State Government Code and according to a statement of investment policy which sets forth permitted investment vehicles, liquidity parameters and maximum investment maturities. The investment policy is reviewed and authorized by the City Council on an annual basis.

The Treasurer has indicated that none of the moneys on deposit in the Pool are currently invested in leveraged products, structured notes or inverse floating rate notes. The investment policy permits the use of reverse repurchase agreements subject to limits of no more than 20% of the Pool, a maximum maturity of 92 days and matching of the maturity to the re-investment. The Treasurer has indicated, however, that no reverse repurchase agreements are currently utilized with respect to moneys on deposit in the Pool. The Department does not have control over the investment of moneys in the Pool; the Treasurer exercises authority over the purchase of securities and the utilization of investment options permitted under the investment policy.

The average life of the investment portfolio for the General Pool as of June 30, 20[23/24] was [•] years.

The proceeds of Parity Obligations and other moneys required to be deposited by the Department to the funds and accounts established under the Indenture and the other Issuing Documents will be held and invested by the Trustee, at the direction of the Department, in investments permitted thereunder. The Department has previously deposited proceeds of certain Parity Obligations into the Common Reserve. The Department anticipates that such moneys will be invested in U.S. Treasury securities, federal agency securities or as otherwise permitted in the Indenture and the other applicable Issuing Documents.

Audits. The Department will cause its books and accounts to be audited annually by an independent firm of certified public accountants and will make available for inspection by the Owners and the Trustee, at the office of the Department, a copy thereof, or a summary financial statement, upon request, to any Bond Owner. See "APPENDIX A—ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE

HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND 2022" for a copy of the Department's most recent audited financial statements.

Insurance. The Indenture requires the Department to maintain and will continue to or cause to be procured and maintained insurance on the Harbor Assets with responsible insurers in such amounts and against such risks (including accident to or destruction of the Harbor Assets) as are usually covered in connection with harbor facilities similar to the Harbor Assets and owned by harbor departments similar to the Department so long as such insurance is available from reputable insurance companies at reasonable cost.

The Department will procure and maintain such other insurance which it deems advisable or necessary to protect its interests and the interests of the Owners, which insurance will afford protection in such amounts and against such risks as are usually covered in connection with similar harbor facilities owned by harbor departments similar to the Department.

Any insurance described in the above paragraphs may be maintained under a self-insurance program so long as such self-insurance is maintained in the amounts and manner usually maintained in connection with harbor facilities similar to those of the Department, and owned by harbor departments similar to the Department and is, in the opinion of an accredited actuary, actuarially sound.

The Department's insurance program includes both property and casualty insurance. The property insurance program currently includes an all-risk policy with limits of $1.2 billion per occurrence, including terrorism coverage, for all risks of direct loss or damage to the Port's buildings, structures and personal property, and for all perils except earthquake and flood. The various insurers providing the all-risk property insurance policy are rated "A-" or better from A.M. Best and "aa" for the long-term issuer credit rating.

The Department has determined that it is not required under the Indenture to maintain insurance against earthquake damage, although earthquake and flood perils, among other contingencies, are presently covered by a discretionary self-insurance emergency fund (the "Emergency/ACTA Reserve Fund") administered by the Department that had a balance of approximately $55.4 million as of June 30, 2024. Pursuant to a resolution adopted by the Board in 2010, a minimum balance of $[36.0/46.0] million is required to be maintained for unanticipated expenditures, disaster-related recovery and Alameda Corridor revenue shortfalls. The Port, like the entire City, is located within a seismically active region. See "CERTAIN INVESTMENT CONSIDERATIONS—Seismic Activity."

The Department also maintains comprehensive general liability insurance, which includes terrorism coverage, in the amount of $1,000,000 per occurrence for damages including death, personal injury, bodily injury, or property damage which includes a $500,000 deductible. The Department also maintains liability and indemnity coverage for its vessel operations in the amount of $1,000,000 and with a $2,500 deductible, and includes coverage for physical damage (hull and machinery) of the vessels. Department tenants, vendors and contractors are required to provide a minimum of $1,000,000 of liability insurance, and to add the City as additional insured on their respective policies. The primary insurer is rated "A" per A.M. Best.

The Department also purchases a number of smaller insurance policies with coverage limits ranging from $500,000 to $10,000,000 and varying deductibles. These polices provide indemnity and liability coverage for a variety of exposures associated with executive travel, active assailant events, drone use, pilotage operations, special event, crime and travel. Insurance for each policy is rated "A" or better by A.M. Best.

The Department's Workers' Compensation obligations are self-insured and administered by the City's Personnel Department. See also "CERTAIN INVESTMENT CONSIDERATIONS—Cybersecurity."

Labor Relations. The Port is a significant source of employment in the region. While the Department employs fewer than 1,000 persons, the Port directly and indirectly is responsible for generating 128,000 jobs in Los Angeles (1 in 15), 462,000 jobs in the five-county southern California region (1 in 19) and 1.4 million jobs throughout the United States. See "THE PORT AND THE DEPARTMENT—Stevedoring and Cargo Handling" with respect to the labor relations involving the tenants of the Port.

Like most City departments, the majority of Department employees are represented by unions. The Department's employees belong to 25 different bargaining units, which are represented by 15 different unions. The following is a list of all agreements with collective bargaining units and their expiration dates as of the date of this Official Statement.

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Union	Bargaining Units	Agreement Period*
American Federation of State, County and Municipal Employees, AFL-CIO ("AFSCME")	Clerical and Support Employees	January 2024 through December 2027
AFSCME	Executive Administrative Assistants	December 2023 through December 2028
Engineers and Architects Association	Administrative; Supervisory Administrative; Technical; Supervisory Technical	January 2024 through December 2027
International Union of Operating Engineers, Local 501	Plant Equipment Operation and Repair	December 2023 through December 2028
Los Angeles City Supervisors and Superintendents Association/Laborer's International Union of North America, Local 777	Supervisory Blue Collar	December 2023 through December 2028
Los Angeles County Building and Construction Trades Council, AFL-CIO	Building Trades; Supervisory Building Trades	December 2023 through December 2028
Los Angeles Port Pilots Association ILWU, Local 68	Port Pilots	June 2017 through June 2027
Los Angeles Port Police Association	Harbor Peace Officers	July 2022 through September 2027
Los Angeles Port Police Command Officers Association	Port of Los Angeles Command Officers	June 2022 through September 2027
Los Angeles Professional Managers Association ("LAPMA")	Managers	December 2023 through December 2028
LAPMA	Personnel Directors	December 2023 through December 2028
LAPMA	Confidential Senior Personnel Analysts	January 2023 through December 2028
Municipal Construction Inspectors Association, Inc.	Inspectors	June 2019 through December 2023*
Service Employees International Union ("SEIU") AFL-CIO, Local 721	Equipment, Operation and Labor; Safety and Security; Service Employees; Service and Crafts	December 2023 through December 2028**
SEIU	Professional Engineering and Scientific; Supervisory Professional Engineering and Scientific	December 2023 through December 2028

* The City and respective unions continue to honor the terms of expired employment contracts so long as negotiations are on-going.
Source: Harbor Department of the City of Los Angeles

Retirement Plans. Approximately 87% of the Department's full-time employees participate in the Los Angeles City Employees' Retirement System ("LACERS"), administered by the City. The remaining 13% of the Department's full-time employees, comprised of certain members of the Port Police, participate in the Los Angeles Fire and Police Pension System ("LAFPP" or "FPPP").

The LACERS plan and the LAFPP plan are the obligation of the City, which is responsible for the funding of LACERS, LAFPP and for the determination and resolution of any unfunded LACERS or LAFPP liabilities. Under requirements of the City Charter, the Department makes contributions to LACERS and LAFPP with respect to its employees in amounts determined by the City.

Retired members and surviving spouses and domestic partners of LACERS and LAFPP members are eligible for certain subsidies toward their costs of medical and dental insurance. Both LACERS and LAFPP advance fund retiree health insurance benefits for current retirees and active eligible members for many years, funding the annual contribution recommended by their actuaries. Prior to Fiscal Year 2012, there were no member contributions for health subsidy benefits; all such costs were funded from the employer's contribution and investment returns thereon. Beginning in Fiscal Year 2012, in addition to employer contributions and investment returns, members are required to contribute towards the costs for health subsidy benefits.

According to the LACERS' Actuarial Valuation and Review of Retirement and Health Benefits as of June 30, 2023 (the "LACERS Valuation Report"), LACERS had an unfunded actuarial accrued liability ("UAAL") of approximately $6.806 billion with respect to retirement benefits and approximately $242 million with respect to health subsidy benefits. As of June 30, 2022, LACERS had an UAAL of approximately $6.429 billion with respect to retirement benefits and approximately $107 million with respect to health subsidy benefits. The LACERS Valuation Report also indicated that as of June 30, 2023, LACERS had a funded ratio (based on the actuarial value of the assets of LACERS) of 73.1% with respect to retirement benefits and 107.1% with respect to health subsidy benefits. As of June 30, 2022, LACERS had a funded ratio (based on the actuarial value of the assets of LACERS) of 73.3% with respect to retirement benefits and 97.0% with respect to health subsidy benefits. The funded ratio compares the actuarial value of assets to the actuarial accrued liabilities of a pension plan. The ratios change every valuation year, reflecting asset performance, demographic changes, actuarial assumption/method changes, benefit structure changes or a variety of other actuarial gains and losses. The LACERS Valuation Report indicated that as of June 30, 2023, LACERS had a funded ratio (based on the market value of the assets of LACERS) of 71.0% with respect to retirement benefits and 104.0% with respect to health subsidy benefits. As of June 30, 2022, LACERS had a funded ratio (based on the market value of the assets of LACERS) of 70.7% with respect to retirement benefits and 93.5% with respect to health subsidy benefits.

According to the LAFPP's Actuarial Valuation and Review of Retirement and Other Postemployment Benefits ("OPEB") as of June 30, 2023 (the "LAFPP Valuation Report"), LAFPP had a UAAL of approximately $126 million with respect to retirement benefits and approximately $849 million with respect to health subsidy benefits. As of June 30, 2022, LAFPP had an UAAL of approximately $524 million with respect to retirement benefits and approximately $939 million with respect to health subsidy benefits. The LAFPP Valuation Report also indicated that, as of June 30, 2023, LAFPP had a funded ratio (based on the actuarial value of the assets of LAFPP) of 99.5% with respect to retirement benefits and 77.7% with respect to health subsidy benefits. As of June 30, 2022, LAFPP had a funded ratio (based on the actuarial value of the assets of LAFPP) of 98.0% with respect to retirement benefits and 74.3% with respect to health subsidy benefits. The funded ratio compares the actuarial value of assets to the actuarial accrued liabilities of a pension plan. The ratios change every valuation year, reflecting asset performance, demographic changes, actuarial assumption/method changes, benefit structure changes or a variety of other actuarial gains and losses. The LAFPP Valuation Report indicated that as of June 30, 2023, LAFPP had a funded ratio (based on the market value of the assets of LAFPP) of 99.6% with respect to retirement benefits and 77.8% with respect to health subsidy benefits. As of June 30, 2022, LAFPP had a funded ratio (based on the market value of the assets of the LAFPP) of 98.4% with respect to retirement benefits and 74.6% with respect to health subsidy benefits.

The Department contributed approximately $29.1 million and $27.0 million to LACERS in Fiscal Years 2023 and 2022, respectively, and these contributions included both retirement benefits and OPEB. In each of these Fiscal Years, the Department contribution was equal to 100% of its annual required contribution as calculated by LACERS and its actuaries. The Department expects to contribute approximately $31.8 million to LACERS for Fiscal Year 2025, its annual required contribution as calculated by LACERS and its actuaries.

The Department contributed approximately $5.7 million and $4.9 million to LAFPP in Fiscal Years 2023 and 2024, respectively, which contributions included both retirement benefits and OPEB. In each of these Fiscal Years, the Department contribution was equal to 100% of its annual required contribution as calculated by LAFPP and its actuaries. The Department expects to contribute approximately $5.6 million to LAFPP for Fiscal Year 2025, its annual required contribution as calculated by LAFPP and its actuaries.

The valuations incorporate a variety of actuarial methods, some of which are designed to reduce the volatility of contributions from year to year. When measuring the value of assets for determining the UAAL, many pension plans, including LACERS and LAFPP, smooth market value gains and losses over a period of years to reduce volatility. These smoothing methodologies result in an actuarial valuation of assets that are higher or lower than the market value of assets. LACERS and LAFPP recently amended their smoothing methodologies. For additional information regarding LACERS and LAFPP, see "APPENDIX B—CERTAIN INFORMATION REGARDING THE CITY OF LOS ANGELES—SELECTED INFORMATION REGARDING THE CITY'S RETIREMENT AND PENSION SYSTEMS AND OTHER POST-EMPLOYMENT BENEFITS." See also "APPENDIX A—ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND 2022."

Financial Policies

In September 2008 the Department established Financial Policies designed to provide effective financial guidelines and management, to establish financial controls, assist in reporting accurate financial results, promote consistent financial practices, operational efficiencies and best practices and promote compliance with applicable laws, regulations, and accounting and reporting standards. The Department's financial policies address fiscal, leasing, capital improvement plan funding, financial reserve, risk management, disclosure, and debt management topics, and are intended to be reviewed annually and when necessary to address continued relevance and appropriate application. Key themes in the Department's Financial Policies are prudence, transparency, sustainability and accountability.

The Department's Financial Policies are described below and the full Financial Policies are posted on the Port's website at https://www.portoflosangeles.org/business/finance. However, such website, and the information contained therein are not incorporated into, and are not part of, this Official Statement.

Fiscal Policies. The objective of the Department's Fiscal Policies is to balance prudently the Department's core business requirements and strategic objectives with its financial resources. Pursuant to the City Charter, moneys deposited in the Harbor Revenue Fund may be appropriated or used for limited purposes. Pursuant to its Fiscal Policies, annually the Board will adopt a budget that is consistent with Department's commitment to its strategies and goals as provided in the Department's strategic plan (the "Strategic Plan"). Recommendations to the Board which do not comply with the Department's Fiscal Policies must be identified as noncompliant in an appropriate report. The Department's annual financial statements will be presented to the Board upon the conclusion of the audit process. The Department will maintain Fiscal Policies designed to hold ratings commensurate with strategy and sustain transparency and accountability to its stakeholders.

Budgetary Policies. Under the Department's Budget Policy, the Department prepares an annual budget plan for the Board's review consistent with the established strategy and priorities of the Department, with the requirements of the Charter and the guidelines of the Mayor of the City. At the beginning of each budget year, and after consultation with the Board, the Executive Director of the Department will provide a letter to the head of each division, which will set forth the financial targets for the coming Fiscal Year.

Additionally, under the Budget Policy, (a) current appropriations for all funds are limited to the sum of available, unrestricted cash balances and revenues estimated to be received in the current budget year, and when necessary, debt issuance; (b) all divisions are required to operate within the adopted budget; (c) capital assets owned by the Department are required to be maintained on a regular schedule; (d) all Department funds are reconciled at the close of the Fiscal Year to determine the available cash balance at year-end; and (e) Board reports are required to include fiscal impact and economic benefit discussions as to how the proposed action may affect the budget, the Department's financial condition, any benefits to the job market, plus the estimated costs and or benefit of the program or service in the current and future years.

Revenue and Expense Policies. The Department's Revenue and Expense Policies include the following key components: (a) charges and fees for facilities and services provided to its customers are structured to allow for marginal cost pricing and for the recovery of both direct and indirect costs incurred in the operation of the Port; (b) permit fees will be consistent with the Department's Leasing Policy; (c) shipping revenues, revenue from the rental of the Port's land and buildings (i.e., revenue from permit and lease agreements), and fee and royalty revenues collected by the Department permit the recovery of the cost of providing services and improvements and the Department will conduct regular reviews of its fee structure, rentals and charges for services, and other operating revenues and expenditures; (d) user charges, rents and fees are pursued and levied to support the cost of operations for which such amounts are charged, including direct, indirect and capital costs; (e) the marginal revenue from any operating activity must exceed the marginal cost of the activity; (f) operating expenses must be funded in whole by operating revenues; (g) the Department will limit financial support of programs funded by federal, state and private grants to avoid commitments that continue beyond available funding; and (h) the Department will seek new and diverse revenues.

Leasing Policy. See "THE PORT AND THE DEPARTMENT—Operating Data—Rental Property" for a discussion of the Department's Leasing Policy.

Capital Improvement Plan Funding Policy. Amounts budgeted by the Department for capital improvements are taken from the Department's Capital Improvement Plan (the "Capital Improvement Plan"). The Capital Improvement Plan is a planning document which provides that Port facilities may be funded by a variety of sources including the Harbor Revenue Fund, long-term and short-term debt and grants, all subject to the review and approval of the Executive Director. Under the Capital Improvement Plan Funding Policy, capital projects are evaluated based on many factors including anticipated revenue to be generated from the capital project, incremental estimated management and operations expense, total project cost, project contingencies, job creation and if the capital project promotes recreation. All capital projects must be approved by the Board.

Financial Reserve and Target Balance Policy. The Department's Financial Reserve and Target Balance Policy (the "Financial Reserve Policy") seeks to, among other things, (a) meet or exceed all debt indenture and City Charter requirements, (b) maintain access to capital markets and other sources of capital funding at the most efficient cost of funds, (c) manage financial risks prudently by maintaining required and additional financial reserves to meet the Department's financial needs, and (d) establish prudent levels of liquidity. The Department may seek, through the approval of the Board, the establishment of reserve funds for the Department. Currently, the Department's reserve funds include among others: the Emergency/ACTA Reserve Fund in the amount of $55.4 million as of June 30, 2024, established for unanticipated expenditures, disaster related recovery and Alameda Corridor revenue shortfalls, and the current minimum amount approved to be held in this fund is $[36.0/46.0] million; and a Special Operating Fund which combined with the balance in the Emergency/ACTA Fund would provide for approximately one year of operating expenses. Per the Financial Reserve Policy, the target balance in the Special Operating Fund is equal to the difference between (i) the average of the Department's operating expenses for the four most recent Fiscal Years and the adopted budget for the current Fiscal Year and (ii) the balance in the Emergency/ACTA Fund.

Risk Management Policy. The Department's Risk Management Policy is designed to provide for the continuous identification, analysis and control of risk exposures, the determination of the best methods of preventing or limiting losses and the selection of the most economical method of financing losses through insurance or other means. The Department implements the following techniques under the Department's Risk Management Policy: (a) assumption of loss, (b) use of available government programs, (c) purchase of insurance; and (d) transfer options and any other program that will provide the Department with the most economical method of financing losses. Under the Department's Risk Management Policy, the Department will consider the purchase of insurance in the following cases: (a) the estimate of the cost of potential loss exceeds an amount considered as an allowable retention of risk and there are no other techniques available at a lesser cost; (b) services of loss adjustment and loss prevention are best secured through an insured program; and (c) legal or contractual obligations require insurance.

Disclosure Policy. The Department's Disclosure Policy is designed to outline procedures for the preparation, review and dissemination of the Department's disclosure documents, which include primary offering disclosure documents and continuing disclosure filings, in order to ensure that such disclosure documents are accurate, complete and timely.

Debt Management Policy. The objectives of the Department's Debt Management Policy include, among others, (a) maintaining the Department's existing credit ratings; (b) providing for an efficient overall cost of borrowing for the Department; (c) providing specific guidelines for the overall management and administration of the Department's debt; (d) establishing a process for selecting consultants to assist the Department in the issuance and management of the Department's debt; and (e) supporting the Department's strategic plan objectives. The Debt Management Policy requires (i) the Department to maintain a minimum debt service coverage of 2.0x, and (ii) that the Department's variable rate exposure on long-term debt not exceed 20%.

CERTAIN INVESTMENT CONSIDERATIONS

The purchase and ownership of the Series 2024 Bonds involves investment risk and may not be suitable for all investors. Prospective purchasers of the Series 2024 Bonds are urged to read this Official Statement, including all Appendices, in its entirety. The factors set forth below, among others, may affect the security for the Series 2024 Bonds. However, the following does not purport to be an exhaustive listing of all considerations which may be relevant to investing in the Series 2024 Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of these considerations.

Ability To Meet Rate Covenant

As described in "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024 BONDS" above, the Department has covenanted under the Indenture that it will fix rates, tolls and charges, rentals for leases, permits and franchises, and compensations or fees for franchises and licenses, at levels described herein.

In the State, marine terminal services and facilities are priced through permits, leases, preferential management and user agreements with water carriers and/or terminal operators. These arrangements generally provide for economic discounts from established tariffs in exchange for term commitments and/or minimum payment guarantees. A substantial majority of the Department's shipping revenues are generated by such agreements. As payments under those agreements are usually based on current tariff rates, the Department can generally increase its revenues under those agreements either by increasing its tariff rates or through increases in shipping line volume. However, there are contractual, statutory, regulatory, practical, procedural and competitive limitations on the extent to which the Department can increase tariffs. Implementation of an increase in the schedule of rentals, rates, fees and charges for the use of the Port could have a detrimental impact on the operation of the Port by making the cost of operating at the Port unattractive to shipping lines and others in comparison to other locations, or by reducing the operating efficiency of the Port. See "THE PORT AND THE DEPARTMENT—Operating Data—Terminal Operations" above and "—Port Competition" below.

No Reserve Fund Established for Series 2024 Bonds

No debt service reserve fund will be established to secure the payment of principal of and interest on the Series 2024 Bonds.

Global Health Emergencies; COVID-19 Pandemic

A pandemic, epidemic or outbreak of an infectious disease can have significant adverse effects and financial impacts on global and local economies. For example, beginning in 2020, the COVID-19 pandemic negatively affected economic activity throughout the world, including the United States and the State. The initial impacts of stay-at-home orders globally was unprecedented, with commerce, travel, asset values and financial markets experiencing disruptions worldwide. Overall cargo volumes experienced a downturn in Fiscal Year 2020 due to issues with the global supply chain, labor availability, and local stay-at-home orders. Beginning in Fiscal Year 2021, the Department began to recover from the affects of the pandemic and cargo volumes for Fiscal Year 2024 were 6.8% higher than Fiscal Year 2020.

The declarations of the COVID-19 pandemic as a public health emergency have been lifted. However, no assurance can be given that the operations or finances of the Department will not be negatively affected in the event that the pandemic and its consequences again become more severe or if there is an outbreak of another infectious disease or similar event impacting the region in the future.

Demand for Port Facilities

The demand for Port facilities is significantly influenced by a variety of factors, including, among others, the global and domestic economic and political conditions, governmental regulations, fuel prices, currency values, international trade, the availability and costs of effective labor support, availability and costs of vessels, containers and insurance, the adequacy and location of major distribution hubs, the financial condition of maritime-related industries, the increase of operational alliances and other structural conditions affecting maritime carriers.

The utilization of the Port's facilities, and therefore the Revenues of the Department, are also impacted by the availability of alternate port facilities at competitive prices. See "—Port Competition" below.

Port Competition

There is significant competition for container traffic among North American ports. Success depends largely on the size of the local market and the efficiency of the port and inland transportation systems for non-local destinations. The utilization of the Department's facilities, and therefore the revenues of the Department, is impacted by the availability of alternate port facilities at competitive prices. The revenues of the Department may be adversely impacted by increasing competition from other port facilities; however, the Department cannot predict the scope of any such impact at this time.

Primary competition for the Port comes from the Port of Long Beach (8.0 million TEUs handled in calendar year 2023), the Port of Oakland (2.1 million TEUs handled in calendar year 2023), the Ports of Seattle and Tacoma (also referred to as the Northwest Seaport Alliance) (3.0 million TEUs handled in calendar year 2023), the Port of Vancouver (3.1 million TEUs handled in calendar year 2023) and the Port of Prince Rupert (704,200 TEUs handled in calendar year 2023), both located in British Columbia, Canada. All of these ports compete with the Port for discretionary intermodal cargo destined for locations in the Central and Eastern United States and Canada. Discretionary cargo makes up approximately 25% of cargo arriving at the Port. Currently, this discretionary cargo moves eastward primarily by rail, after being off loaded at West Coast ports in the United States and Canada. Discretionary cargo is highly elastic and is controlled largely by cargo owners and/or ocean carriers who can direct and redirect cargo to any port they choose. The greatest risk to the Port's market share is with the intermodal discretionary cargo segment.

The use of all-water routes to the East and Gulf Coasts of the U.S. is an alternative to Asian intermodal cargo moving through United States West Coast ports. All-water service from Asia to the Gulf of Mexico and East Coast ports through the Panama Canal and through the Suez Canal, also compete for the same cargos. Demand for these all-water services increased following the 2002, 2008, 2014 and 2022-23 prolonged longshoreman contract negotiations that occurred on the West Coast. The primary appeal of the all-water routes is the expected reliability of the services, along with market growth opportunities and costs.

However, the shipping lines remain very committed to the Southern California gateway which also is evidenced by the investment in terminal infrastructure that has been made by the shipping lines. For example, in January 2022, CMA CGM completed its $2.3 billion acquisition for 90% of Fenix Marine Services' terminal at the Port. CMA CGM is now the sole owner of the Fenix facility. The Department in in ongoing negotiations with Fenix on a further expansion and upgrade of its terminal at the Port.

While the Revenues of the Department may be adversely impacted by increasing competition from other port facilities, the Department cannot predict the scope of any such impact at this time. The imposition of fees that apply only to the Port or to a group of ports that includes the Port, may increase the cost to ocean carriers of utilizing the Port. If such fees are imposed, the Department may adjust the tariffs or other charges applicable to its ocean carriers to moderate some or all of the potential impact, which in turn may reduce revenues.

Shipping Line Alliances Within the Containerized Cargo Industry

Over the past decade, many of the shipping lines have either formed strategic mega shipping alliances or merged their operations. The three largest alliances are the 2M Alliance, the Ocean Alliance and THE Alliance, which ship over 85% of all imports from Asia to the United States.

Members of the Ocean Alliance — CMA CGM, Cosco Shipping, Evergreen and OOCL announced in March 2024 that they have renewed their partnership for another five years. The new agreement commits a total of 4.5 million TEUs in capacity to the partnership deployed linking Asia to Northern Europe, the Mediterranean, the Middle East and North America's east and west coasts.

In 2023, Maersk and Mediterranean Shipping Company announced that they would discontinue the 2M Alliance in 2025. In January 2024, shipping lines Hapag-Lloyd (which is currently part of THE Alliance) and Maersk announced that they have entered into an agreement for a new long-term operational collaboration called “Gemini Cooperation.” The new partnership would start in February 2025, cover seven trades and offer 26 mainline services. The fleet would consist of some 290 vessels with a total standing capacity of 3.4 million TEU.

Additional alliances and mergers could occur in the future. The Department cannot predict what effect any new alliances may have on container traffic at the Port or the Revenues of the Department,

Executive Orders and Federal Laws and Regulations (Tariffs and Trade)

Between March 2018 and May 2019, then-President Trump applied new tariffs to a wide variety of products imported from China and other nations, including aluminum, steel (under Section 232 of the Trade Act of 1974, as amended (“Section 232”)) and consumer goods (under Section 301 of the Trade Act of 1974, as amended (“Section 301”)). In response to the tariffs imposed by the United States, numerous countries around the world (including China) have imposed tariffs on goods produced in the United States. Upon taking office in 2021, President Biden maintained the tariffs on Chinese goods. On May 14, 2024, the Biden Administration announced that it was proposing to expand the Section 301 tariffs on Chinese imports to include solar panels, electric vehicles, batteries, green energy supply chain inputs, ship-to-shore port cranes, steel products, aluminum products, medical syringes, and personal protective equipment. While tariffs imposed by the United States, China and other nations may have a financial impact upon the Department’s Revenues and/or the Port’s tenants, as of the date of this Official Statement, insufficient information is available to estimate the magnitude of such potential impacts. There can be no assurances that extended continuation of current tariffs and/or imposition of additional tariffs will not materially adversely affect the financial condition of the Department.

Security at the Port

The Port contains critical infrastructure that could be the subject to attempted terrorist attacks. These critical infrastructure assets include cargo terminals, waterways, roads, bridges, and rail access. A terrorist attack on this infrastructure could have a material adverse effect on the collection of Revenues needed to repay the Series 2024 Bonds and the Department’s other obligations.

As a result of the terrorist attacks of September 11, 2001, the Maritime Transportation Security Act (“MTSA”) was signed into law. The MTSA requires the maritime industry to implement measures designed to protect ports and waterways of the United States from a terrorist attack. Compliance with the MTSA includes detailed terminal and vessel security assessments, and development and implementation of comprehensive security plans. These regulations are reenforced by the U.S. Coast Guard.

In addition to measures taken under MTSA regulations, the Port Police, along with other State and federal agencies, conduct extensive port and cargo security operations to ensure the security of the Port. See “THE PORT AND THE DEPARTMENT—Introduction and Organization—Port Security.”

Cybersecurity

Cybersecurity incidents could result from unintentional events, or from deliberate attacks by unauthorized entities or individuals attempting to gain access to the Port’s and the Department’s networks and systems for the purposes of misappropriating assets or information or causing operational disruption and damage. No assurances can be given that the Department's and the Port's security and operational control measures will ensure against any and all cybersecurity threats and attacks. A cybersecurity incident or breach could damage the Department's and the Port's networks and systems and cause disruption to the Department's and the Port's operations and finances. The Department carries cyber liability insurance and such coverage includes cyber incident response assistance, business interruption loss, digital data recovery and network extortion. Although the Department carries cyber liability insurance, the costs of remedying any such damage or protecting against future attacks could be substantial. In addition, cybersecurity breaches could expose the Department and the Port to material litigation and other legal risks, which could cause the Department to incur material costs related to such legal claims or proceedings. The Department will continue to assess cyber threats and protect its data and systems. The Port's tenants also face cybersecurity threats that could affect their operations and finances.

Seismic Activity

The Port is located in an area that is seismically active. The two faults closest to the Port are the Palos Verdes fault and the Newport-Inglewood fault. More distant faults with a history of causing earthquakes include the San Andreas and San Jacinto faults. A significant earthquake along these or other faults is possible during the period the Series 2024 Bonds will be outstanding.

In March 2015, the Uniform California Earthquake Rupture Forecast (the "2015 Earthquake Forecast") was issued by the Working Group on California Earthquake Probabilities. Organizations sponsoring the Working Group on California Earthquake Probabilities include the U.S. Geological Survey, the California Geological Survey, the Southern California Earthquake Center and the California Earthquake Authority. According to the 2015 Earthquake Forecast, the probability of a magnitude 6.7 or larger earthquake over the next 30 years (from 2014) striking the greater Los Angeles area is 60%. From the Uniform California Earthquake Rupture Forecast published in April 2008 (the "2008 Earthquake Forecast"), the estimated rate of earthquakes around magnitude 6.7 or larger decreased by about 30%. However, the estimate for the likelihood that California will experience a magnitude 8.0 or larger earthquake in the next 30 years (from 2014) increased from about 4.7% in the 2008 Earthquake Forecast to about 7.0% in the 2015 Earthquake Forecast. The 2015 Earthquake Forecast considered more than 250,000 different fault-based earthquakes, including multifault ruptures, whereas the 2008 Earthquake Forecast considered approximately 10,000 different fault-based earthquakes.

The Port could sustain extensive damage to its facilities in a major seismic event from ground motion and liquefaction of underlying soils, which damage could include slope failures along the shoreline, pavement displacement, distortions of pavement grades, breaks in utility, drainage and sewage lines, displacement or collapse of buildings, failure of bulkhead walls, and rupture of gas and fuel lines. A major seismic event in Southern California, or elsewhere in the world, also could result in the creation of a tsunami that could cause flooding and other damage to the Port. Damage to Port facilities as a result of a seismic event could materially adversely affect Revenues.

The Department maintains the Emergency/ACTA Reserve Fund, to cover, among other things, uninsured losses, including damages from earthquakes. Other than the Department's self-funded reserve, the Department does not maintain insurance coverage against earthquake damage because of the high costs in proportion to the relatively low levels of coverage currently available. To date, no earthquakes have caused structural damage to Department facilities. See "FINANCIAL INFORMATION CONCERNING THE DEPARTMENT—Other Financial Matters—Insurance."

In August 2019, a research article published by a seismological journal posited the existence of an additional active earthquake fault, the Wilmington Blind-Thrust fault, in the area in which the Port is located.

Pension Liability

As described in "FINANCIAL INFORMATION CONCERNING THE DEPARTMENT—Other Financial Matters—Retirement Plans," eligible employees of the Department participate in pension plans administered by the City. See also "APPENDIX B—CERTAIN INFORMATION REGARDING THE CITY OF LOS ANGELES—SELECTED INFORMATION REGARDING THE CITY'S RETIREMENT AND PENSION SYSTEMS AND OTHER POST-EMPLOYMENT BENEFITS." Given inherent volatility risk in various market indices, required contributions to the City pension plans by the Department as a percent of salaries may face increases that may or may not be material depending upon a variety of actuarial factors. It is not possible to predict future investment returns.

Environmental Compliance and Impact; Air Emissions

The Department is subject to legal and regulatory requirements relating to air emissions that may be generated by activities at the Department. Such requirements mandate and offer certain incentives for reductions of air pollution from ships, trains, trucks and other operational activities. Paying for mandated air pollution reduction infrastructure, equipment and other measures may become a significant portion of the Department's capital budget and operating budget. Such expenditures are necessary even if the Department does not undertake any new revenue-generating capital improvements, and the Department cannot provide assurances that the actual cost of the required measures will not exceed the forecasted amount.

In addition to the changing legal and regulatory guidelines for air emissions, the standards for required environmental impact review of Department development proposals under the CEQA and similar federal laws are becoming more rigorous and complex. Such modifications to the review process may significantly delay or curtail the Department's efforts to maintain and repair existing infrastructure or to add revenue-generating infrastructure. Additionally, the costs of such projects may be significantly increased to pay for environmental or air quality mitigations necessary to obtain regulatory approvals or survive potential challenges to the Department's environmental impact analysis and mitigation. See "THE PORT AND THE DEPARTMENT—Environmental and Regulatory Matters."

In 2021, the South Coast AQMD began a public rulemaking process to develop a new regulation, Proposed Rule 2304 – Marine Ports Indirect Source Rule, to reduce air pollution from the Port and the Port of Long Beach and their container terminals. The South Coast AQMD is still in the process of developing the rule and has not released draft regulation language, but some of its preliminary proposals to reduce air pollution at the Port and the Port of Long Beach included placing caps on the emissions that each of the ports would be allowed to generate. Depending on the Rule's ultimate structure and compliance requirements, such caps and/or other provisions could have an adverse effect on the cargo volumes and associated revenues of the Department. As of the date of this Official Statement, the Department cannot predict the requirements or restrictions under the South Coast AQMD's final rule, which it has have stated will be considered for their board's adoption in the first quarter of calendar year 2025.

In addition, certain individuals or organizations may nonetheless seek legal remedies to require the Department to take further actions to mitigate health hazards or to seek damages in connection with the environmental impact of its seaport activities. The Department has developed its CAAP to mitigate such health risks. See "THE PORT AND THE DEPARTMENT—Environmental and Regulatory Matters—Clean Air Action Plan." Nonetheless, there is a risk that such legal action will be costly to defend, could result in substantial damage awards against the Department or curtail certain Department developments or operations.

Climate Change

Numerous scientific studies on global climate change show that, among other effects on the global ecosystem, sea levels will rise, extreme temperatures will become more common and extreme weather events will become more frequent as a result of increasing global temperatures attributable to atmospheric pollution. Coastal infrastructure may be threatened by the continued increase in the frequency and extent of high-tide flooding due to sea level rise.

The Department continues to develop and adapt capital improvement projects to remain resilient to sea level rise. As global sea levels continue to rise, shoreline assets become more vulnerable to increase in the frequency and magnitude of coastal flood events. Sea level rise is a significant risk that can have a long-term impact on business operations as well as international cargo. Therefore, the Department is taking a proactive approach to address the risk when investing in new infrastructure to avoid costly future improvements. The basis for the resiliency implementation is The Port of Los Angeles Sea Level Rise Adaptation Study (2018), which evaluated Port assets including wharves and miscellaneous operations, critical facilities, transportation (rail/roads), community assets, and natural habitats. The Study included the development of sea level rise maps showing exposure for years 2030, 2050, and 2100, a vulnerability assessment, and development of adaptation strategies including governance, initiatives, and physical infrastructure. The Department is updating the Sea Level Rise Adaptation Study with a draft expected in the fourth quarter of calendar year 2024.

The Department is unable to predict whether sea-level rise or other impacts of climate change will occur while the Series 2024 Bonds are outstanding, and if any such events occur, whether there will be an adverse impact, material or otherwise, on the Department's revenues.

Termination or Expiration of Material Contracts

The Department has entered into a number of material contracts and other relationships relating to the use or operation of Port facilities. Should a significant number of the Department's permittees default on their obligations, terminate their relationships with the Department or fail to renew their commitments upon expiration, the amount of Revenues realized by the Department could be materially impaired and this could have an adverse impact on the holders of the Series 2024 Bonds. See "THE PORT AND THE DEPARTMENT—Operating Data—Rental Property."

Effect of Tenant Bankruptcy

A bankruptcy of a tenant of the Port could result in delays and/or reductions in payments to the Department which could affect the Department's ability to pay debt service on the Series 2024 Bonds and other Parity Obligations.

A tenant that has executed an agreement or other executory contract and seeks protection under the U.S. bankruptcy laws must assume or reject (a) its agreement within 120 days after the bankruptcy filing (subject to court approval, a one-time 90-day extension is allowed, and further extensions are allowed with the consent of the Department), and (b) its other executory contracts with the Department prior to the confirmation of a plan of reorganization. In the event of assumption and/or assignment of any agreement to a third party, the tenant would be required to cure any pre- and post-petition monetary defaults and provide adequate assurance of future performance under the applicable agreement. Rejection of an agreement or executory contract will give rise to an unsecured claim of the Department for damages, the amount of which in the case of an agreement or other executory contract is limited by the United States Bankruptcy Code generally to the amounts unpaid prior to bankruptcy plus the greater of (i) one year of rent or (ii) 15% of the total remaining lease payments, not to exceed three years. However, the amount ultimately received in the event of a rejection of an agreement could be considerably less than the maximum amounts allowed under the United States Bankruptcy Code. In addition, payments made by a tenant in bankruptcy within 90 days of filing a bankruptcy case could be deemed to be an "avoidable preference" under the United States Bankruptcy Code and thus subject to recapture by the debtor or its trustee in bankruptcy.

During the pendency of a bankruptcy proceeding, a debtor tenant may not, absent a court order, make any payments to the Department on account of goods and services provided prior to the bankruptcy. As a result, the Department's stream of payments from a debtor tenant would be interrupted to the extent of pre-petition goods and services, including accrued tariffs and rents.

In general, risks associated with bankruptcy include risks of substantial delay in payment or of non-payment and the risk that the Department may not be able to enforce any of its remedies under the agreements with a bankrupt tenant.

With respect to a tenant in bankruptcy proceedings in a foreign country, the Department is unable to predict what types of orders and/or relief could be issued by foreign bankruptcy tribunals, or the extent to which any such orders would be enforceable in the United States.

Should a significant number of the parties to the major revenue producing property agreements file for bankruptcy protection, Revenues received by the Department could be materially adversely impacted and this could have an adverse impact on the Department's ability to pay debt service on the Series 2024 Bonds. There may be other possible effects of a bankruptcy of a tenant that could result in delays or reductions in payments on the Series 2024 Bonds. Regardless of any specific adverse determinations in a tenant bankruptcy proceeding, the fact of a tenant bankruptcy proceeding could have an adverse effect on the liquidity and value of the Series 2024 Bonds.

Effect of City Bankruptcy

The City is able to file for bankruptcy under Chapter 9 of the United States Bankruptcy Code. Should the City become the debtor in a bankruptcy case, the holders of the Series 2024 Bonds will not have a lien on Revenues received by the Department after the commencement of the bankruptcy case unless the bankruptcy court determines that Revenues constitute "special revenues" within the meaning of the United States Bankruptcy Code. "Special revenues" are defined to include receipts from the ownership, operation, or disposition of projects or systems that are primarily used or intended to be used primarily to provide transportation, utility or other services, as well as other revenues or receipts derived from particular functions of the debtor. While the Department believes that Revenues should be treated as "special revenues," no assurance can be given that a bankruptcy court would not find otherwise. If Revenues are not "special revenues," there could be delays or reductions in payments on the Series 2024 Bonds. Even if a court determines that Revenues are not "special revenues," the Department will be able to use Revenues to pay operation and maintenance costs of the Port, notwithstanding any provision of the Indenture or any other agreement to the contrary.

There may be other possible effects of a bankruptcy of the City that could result in delays or reductions in payments on the Series 2024 Bonds. The Department cannot predict what types of orders and/or relief may be granted by a bankruptcy court that could have a material adverse effect on the Department's receipt or application of Revenues. Regardless of any specific adverse determinations in a

City bankruptcy proceeding, the fact of a City bankruptcy proceeding or of City financial difficulties could have an adverse effect on the liquidity and market value of the Series 2024 Bonds.

Impact of Labor Negotiations (Port Tenants)

Protracted negotiations in 2014-15 and 2022-23 between the ILWU and the PMA, although not involving any employees of the Department, had a compounding effects on congestion issues that had slowed down container cargo movement through the San Pedro Bay Ports. The PMA and the ILWU entered into a new contract on June 14, 2023, which was ratified by the ILWU membership on August 31, 2023, retroactive to July 1, 2022. The current contract expires on June 30, 2028. The Department's revenues and container volumes at the Port were temporarily impacted during Fiscal Year 2015 and 2023 as a result of the slowdown and other congestion factors. Future labor unrest between the ILWU and the PMA could negatively affect Department revenues and container volumes at the Port.

Enforceability of Remedies

The remedies available to the Owners of the Series 2024 Bonds upon an event of default under the Indenture are in many respects dependent upon regulatory and judicial actions that are in many instances subject to discretion and delay. Under existing laws and judicial decisions, the remedies provided for in the Indenture may not be readily available or may be limited. Legal opinions to be delivered concurrently with the delivery of the Series 2024 Bonds will be qualified to the extent that the enforceability of certain legal rights related to the Series 2024 Bonds is subject to limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the enforcement of creditors' rights generally and by equitable remedies and proceedings generally and to limitations on legal remedies against cities in the State.

Tax Matters

See "TAX MATTERS" for additional tax-related risks.

Forward-Looking Statements

This Official Statement contains statements relating to future results that are "forward-looking statements." When used in this Official Statement, the words "estimate," "anticipate," "forecast," "project," "intend," "propose," "plan," "expect" and similar expressions identify forward-looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. See "INTRODUCTION—Forward-Looking Statements."

CONTINUING DISCLOSURE

The Department will covenant for the benefit of Owners and beneficial owners of the Series 2024 Bonds to provide certain financial information and operating data relating to the Department and the Port (the "Annual Report") by not later than six months following the end of the Department's Fiscal Year (which Fiscal Year currently ends on June 30), commencing with the Annual Report for the Fiscal Year ended June 30, 2024, and to provide notices of the occurrence of certain enumerated events. The Annual Report and any notices of certain events will be filed by the Department with the MSRB through the EMMA system. The specific nature of the information to be contained in the Annual Report and the notices of certain events is set forth in "APPENDIX D—FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants will be made in order to assist the underwriters for the Series 2024 Bonds in complying with Rule 15c2-12.

TAX MATTERS

Opinion of Bond Counsel

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Department, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Series 2024 Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), except that no opinion is expressed as to such exclusion of interest on any Series 2024A Bond or Series 2024B Bond for any period during which the Series 2024A Bond or the 2024B Bond, as applicable, is held by a person who, within the meaning of Section 147(a) of the Code, is a "substantial user" of the facilities refinanced with the proceeds of the Series 2024A Bonds and the Series 2024B Bonds or a "related person," (ii) interest on the Series 2024B Bonds and the Series 2024C Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code, however, interest on the Series 2024B Bonds and Series 2024C Bonds is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code, and (iii) interest on the Series 2024A Bonds is treated as a preference item in calculating the alternative minimum tax under the Code and is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Department in connection with the Series 2024 Bonds, and Bond Counsel has assumed compliance by the Department with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Series 2024 Bonds from gross income under Section 103 of the Code.

In addition, in the opinion of Bond Counsel to the Department, under existing statutes, interest on the Series 2024 Bonds is exempt from personal income taxes imposed by the State of California.

Bond Counsel expresses no opinion as to any other federal, state or local tax consequences arising with respect to the Series 2024 Bonds, or the ownership or disposition thereof, except as stated above. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement its opinion to reflect any action thereafter taken or not taken, any fact or circumstance that may thereafter come to its attention, any change in law or interpretation thereof that may thereafter occur, or for any other reason. Bond Counsel expresses no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Series 2024 Bonds.

Certain Ongoing Federal Tax Requirements and Covenants

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Series 2024 Bonds in order that interest on the Series 2024 Bonds be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Series 2024 Bonds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with such requirements may cause interest on the Series 2024 Bonds to become included in gross income for federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The Department has covenanted to comply with certain applicable requirements of the Code to assure the exclusion of interest on the Series 2024 Bonds from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral federal income tax matters with respect to the Series 2024 Bonds. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a Series 2024 Bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Series 2024 Bonds.

Prospective owners of the Series 2024 Bonds should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for federal income tax purposes. Interest on the Series 2024 Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Original Issue Discount

"Original issue discount" ("OID") is the excess of the sum of all amounts payable at the stated maturity of a Series 2024 Bond (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the "issue price" of a maturity (a bond with the same maturity date, interest rate, and credit terms) means the first price at which at least 10 percent of such maturity was sold to the public, i.e., a purchaser who is not, directly or indirectly, a signatory to a written contract to participate in the initial sale of the Series 2024 Bonds. In general, the issue price for each maturity of Series 2024 Bonds is expected to be the initial public offering price set forth on the cover page of the Official Statement. Bond Counsel further is of the opinion that, for any Series 2024 Bonds having OID (a "Discount Bond"), OID that has accrued and is properly allocable to the owners of the Discount Bonds under Section 1288 of the Code is excludable from gross income for federal income tax purposes to the same extent as other interest on the Series 2024 Bonds.

In general, under Section 1288 of the Code, OID on a Discount Bond accrues under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on that Discount Bond. An owner's adjusted basis in a Discount Bond is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Discount Bond. Accrued OID may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Bond even though there will not be a corresponding cash payment.

Owners of Discount Bonds should consult their own tax advisors with respect to the treatment of original issue discount for federal income tax purposes, including various special rules relating thereto, and the state and local tax consequences of acquiring, holding, and disposing of Discount Bonds.

Bond Premium

In general, if an owner acquires a Series 2024 Bond for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the bond after the acquisition date (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates), that premium constitutes "bond premium" on that Series 2024 Bond (a "Premium Bond"). In general, under Section 171 of the Code, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond, based on the owner's yield over the remaining term of the Premium Bond determined based on constant yield principles (in certain cases involving a Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond). An owner of a Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner's regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Bond, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Bond may realize a taxable gain upon disposition of the Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner's original acquisition cost. Owners of any Premium Bonds should consult their own tax advisors regarding the treatment of bond premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid on tax-exempt obligations, including the Series 2024 Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification," or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Series 2024 Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Series 2024 Bonds from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Series 2024 Bonds under federal or state law or otherwise prevent beneficial owners of the Series 2024 Bonds from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Series 2024 Bonds.

Prospective purchasers of the Series 2024 Bonds should consult their own tax advisors regarding the foregoing matters.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

Upon delivery of the Series 2024 Bonds, Causey Demgen & Moore P.C., will deliver a report stating that the firm has verified the mathematical accuracy of certain computations relating to the adequacy of the amounts to be deposited to the respective escrow funds, together with interest earnings thereon, to pay on December 24, 2024 the redemption price of the Refunded Series 2014 Bonds as further described under “PLAN OF REFUNDING AND APPLICATION OF SERIES 2024 BOND PROCEEDS.”

RATINGS

Moody’s Investors Service, Inc. (“Moody’s”), S&P Global Ratings (“S&P”), and Fitch Ratings (“Fitch”) have assigned the Series 2024 Bonds ratings of “[•]” ([•] outlook), “[•]” ([•] outlook) and “[•]” ([•] outlook), respectively. Such credit ratings reflect only the views of such organizations and any desired explanation of the meaning and significance of such credit ratings, including the methodology used and any outlook thereon, should be obtained from the rating agency furnishing the same, at the following addresses, which are current as of the date of this Official Statement: Moody’s Investors Service, Inc. 1 World Trade Center, 250 Greenwich Street, 23rd Floor, New York, New York 10007; S&P Global Ratings, 55 Water Street, 38th Floor, New York, New York 10041; and Fitch Ratings, 33 Whitehall Street, New York, New York 10004. Generally, a rating agency bases its credit rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that the ratings will remain in effect for any given period of time or that any such rating will not be revised, either downward or upward, or withdrawn entirely, or a positive, negative or stable outlook announced, by the applicable rating agency, if, in its judgment, circumstances so warrant. The Department undertakes no responsibility to bring to the attention of the Owners of the Series 2024 Bonds any announcement regarding the outlook of any rating agency with respect to the Series 2024 Bonds. Any downward revision or withdrawal or announcement of negative outlook could have an adverse effect on the market price of the Series 2024 Bonds. Maintenance of ratings will require periodic review of current financial data and other updating information by assigning agencies.

UNDERWRITING

The Series 2024 Bonds are being purchased by Jefferies LLC, Loop Capital Markets LLC, and Samuel A. Ramirez & Co., Inc. (the “Underwriters”) from the Department at a price of $____________ (which consists of the principal amount of the Series 2024 Bonds, plus an original issue premium of $____________ and less an underwriters’ discount of $____________), subject to the terms of a bond purchase agreement, dated September __, 2024 (the “Bond Purchase Agreement”), between Jefferies LLC, as representative of the Underwriters, and the Department. The Bond Purchase Agreement provides that the Underwriters will purchase all of the Series 2024 Bonds if any are purchased, and that the obligation to make such purchase is subject to certain terms and conditions set forth in the Bond Purchase Agreement, the approval of certain legal matters by counsel, and certain other conditions. The initial public offering prices of the Series 2024 Bonds set forth on the inside front cover hereof may be changed from time to time by the Underwriters. The Underwriters may offer and sell the Series 2024 Bonds into unit investment trusts or money market funds at prices lower than the public offering prices stated on the cover and the inside of the cover hereof.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the Department, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Department.

[Distribution agreements to come]

LITIGATION

No Litigation Relating to the Series 2024 Bonds

There is no action, suit or proceeding known to be presently pending or threatened restraining or enjoining the execution, issuance or delivery of the Series 2024 Bonds or any of the documents related thereto or in any way contesting or affecting the validity of the foregoing or the action of the Department taken with respect to the issuance or delivery thereof.

Litigation Relating to the Department and the Port

There is no action, suit or proceeding known to be presently pending or threatened against the Department or the Port which singly or together with any other action, suit or proceeding would have a material adverse impact on the ability of the Department to pay the principal of and interest on the Series 2024 Bonds.

LEGAL OPINIONS

The validity of the Series 2024 Bonds and certain other legal matters are subject to the approving opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Department. A complete copy of the proposed form of Bond Counsel's opinion is contained in Appendix E hereto. Certain matters will be passed upon for the Department by the City Attorney of the City of Los Angeles. Certain legal matters in connection with the Official Statement will be passed upon by Kutak Rock LLP, Disclosure Counsel to the Department. Certain legal matters will be passed upon for the Underwriters by their counsel, Katten Muchin Rosenman LLP. All of the fees of Bond Counsel, Disclosure Counsel and Underwriter's Counsel with regard to the issuance of the Series 2024 Bonds are contingent upon the issuance and delivery of the Series 2024 Bonds. Bond Counsel, Disclosure Counsel and Underwriters' Counsel undertake no responsibility for the accuracy, completeness or fairness of this Official Statement.

MUNICIPAL ADVISOR

The Department has retained the services of KNN Public Finance, LLC, as Municipal Advisor in connection with the issuance of the Series 2024 Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

FINANCIAL STATEMENTS

The financial statements of the Department for the Fiscal Years ended June 30, 2023 and 2022 and Independent Auditors' Report thereon are attached hereto as Appendix A. The financial statements for the Department for the Fiscal Year ended June 30, 2023 and 2022 have been audited by Moss Adams LLP, Certified Public Accountants, as stated in their report.

Moss Adams LLP, Certified Public Accountants, has not been engaged to perform and has not performed since the date of its report included herein as Appendix A, any procedures on the financial statements addressed in that report. Moss Adams LLP, Certified Public Accountants, also has not performed any procedures relating to this Official Statement.

MISCELLANEOUS

The covenants and agreements of the Department for the benefit of the Owners are set forth in the Resolutions and the Indenture and reference is made to those documents for a statement of the rights and obligations of the Department and the Owners. Neither this Official Statement, nor any statements which may have been made orally or in writing, are to be construed as a contract with the Owners of any of the Series 2024 Bonds. Brief descriptions of portions of the Resolutions and the Indenture are included in this Official Statement. Such descriptions do not purport to be comprehensive or definitive; all references herein to the Resolutions and the Indenture are qualified in their entirety by reference to such documents, and all references to the Series 2024 Bonds are qualified in their entirety to the definitive form thereof and the information with respect thereto included in the Resolutions and the Indenture.

The Board has authorized the execution and delivery of this Official Statement by the Executive Director of the Department.

By: ____
Executive Director, Harbor Department of the
City of Los Angeles

APPENDIX A

ANNUAL COMPREHENSIVE FINANCIAL REPORT
OF THE HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES
FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND 2022

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APPENDIX B

CERTAIN INFORMATION REGARDING THE CITY OF LOS ANGELES

The following information has been provided to the Department by the City of Los Angeles. Capitalized terms not defined in this Appendix will have the meanings given to them in the Official Statement.

INTRODUCTION

The City of Los Angeles (the "City") is the second most populous city in the United States, with an estimated 2023 population of 3.8 million. Los Angeles is the principal city of a metropolitan region stretching from the City of Ventura to the north, the City of San Clemente to the south, the City of San Bernardino to the east, and the Pacific Ocean to the west.

Founded in 1781, Los Angeles was for its first century a provincial outpost under successive Spanish, Mexican and American rule. Incorporated in 1850 under the provisions of a Charter, the City experienced a population boom following its linkage by rail with San Francisco in 1876. Los Angeles was selected as the Southern California rail terminus because its natural harbor seemed to offer little challenge to San Francisco, home of the railroad barons. But what the region lacked in commerce and industry, it made up in temperate climate and available real estate, and soon tens and then hundreds of thousands of people living in the Northeastern and Midwestern United States migrated to new homes in the region. Agricultural and oil production, followed by the creation of a deep-water port, the opening of the Panama Canal, and the completion of the City-financed Owens Valley Aqueduct to provide additional water, all contributed to an expanding economic base. The City's population climbed to 50,000 persons in 1890, and had swelled to 1.5 million persons by 1940. During this same period, the automobile became the principal mode of American transportation, and the City developed as the first major city of the automotive age. Following World War II, the City became the focus of a new wave of migration, with its population reaching 2.4 million persons by 1960. By 2023, the population had grown to 3.8 million, and the City experienced further growth in its demographic and economic diversity.

The City's 470 square miles contain 11.5 percent of the area of the County of Los Angeles, California (the "County") and approximately 39 percent of the population of the County. Tourism and hospitality, professional and business services, direct international trade, entertainment (including motion picture, television and digital media production), and wholesale trade and logistics all contribute significantly to local employment. Emerging industries are largely technology driven, and include biomedical technology, digital information technology, environmental technology and aerospace. There were more than 319,000 manufacturing jobs in the County in 2023. Important manufacturing components of local industry include apparel, computer and electronic components, transportation equipment, fabricated metal, and food processing. Fueled by trade with the Pacific Rim countries, the Ports of Los Angeles and Long Beach combined are the busiest container ports in the nation. As home to the film, television and recording industries, as well as important cultural facilities, the City serves as a principal global cultural center.

SELECTED ECONOMIC AND DEMOGRAPHIC INFORMATION

The economic and demographic information below is provided as general background. Although it has been collected from sources that the City considers to be reliable, the City has made no independent verification of the information provided by non-City sources and the City takes no responsibility for the completeness or accuracy thereof. The current state of the economy of the City, State of California and the

United States of America may not be reflected in the data discussed below, because more up-to-date information is not publicly available.

Population

The table below summarizes historic City, County, and State population estimates since 2000.

Table B-1
CITY, COUNTY AND STATE POPULATION STATISTICS

Year[(1)]	City of Los Angeles	Percentage Change[(2)]	County of Los Angeles	Percentage Change[(2)]	State of California	Percentage Change[(2)]
2000	3,694,742	–	9,519,330	–	33,873,086	–
2005	3,769,131	2.01%	9,816,153	3.12%	35,869,173	5.89%
2010	3,792,621	0.62	9,818,605	0.02	37,253,956	3.86
2015	3,938,939	3.86	10,124,800	3.12	38,865,532	4.33
2020	3,898,536	(1.03)	10,014,009	(1.09)	39,538,223	1.73
2021	3,871,886	(0.68)	9,955,445	(0.58)	39,327,868	(0.53)
2022	3,822,940	(1.26)	9,861,493	(0.94)	39,114,785	(0.54)
2023	3,804,420	(0.48)	9,819,312	(0.43)	39,061,058	(0.14)
2024	3,814,318	0.26	9,824,091	0.05	39,128,162	0.17

(1) As of April 1 for 2000, 2010 and 2020 based on the Census benchmarks for such years. Estimated as of January 1 for other years.

(2) For five-year time periods, figures represent cumulative change over such five year period.

Source: State of California, Department of Finance, E-4 Population Estimates for Cities, Counties and the State, 2001-2010, with 2000 and 2010 Census Counts, Sacramento, California, November 2012 for years 2000 and 2005; State of California, Department of Finance, E-4 Population Estimates for Cities, Counties, and the State, 2011-2020, with 2010 Census Benchmark. Sacramento, California, May 2, 2022 for years 2010 and 2015; State of California, Department of Finance, E-4 Population Estimates for Cities, Counties, and the State, 2021-2023, with 2020 Census Benchmark. Sacramento, California, May 2024 for years 2020 through 2024.

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Industry And Employment

The following table summarizes the average number of employed and unemployed residents of the City and the County, based on the annual "benchmark," an annual revision process in which monthly labor force and payroll employment data, which are based on estimates, are updated based on detailed tax records. The "benchmark" data is typically released in March for the prior calendar year.

Table B-2
ESTIMATED AVERAGE ANNUAL EMPLOYMENT AND UNEMPLOYMENT OF RESIDENT LABOR FORCE[(1)]

	2019	2020	2021	2022	2023
Civilian Labor Force					
City of Los Angeles					
Employed	2,007,000	1,787,300	1,868,300	1,947,300	1,957,000
Unemployed	94,500	251,500	181,900	102,600	108,500
Total	2,101,400	2,038,800	2,050,200	2,049,900	2,065,500
County of Los Angeles					
Employed	4,920,800	4,350,500	4,547,600	4,739,900	4,763,600
Unemployed	230,700	609,800	445,900	244,900	252,000
Total	5,151,500	4,960,300	4,993,500	4,984,800	5,015,600
Unemployment Rates					
City	4.5%	12.3%	8.9%	5.0%	5.3
County	4.5	12.3	8.9	4.9	5.0
State	4.1	10.1	7.3	4.2	4.8
United States	3.7	8.1	5.3	3.6	3.6

(1) March 2023 Benchmark report as of July 2024, not seasonally adjusted.
Note: Based on surveys distributed to households; not directly comparable to Industry Employment data reported in the table below.
Sources: California Employment Development Department, Labor Market Information Division for the State and County; U.S. Bureau of Labor, Department of Labor Statistics for the U.S.

The COVID-19 pandemic caused an unprecedented loss of jobs and an increase in unemployment. Unemployment for the City for April 2020 was 20.7 percent, increased from 5.5 percent in March (not seasonally adjusted). The previous high in unemployment was 12.3 percent at the height of the Great Recession in 2010. The California Employment Development Department has reported preliminary unemployment figures for April 2024 of 4.8 percent statewide, 4.5 percent for the County, and 4.6 percent for the City (not seasonally adjusted).

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The following table summarizes the California Employment Development Department's estimated annual employment for the County as of March 2023, which includes full-time and part-time workers who receive wages, salaries, commissions, tips, payment-in-kind, or piece rates. Separate figures for the City are not maintained. Percentages indicate the percentage of the total employment for each type of employment for the given year. For purposes of comparison, the most recent employment data for the State is also summarized.

Table B-3
LOS ANGELES COUNTY
ESTIMATED INDUSTRY EMPLOYMENT AND LABOR FORCE(1)

	County of Los Angeles 2023	% of Total	State of California 2023	% of Total
Agricultural	4,700	0.1%	406,700	2.2%
Mining and Logging	1,700	0.0	19,600	0.1
Construction	151,000	3.3	913,500	5.0
Manufacturing	319,200	7.0	1,334,200	7.3
Trade, Transportation and Utilities	826,400	18.2	3,107,100	17.0
Information	193,000	4.2	559,000	3.1
Financial Activities	211,000	4.6	814,300	4.5
Professional and Business Services	652,500	14.3	2,775,400	15.2
Educational and Health Services	914,500	20.1	3,100,000	17.0
Leisure and Hospitality	534,100	11.7	2,010,600	11.0
Other Services	157,800	3.5	587,900	3.2
Government	582,300	12.8	2,603,700	14.3
Total	**4,548,200**	**100.0%**	**18,232,000**	**100.0%**

(1) The California Employment Development Department has converted employer records from the Standard Industrial Classification coding system to the North American Industry Classification System.

Note: Based on surveys distributed to employers; not directly comparable to Civilian Labor Force data reported in Table 55.

Source: California Employment Development Department, Labor Market Information Division. Based on March 2023 Benchmark report as of June 11, 2024.

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Major Employers

The estimated top 25 major non-governmental employers in the County in 2023 are listed in the table below. Separate estimates for the City are not available. Based on these estimates, the top 25 major non-governmental employers represented 6.9 percent of the labor force.

Table B-4
LOS ANGELES COUNTY
2023 MAJOR NON-GOVERNMENTAL EMPLOYERS

Employer	Product/Service	Employees
		11,000
Kaiser Permanente	Nonprofit health care plan	44,769
University of Southern California	Private university	23,227
Northrop Grumman Corp.	Systems and products in aerospace and information systems	18,000(1)
Cedars-Sinai	Health system	16,730
Allied Universal	Security professionals	15,326(1)
Target Corp.	Retailer	15,000
Providence	Health care	14,395(1)
Ralphs/Food 4 Less – Kroger Co.	Grocery retailer	14,000(1)
Walt Disney Co.	Media and entertainment	12,200(1)
Boeing Co.	Aerospace and defense, commercial jetliners, space and security systems	12,005(1)
UPS	Logistics, transportation and freight	11,643(1)
Home Depot	Home improvement specialty retailer	11,200(1)
NBCUniversal	Media and entertainment	11,000(1)
Amazon	Online retailer	10,500(1)
AT&T	Telecommunications, DirecTV, cable, satellite and television provider	10,500(1)
Albertsons Cos.	Grocery retailer	10,406(1)
California Institute of Technology	Private university, operator of Jet Propulsion Laboratory	9,224
Edison International	Electric utility, energy services	7,672(1)
City of Hope	Treatment and research center for cancer, diabetes and other life-threatening diseases	7,535
ABM Industries Inc.	Facility services, energy solutions, commercial cleaning, maintenance and repair	7,400(1)
FedEx Corp.	Shipping and logistics	6,750(1)
Children's Hospital Los Angeles	Hospital	6,644(1)
Dignity Health	Health care	6,263(1)
Costco Wholesale	Membership chain of warehouse stores	6,002(1)
Space Exploration Technologies Corp.	Rockets and spacecraft	6,000(1)

(1) Business Journal estimate.
Source: Los Angeles Business Journal, Weekly Lists, published August 23, 2023.

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The estimated top 25 major governmental employers in the County in 2023 are listed in the table below. Separate estimates for the City are not available. Based on these estimates, the top 25 major governmental employers represented 9.7 percent of the labor force.

Table B-5
LOS ANGELES COUNTY
2023 LARGEST PUBLIC SECTOR EMPLOYERS

Employers	Employees
	100,000
Los Angeles County	100,729[1]
Los Angeles Unified School District	74,000
University of California, Los Angeles	51,597
Federal Executive Board[2]	50,000
City of Los Angeles[3]	34,421
State of California[4]	32,300
Long Beach Unified School District	12,000[1]
Los Angeles County Metropolitan Transportation Authority	11,700[1]
Los Angeles Community College District	11,618[1]
Los Angeles Department of Water and Power	11,000[1]
California State University – Long Beach	8,477[1]
City of Long Beach	5,395
Mt. San Antonio Community College District	4,400[1]
California State University – Northridge	4,276
Glendale Unified School District	4,000
Los Angeles World Airports	3,662
Cal Poly Pomona	3,094
Compton Unified School District	3,071[1]
Montebello Unified School District	2,885[1]
Pomona Unified School District	2,800[1]
California State University – Los Angeles	2,621
City of Pasadena	2,314[1]
Santa Monica Community College District	2,023[1]
City of Santa Monica	1,979[1]
City of Glendale	1,774

[1] Business Journal estimate.
[2] Excludes law enforcement and judiciary employees.
[3] Excludes proprietary departments (DWP, LAWA, Port of L.A.).
[4] Excludes education employees.
Source: Los Angeles Business Journal, Weekly Lists, published August 23, 2023.

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Personal Income

The U.S. Census Bureau defines personal income as the income received by all persons from all sources, and is the sum of "net earnings," rental income, dividend income, interest income, and transfer receipts. "Net earnings" is defined as wages and salaries, supplements to wages and salaries, and proprietors' income, less contributions for government social insurance, before deduction of personal income and other taxes.

The following table summarizes the latest available estimate of personal income for the County, State and United States; equivalent data is not available for the City.

Table B-6
COUNTY, STATE AND U.S.
PERSONAL INCOME

Year and Area	Personal Income (thousands of dollars)	Per Capita Personal Income[(1)] (dollars)
2018		
County[(2)]	$ 595,765,931	$59,004
State[(3)]	2,411,055,136	60,984
United States[(3)]	17,514,402,000	53,309
2019		
County[(2)]	$ 628,932,215	$62,573
State[(3)]	2,537,950,599	64,174
United States[(3)]	18,343,601,0000	55,547
2020		
County[(2)]	$ 673,306,158	$67,383
State[(3)]	2,767,521,379	70,061
United States[(3)]	19,609,985,000	59,153
2021		
County[(2)]	$ 720,046,822	$73,385
State[(3)]	3,013,676,900	76,991
United States[(3)]	21,392,812,000	64,430
2022		
County[(2)]	$ 720,740,528	$74,142
State[(3)]	3,006,647,281	77,036
United States[(3)]	21,820,248,000	65,470
2023		
County[(5)]	n/a	n/a
State[(3)]	$ 3,133,678,900	$80,423
United States[(4)]	22,952,028,300	68,531

(1) Per capita personal income is total personal income divided by total midyear population.
(2) Last updated: November 16, 2023 – new statistics for 2022; revised statistics for 2018 – 2021.
(3) Last updated: May 23, 2024 – new statistics for 2023; revised statistics for 2018 – 2022.
(4) Last updated: May 23, 2024 – new statistics for 2023; revised statistics for 2018 – 2022.
(5) County information for 2023 not yet available.

Source: U.S. Bureau of Economic Analysis, "Table SAINC1: Personal Income Summary" for information for the State and the United States and "Table CAINC1: Personal Income Summary" for information for the County (accessed May 31, 2024).

Retail Sales

As the largest city in the County, the City accounted for $55.7 billion (or approximately 26.9 percent) of the total $207.4 billion in County taxable sales for 2023. The following table sets forth a history of taxable sales for the City for calendar years 2019 through 2023.

Table B-7
CITY OF LOS ANGELES
TAXABLE SALES
(in thousands)

	2019	**2020**	**2021**	**2022**	**2023**
Motor Vehicle and Parts Dealers	$4,920,618	$4,585,480	$5,927,499	$6,558,134	$6,094,730
Home Furnishings and Appliance Stores	1,879,295	1,523,470	2,025,904	1,974,419	1,735,366
Bldg. Materials and Garden Equip. and Supplies	2,633,786	2,774,916	3,040,639	3,207,718	3,129,813
Food and Beverage Stores	3,003,306	3,045,666	3,154,313	3,357,996	3,312,332
Gasoline Stations	4,634,896	2,903,295	4,469,765	5,873,754	5,156,169
Clothing and Clothing Accessories Stores	3,392,114	2,302,122	3,632,876	3,714,074	3,510,608
General Merchandise Stores	2,908,563	2,494,747	3,037,363	3,297,351	3,269,278
Food Services and Drinking Places	10,214,928	6,320,584	8,881,294	10,921,768	11,360,174
Other Retail Group	4,686,277	4,462,925	5,286,747	5,282,976	4,940,808
Subtotal Retail and Food Services	38,273,783	30,413,205	39,456,400	44,188,190	42,509,281
All Other Outlets	11,900,668	9,241,031	11,296,267	14,218,524	13,178,287
TOTAL ALL OUTLETS	**$50,174,451**	**$39,654,237**	**$50,752,667**	**$58,406,714**	**$55,687,568**
Year-over-year change	1.4%	(21.0%)	28.0%	15.1%	(4.7%)

Source: California Department of Tax and Fee Administration, Research and Statistics (last updated April 12, 2024).

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Land Use

The following table, derived from data maintained by the Los Angeles County Assessor, indicates various land uses within the City based on assessed valuation and the number of parcels.

Table B-8
CITY OF LOS ANGELES
ASSESSED VALUATION AND PARCELS BY LAND USE

	2023-24 Assessed Valuation[1]	% of Total	No. of Parcels	% of Total
Non-Residential				
Commercial Office	$123,594,027,700	15.57%	26,523	3.36%
Vacant Commercial	2,548,137,269	0.32	1,342	0.17
Industrial	59,295,429,779	7.47	17,784	2.26
Vacant Industrial	2,108,370,020	0.27	4,229	0.54
Recreational	2,956,403,429	0.37	779	0.10
Government/Social/Institutional	4,323,927,005	0.54	3,599	0.46
Miscellaneous	412,868,651	0.05	1,872	0.24
Subtotal Non-Residential	$195,239,163,853	24.60%	56,128	7.12%
Residential				
Single Family Residence	$406,072,545,247	51.16%	508,959	64.54%
Condominium/Townhouse	52,218,443,518	6.58	90,640	11.49
Mobile Homes and Lots	183,955,801	0.02	3,492	0.44
Mobile Home Park	265,659,820	0.03	93	0.01
2-4 Residential Units	40,999,689,306	5.17	75,013	9.51
5+ Residential Units/Apartments	95,306,649,303	12.01	35,601	4.51
Vacant Residential	3,512,123,137	0.46	18,620	2.36
Subtotal Residential	$598,559,066,132	75.40%	732,418	92.88%
Total	**$793,798,229,985**	**100.00%**	**788,546**	**100.00%**

(1) Local Secured Assessed Valuation, excluding tax-exempt property.
Source: California Municipal Statistics, Inc.

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Residential Value and Construction Activity

The following table indicates the array of assessed valuation for single-family residential properties in the City.

Table B-9
CITY OF LOS ANGELES
PER PARCEL ASSESSED VALUATION OF SINGLE-FAMILY RESIDENTIAL PROPERTIES

	No. of Parcels	2023-24 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential Properties	508,959	$406,072,545,247	$797,849	$447,189

2023-24 Assessed Valuation	No. of Residential Parcels [(1)]	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $49,999	6,115	1.201%	1.201%	$ 212,380,065	0.052%	0.052%
$50,000 - $99,999	13,986	2.748	3.949	1,056,068,874	0.260	0.312
$100,000 - $149,999	16,365	3.215	7.165	2,048,767,080	0.505	0.817
$150,000 - $199,999	25,083	4.928	12.093	4,422,383,730	1.089	1.906
$200,000 - $249,999	32,991	6.482	18.575	7,433,961,003	1.831	3.737
$250,000 - $299,999	41,330	8.120	26.696	11,339,794,760	2.793	6.529
$300,000 - $349,999	47,539	9.340	36.036	15,432,252,797	3.800	10.330
$350,000 - $399,999	48,812	9.591	45.627	18,290,393,332	4.504	14.834
$400,000 - $449,999	27,734	5.449	51.076	11,777,021,228	2.900	17.734
$450,000 - $499,999	30,245	5.943	57.018	14,362,715,355	3.537	21.271
$500,000 - $549,999	29,979	5.890	62.909	15,732,769,347	3.874	25.145
$550,000 - $599,999	28,002	5.502	68.410	16,085,636,892	3.961	29.107
$600,000 - $649,999	20,311	3.991	72.401	12,683,143,017	3.123	32.230
$650,000 - $699,999	15,882	3.120	75.522	10,712,043,714	2.638	34.868
$700,000 - $749,999	14,829	2.914	78.435	10,744,693,017	2.646	37.514
$750,000 - $799,999	12,606	2.477	80.912	9,757,321,332	2.403	39.917
$800,000 - $849,999	10,444	2.052	82.964	8,609,312,964	2.120	42.037
$850,000 - $899,999	10,213	2.007	84.971	8,931,339,991	2.199	44.236
$900,000 - $949,999	9,494	1.865	86.836	8,777,953,026	2.162	46.398
$950,000 - $999,999	8,063	1.584	88.420	7,858,627,139	1.935	48.333
$1,000,000-and greater	58,936	11.580	100.000	209,803,966,584	51.667	100.000
	508,959	100.000%		$ 406,072,545,247	100.000%	

(1) Improved single-family residential parcels. Excludes condominiums and parcels with multiple family units.
Source: California Municipal Statistics, Inc.

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The table below provides a summary of building permits issued by the City by calendar year.

Table B-10
CITY OF LOS ANGELES
RESIDENTIAL BUILDING PERMIT VALUATIONS AND NEW UNITS

	2019	***2020***	***2021***	***2022***	***2023***
Valuation[(1)]	$8,520	$6,285	$6,091	$7,968	$5,306
Residential[(2)]	3,437	2,930	2,743	3,690	2,520
Non-Residential[(3)]	1,091	1,187	871	1,196	1,256
Miscellaneous Residential[(4)]	173	129	232	365	380
Miscellaneous Non-Residential[(5)]	146	46	18	2	388
Number of Residential Units:					
Single family[(6)]	3,739	2,685	3,122	4,430	3,918
Multi-family[(7)]	10,693	9,171	10,898	12,324	9,271
Subtotal Residential Units	14,432	11,856	14,020	16,754	13,189
Number of Non-Residential Units[(8)]	1	0	512	504	81
Miscellaneous Residential Units[(9)]	5,014	3,017	4,664	6,320	6,272
Miscellaneous Non-Residential Units[(10)]	475	257	480	46	164
Total Units	**19,922**	**15,130**	**19,676**	**23,624**	**19,706**

(1) In millions of dollars. "Valuation" represents the total valuation of all construction work for which the building permit is issued.
(2) Valuation of permits issued for Single-Family Dwellings, Duplexes, Apartment Buildings, Hotel/Motels, and Condominiums.
(3) Valuation of permits issued for Special Permits, Airport Buildings, Amusement Buildings, Churches, Private Garages, Public Garages, Gasoline Service Stations, Hospitals, Manufacturing Buildings, Office Buildings, Public Administration Buildings, Public Utilities Buildings, Retail Stores, Restaurants, School Buildings, Signs, Private Swimming Pools, Theater Buildings, Warehouses, Miscellaneous Buildings/Structures, Prefabricated Houses, Solar Heaters, Temporary Structures, Artists-in-Residence, Foundation Only, Grade – Non- Hillside, Certificates of Occupancy – Use of Land, Grading – Hillside.
(4) Valuation of permits issued for "Additions Creating New Units – Residential" and "Alterations Creating New Units – Residential."
(5) Valuation of permits issued for "Additions Creating New Units – Commercial" and "Alterations Creating New Units – Commercial."
(6) Number of dwelling units permitted for Single-Family Dwellings and Duplexes.
(7) Number of dwelling units permitted for new Apartment Buildings, Hotel/Motels, and Condominiums.
(8) Number of dwelling units permitted for Airport Buildings, Amusement Buildings, Churches, Private Garages, Public Garages, Gasoline Service Stations, Hospitals, Manufacturing Buildings, Office Buildings, Public Administration Buildings, Public Utilities Buildings, Retail Stores, Restaurants, School Buildings, Signs, Private Swimming Pools, Theater Buildings, Warehouses, Miscellaneous Buildings/Structures Prefabricated Houses, Solar Heaters, Temporary Structures, Artists-in-Residence.
(9) Number of dwelling units added includes "Addition Creating New Units – Residential" and "Alterations Creating New Units – Residential."
(10) Number of dwelling units added includes "Additions Creating New Units – Commercial" and "Alterations Creating New Units – Commercial."
Source: City of Los Angeles, Department of Building and Safety.

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Education

The Los Angeles Unified School District ("LAUSD"), a separate government agency and one of the largest employers in the City, administers public instruction for kindergarten through 12th grade ("K-12"), adult, and occupational schools in the City and all or significant portions of a number of smaller neighboring cities and unincorporated areas. The LAUSD, which now encompasses approximately 710 square miles (making it significantly larger than the City at 470 square miles), was formed in 1854 as the Common Schools for the City of Los Angeles and became a unified school district in 1960. The LAUSD is governed by a seven-member Board of Education, elected by the district to serve alternating four-year terms. There are also a number of charter and private K-12 schools located in the City.

There are many public and private colleges and universities located in the City. Major colleges and universities located within the City include the University of California at Los Angeles, the University of Southern California, California State University at Los Angeles, California State University at Northridge, Occidental College and Loyola Marymount University. There are seven community colleges located within the City operated by the Los Angeles Community College District.

GENERAL INFORMATION REGARDING MUNICIPAL GOVERNMENT

The City is a charter city; under the State Constitution, charter cities such as the City are generally independent of the State Legislature in matters relating to municipal affairs. Charter cities, however, are subject to State Constitutional restrictions. The most recent Charter was adopted in 1999, became effective July 1, 2000, and has been amended a number of times by voter approval.

The City is governed by the Mayor and the Council. The Mayor is elected at-large for a four-year term. As executive officer of the City, the Mayor has the overall responsibility for administration of the City. The Mayor recommends and submits the annual budget to the Council and passes upon subsequent appropriations and transfers, approves or vetoes ordinances, and appoints certain City officials and commissioners. The Mayor supervises the administrative process of local government and works with the Council in matters relating to legislation, budget, and finance. The Mayor operates an executive department, of which the Mayor is the ex-officio head. The current Mayor, Karen Bass, was elected to the office at the November 8, 2022 general election and assumed office on December 12, 2022.

The Council, the legislative body of the City, is a full-time council. The Council enacts ordinances subject to the approval of the Mayor and may override the veto of the Mayor by a two-thirds vote. The Council orders elections, levies taxes, approves utility rates, authorizes public improvements, approves contracts, adopts zoning and other land use controls, and adopts traffic regulations. The Council adopts or modifies the budget proposed by the Mayor. The Council consists of 15 members elected by district for staggered four-year terms.

The other two elective offices of the City are the Controller and the City Attorney, both elected for four-year terms. The Controller is the chief accounting officer for the City. The current Controller, Kenneth Mejia, assumed office on December 12, 2022.

The City Attorney is the attorney and legal advisor to the City and to all City boards, departments, officers, and entities, and prosecutes misdemeanors and violations of the Charter and City ordinances. The current City Attorney, Hydee Feldstein Soto, assumed office on December 12, 2022.

All citywide elected officials are subject to term limits of two four-year terms, while Council members are subject to term limits of three four-year term.

The City Administrative Officer ("CAO") is the chief fiscal advisor to the Mayor and Council and reports directly to both. The CAO is appointed by the Mayor, subject to Council confirmation.

The Office of Finance ("Finance") serves as the custodian of all funds deposited in the City Treasury and all securities purchased by the City. Finance actively manages the investment of the City's general and special pool investment portfolios and cash programs.

The City has 41 departments and bureaus for which operating funds are annually budgeted by the Council. Two additional departments, the Los Angeles City Employees' Retirement System ("LACERS") and the Los Angeles Fire and Police Pension Plan ("LAFPP"), are under the control of boards whose memberships consist of mayoral appointees and representatives elected by system members. In addition, three departments (the Department of Water and Power ("DWP"), the Harbor Department, and the Department of Airports) and one State-chartered public agency (the Housing Authority of the City) are under the control of boards appointed by the Mayor and confirmed by the Council.

The City provides a full range of governmental services, which include police, fire and paramedics; residential refuse collection and disposal, wastewater collection and treatment, street maintenance, traffic management, storm water pollution abatement, and other public works functions; enforcement of ordinances and statutes relating to building safety; public libraries, recreation and parks and cultural events; community development, housing and aging services; and planning. The City also operates and maintains the water and power utilities, harbor and airport, all served by proprietary departments within the City.

SELECTED INFORMATION REGARDING THE CITY'S RETIREMENT AND PENSION SYSTEMS AND OTHER POST EMPLOYMENT BENEFITS

General

The City has three single-employer defined-benefit pension plans created by the Charter: the Los Angeles City Employees' Retirement System ("LACERS"), the City of Los Angeles Fire and Police Pension Plan ("LAFPP") and, for employees of DWP, the Water and Power Employees' Retirement, Disability and Death Benefit Insurance Plan (the "Water and Power Plan"). Both LACERS and LAFPP (collectively, the "Pension Systems") are funded primarily from the City's General Fund, while the Water and Power Plan is funded by that department's proprietary revenues.

The Pension Systems provide retirement, disability, death benefits, post-employment healthcare and annual cost-of-living adjustments to plan members and beneficiaries. Both Pension Systems are funded pursuant to the Entry Age Cost Method, which is designed to produce stable employer contributions in amounts that increase at the same rate as the employer's payroll (i.e., level percent of payroll). Retired members and surviving spouses and domestic partners of LACERS and LAFPP members are eligible for certain subsidies toward their costs of medical and other benefits. These benefits are paid by the respective retirement system. These retiree health benefits are accounted for as "Other Post-Employment Benefits" ("OPEB"). The City began making payments to its Pension Systems to pre-fund OPEB obligations in the late 1980s. The calculations of OPEB funding requirements are made by the same actuaries that perform the analysis of the Pension Systems' retirement benefits, and generally rely on the same actuarial assumptions, other than those assumptions such as medical cost inflation specific to OPEB.

The actuarial valuations for both Pension Systems are prepared on an annual basis and the applicable actuary recommends contribution rates for the fiscal year beginning after the completion of that actuarial valuation. The Pension Systems' annual valuations determine the contribution rate, as a percentage of covered payroll, needed to fund the normal retirement costs accrued for current employment and to amortize any unfunded actuarial accrued liability ("UAAL"). The UAAL represents the difference between the present value of estimated future benefits accrued as of the valuation date and the actuarial value of assets currently available to pay these liabilities. The valuation for each plan is an estimate based on relevant economic and demographic assumptions, with the goal of determining the contributions necessary to sufficiently fund over time the benefits for currently active, vested former and retired employees and their beneficiaries.

Various actuarial assumptions are used in the valuation process, including the assumed rate of earnings on the assets of the plan in the future, the assumed rates of general inflation, salary increases, inflation in health care costs, assumed rates of disability, the assumed retirement ages of active employees, the assumed marital status at retirement, and the post-employment life expectancies of retirees and beneficiaries. As plan experience differs from adopted assumptions, the actual liabilities will be more or less than the liabilities calculated based on these assumptions. The contribution rates in the following year's valuations are adjusted to take into account actual plan experience in the current and prior years.

Each plan also generally performs an experience study every three years, comparing the plan's actual experience to the demographic assumptions previously adopted by its board. Based on the plan's experience, the board may adopt the actuary's recommendations to adjust various assumptions such as retirement rates, mortality, termination rates, and disability incidence rates in calculating its liabilities. Additionally, the experience study will review each plan's economic assumptions and the actuary may recommend adjustments based on future expectations for items such as general inflation, participant salary increases, and the plan's future expected rate of investment return. These economic assumptions are also adopted by each plan's board.

The valuations incorporate a variety of actuarial methods, some of which are designed to reduce the volatility of contributions from year to year. When measuring the value of assets for determining the UAAL, many pension plans, including the Pension Systems, "smooth" market value gains and losses over a period of years to reduce contribution volatility. These smoothing methodologies may result in an actuarial value of assets that is lower or higher than the market value of assets at a given point in time.

The Actuarial Standards Board, the organization that sets standards for appropriate actuarial practice in the United States through the development and promulgation of Actuarial Standards of Practice, approved the new Actuarial Standard of Practice No. 51 ("ASOP 51"), *Assessment and Disclosure of Risk Associated with Measuring Pension Obligations and Determining Pension Plan Contributions*, effective as of the June 30, 2019 actuarial valuations. ASOP 51 requires actuaries to identify and assess risks that "may reasonably be anticipated to significantly affect the plan's future financial condition" (referred to as a "Risk Report").

Examples of key risks that are particularly relevant to the Pension Systems are investment risk and longevity and other demographic risks. Among other things, the reports consider the cost to the City of alternative earning scenarios from variances in investment experience in past valuations, the Pension Systems' actuary has examined the risk associated with earning either higher or lower than the assumed investment rate in future valuations.

ASOP 51 also requires an actuary to consider if there is any ongoing contribution risk to the plan by evaluating the potential for and impact of actual contributions deviating from expected contributions in the future. The Risk Reports for both Pension Systems noted that the City has a well-established practice of making the Actuarially Determined Contribution. As a result, in practice both Pension Systems have been found to have essentially no contribution risk.

In the Risk Reports, the actuary noted that each Pension System had strengthened their respective actuarial assumptions over time in part by lowering the expected investment rate of return, utilizing generational mortality assumptions, and adopting a funding policy that controls future negative amortization. These changes may result in higher contributions in the short term, but in the medium to longer term avoid both deferring contributions and allowing unmanaged growth in the UAAL.

The Risk Reports also note that both of the Pension Systems have become more mature as evidenced by an increase in the ratio of members in pay status (retirees and beneficiaries) to active members employed by the City and by an increase in the ratios of plan assets and liabilities to active member payroll. The actuary expects these trends to continue going forward. Any increase in UAAL due to unfavorable investment and non-investment experience for the relatively larger group of non-active members would have to be amortized and funded over the payroll of the relatively smaller group of only active members; as a plan grows more mature, its contribution rate becomes more sensitive to investment volatility and liability changes.

In addition, in December 2021 the Actuarial Standards Board finalized and adopted changes to Actuarial Standard of Practice No. 4, *Measuring Pension Obligations and Determining Pension Plan Costs or Contributions* ("ASOP 4"). ASOP 4 adds significant disclosure requirements for all actuarial valuations issued on or after February 15, 2023, including a requirement to calculate and disclose a new market-based liability measurement called the Low-Default-Risk Obligation Measure ("LDROM"). Under the revised ASOP, the LDROM may be determined in a manner similar to the Actuarial Accrued Liability ("AAL") that is commonly used in public sector plan funding, but with a key difference: instead of basing the discount rate on the plan's expected rate of return (as is done in determining the AAL), the LDROM must use discount rates derived from "low-default-risk fixed income securities." Examples of these rates include U.S. Treasury yields and yields on high-rated corporate or tax-exempt general obligation municipal bonds. Public pension plans, including LACERS and LAFPP, typically invest in a diversified portfolio including stocks, bonds, real estate, and private equity, and funding calculations are based on the expected return of that portfolio. The new disclosure requirement, which is incorporated with LACERS' and LAFPP's June 30, 2023 valuations, does not change this approach for funding the plans but provides additional information on what the liability measurement would be if the plans were to adopt an all-bond investment strategy.

Each of the Pension Systems has adopted its own asset allocation plan to guide their respective investments in stocks, bonds, real estate, alternatives, and cash equivalents. Each plan reviews its asset allocation plan periodically and any adjustments are approved by the respective boards.

The City has never issued pension obligation bonds to fund either of its Pension Systems but may consider it in the future. The City typically pays all of its annual contributions to its Pension Systems in July at a discount, out of the proceeds of its annual issuance of tax and revenue anticipation notes.

This section, "SELECTED INFORMATION REGARDING THE CITY'S RETIREMENT AND PENSION SYSTEMS AND OTHER POST EMPLOYMENT BENEFITS," is primarily derived from information produced by LACERS and LAFPP and their independent actuaries. The City has not independently verified the information provided by LACERS and LAFPP. The comprehensive annual financial reports of the individual Pension Systems, actuarial valuations for retirement and health benefits, and other information concerning LACERS and LAFPP are available on their websites, at www.lacers.org/financial-reports-and-statistics and www.lafpp.com/financial-reports, respectively. Information set forth on such websites is not incorporated by reference herein. For additional information regarding the Pension Systems, see also Note 5 in the "Notes to the Basic Financial Statements" in the City's ACFR for the Fiscal Year Ended June 30, 2023.

Investors are cautioned that, in considering information on the Pension Systems, including the amount of the UAAL for retirement and other benefits, the funded ratio, the calculations of normal cost, and the resulting amounts of required contributions by the City, this is "forward-looking" information.

Such "forward-looking" information reflects the judgment of the boards of the respective Pension Systems and their respective actuaries as to the value of future benefits over the lives of the currently active employees, vested terminated employees, and existing retired employees and beneficiaries. These judgments are based upon a variety of assumptions, one or more of which may prove to be inaccurate and/or be changed in the future.

Los Angeles City Employees' Retirement System ("LACERS")

LACERS, established in 1937 under the Charter, is a contributory plan covering civilian employees other than employees of DWP and those Airport Peace Officers not participating in LAFPP. As of June 30, 2023, the date of its most recent actuarial valuation, LACERS had 25,875 active members, 22,510 retired members and beneficiaries, and 11,148 inactive members (members with a vested right to a deferred or immediate benefit or entitled to a return of their member contributions).

Over the past several years, LACERS has adopted various changes to its actuarial assumptions, including reducing the assumed investment return from 7.75 percent to 7.50 percent in 2014, to 7.25 percent in 2017, and to 7.0 percent in 2020.

In June 2023, the LACERS Board considered a new experience study and adopted a number of changes to actuarial assumptions, including reducing the assumed inflation from 2.75 percent to 2.50 percent while maintaining the assumed rate of return at 7.00 percent. The City's actuarial consultant calculated the City pension contribution rate to increase by 0.26 percent of payroll as a result of these changes. The new assumptions were used in the June 30, 2023 actuarial valuations, which determine the City's contribution rate for Fiscal Year 2024-25.

LACERS amortizes components that contribute to its UAAL over various periods of time, depending on how the unfunded liability arose, layering separate fixed amortization periods. Under current funding policy, market losses and gains are recognized over a seven-year asset smoothing period, where only 1/7 of annual market gains or losses are recognized in the actuarial value of assets each year. The remaining gains or losses are spread equally over the next six years. Other factors that affect the calculation of unfunded liability, including early retirement incentives, plan amendments, changes in assumptions and other actuarial gains and losses will be amortized over terms that range from 5 to 30 years.

LACERS' Board uses a market value "corridor" of 40 percent. A corridor is used in conjunction with asset smoothing, in order to keep the actuarial value of assets within a certain percentage of the market value of assets. For example, if a system has a 40 percent corridor, the actuarial value of assets must be between 60 percent and 140 percent of the market value of assets. If the actuarial value falls below 60 percent or rises above 140 percent of market value, the system must recognize the excess returns or losses, respectively, in that year without smoothing.

In 2012, the Council adopted a new civilian retirement tier ("Tier 2"), which applied to all employees hired on or after July 1, 2013. Subsequently, as part of an agreement with the Coalition of LA City Unions, both the City and the Coalition agreed to transfer all Tier 2 employees into Tier 1 effective February 21, 2016. Any new employee hired into a position eligible for LACERS membership on or after February 21, 2016, unless eligible for Tier 1 membership under specific exemptions, is enrolled in a new "Tier 3." Based on the actuarial valuation as of June 30, 2023, approximately 62 percent of the system's active membership was Tier 1 members and 38 percent was comprised of Tier 3 members.

Table B-11
COMPARISON OF LACERS TIER 1 AND TIER 3 PLAN DESIGNS

Plan Feature	Tier 1[(1)]	Tier 3
Normal Retirement (Age / Years of Service)	55 / 30 60 / 10 70 / Any	60 / 30 60 / 10
Early Retirement (Reduced)	55 / 10 Under 55 / 30	Under 60 / 30
Benefit Factors	Normal Retirement 2.16% per year of service	Normal Retirement 1.5% @ 60 / 10 2.0% @ 60 / 30
	Early Retirement Reduced by 3% per year before age 55; and 1.5% per year from ages 55-59	Early Retirement Reduced by 10.5% at age 54, plus an additional 3% reduction for every year below the age of 54; unreduced from ages 55 to 59
Compensation Used to Determine Retirement Allowance	Highest consecutive 12 months, including pensionable bonuses	Highest consecutive 36 months, including pensionable bonuses
Maximum Benefit	100%	80%
Employee Contribution Base	6%	7%
Early Retirement Incentive Program (ERIP) Employee Contribution	1% until 2026 or when ERIP debt is paid, whichever is sooner	N/A
Other Post-Employment Benefits (OPEB), e.g., retiree healthcare Employee Contribution	4%	4%
Maximum Annual COLA	3%	2%
COLA Bank	Yes	No
Government Service Buyback	Member pays employee contributions	Member pays employee and employer contributions, except for limited military or maternity leave time. Service purchase may not cause member's service retirement allowance to exceed eighty percent of final compensation.

(1) Does not reflect Tier 1 Enhanced Benefits for approximately 500 Airport Peace Officers.
Source: City of Los Angeles, Office of the City Administrative Officer.

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The table below shows the actuarial value of the City's liability for retirement benefits (excluding retiree health care and other post-employment benefits), the actuarial value of assets available for retirement benefits, and two indicators of funding progress for LACERS, the funded ratio and the ratio of UAAL to annual payroll.

Table B-12
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF FUNDING PROGRESS FOR RETIREMENT BENEFITS
ACTUARIAL VALUE BASIS
(Dollars in thousands)[1]

Actuarial Valuation As of June 30	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	UAAL[2]	Funded Ratio[3]	Covered Payroll[4]	UAAL as a Percentage of Covered Payroll[5]
2014	$ 10,944,751	$ 16,248,853	$ 5,304,103	67.4%	$ 1,898,064	279.5%
2015	11,727,161	16,909,996	5,182,835	69.4	1,907,665	271.7
2016	12,439,250	17,424,996	4,985,746	71.4	1,968,703	253.3
2017	13,178,334	18,458,188	5,279,854	71.4	2,062,316	256.0
2018	13,982,435	19,944,579	5,962,144	70.1	2,177,687	273.8
2019	14,818,564	20,793,421	5,974,857	71.3	2,225,413	268.5
2020	15,630,103	22,527,195	6,897,093	69.4	2,445,017	282.1
2021	16,660,585	23,281,893	6,621,308	71.6	2,254,165	293.7
2022	17,649,268	24,078,751	6,429,484	73.3	2,258,725	284.7
2023	18,493,821	25,299,537	6,805,716	73.1	2,512,179	270.9

(1) Table includes funding for retirement benefits only. Other Post-Employment Benefits (OPEB) are not included.
(2) Actuarial Accrued Liability minus Actuarial Value of Assets, commonly referred to as UAAL. Positive numbers represent a funded ratio less than 100 percent.
(3) Actuarial Value of Assets divided by Actuarial Accrued Liability.
(4) Projected annual pensionable payroll for members of LACERS.
(5) UAAL divided by covered payroll.
Source: Los Angeles City Employees' Retirement System Actuarial Valuation reports.

For the Retirement Plan, the City's contribution rate generally increased between the June 30, 2014 and the June 30, 2023 valuations, from 24.1 percent to 30.9 percent, primarily due to the amortization of UAAL increases from unfavorable investment experience and changes in actuarial assumptions. The introduction of Tier 3 has helped to mitigate costs as new members have been enrolled in the lower cost benefit tier since February 21, 2016. Furthermore, an additional employee contribution (4 percent for all affected employees effective January 1, 2013) was implemented by the City for certain bargaining groups and for all non-represented employees. For the post-employment Health Plan, the non-investment experience (primarily lower than projected medical premiums and subsidies) has had the most impact on declining contribution rates, from 5.8 percent in 2014 to 3.4 percent in 2023.

Table B-13
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF FUNDING PROGRESS FOR RETIREMENT BENEFITS
MARKET VALUE BASIS
($ in thousands)[1]

Actuarial Valuation As of June 30	Market Value Of Assets	Actuarial Accrued Liability (AAL)	Unfunded Liability[2]	Funded Ratio (Market Value)[3]	Covered Payroll[4]	Unfunded Liability As a Percentage of Covered Payroll (Market Value)[5]
2014	$11,791,079	$16,248,853	$4,457,774	72.6%	$1,898,064	234.9%
2015	11,920,570	16,909,996	4,989,426	70.5	1,907,665	261.5
2016	11,809,329	17,424,996	5,615,667	67.8	1,968,703	285.2
2017	13,180,516	18,458,188	5,277,672	71.4	2,062,316	255.9
2018	14,235,231	19,944,579	5,709,348	71.4	2,177,687	262.2
2019	14,815,593	20,793,421	5,977,828	71.3	2,225,413	268.6
2020	14,932,404	22,527,195	7,594,791	66.3	2,445,017	310.6
2021	18,918,136	23,281,893	4,363,757	81.3	2,254,165	193.6
2022	17,013,091	24,078,751	7,065,660	70.7	2,258,725	312.8
2023	17,953,293	25,299,537	7,346,244	71.0	2,512,179	292.4

(1) Table includes funding for retirement benefits only. Other Post-Employment Benefits (OPEB) are not included.
(2) Actuarial Accrued Liability minus Market Value of Assets. Positive numbers represent a funded ratio less than 100 percent.
(3) Market Value of Assets divided by Actuarial Accrued Liability.
(4) Projected annual pensionable payroll for members of LACERS.
(5) Unfunded liability divided by covered payroll.
Source: Calculated based on data from Los Angeles City Employees' Retirement System Actuarial Valuation reports.

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The table below shows the actuarial funding progress of LACERS' liability for post-employment healthcare benefits:

Table B-14
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF FUNDING PROGRESS FOR OTHER POST-EMPLOYMENT BENEFITS
($ in thousands)

Actuarial Valuation As of June 30	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	UAAL[1]	Funded Ratio[2]	Covered Payroll[3]	UAAL As a Percentage of Covered Payroll[4]
2014	$1,941,225	$2,662,853	$721,628	72.9%	$1,898,064	38.0%
2015	2,108,925	2,646,989	538,065	79.7	1,907,665	28.2
2016	2,248,753	2,793,689	544,935	80.5	1,968,703	27.7
2017	2,438,458	3,005,806	567,348	81.1	2,062,316	27.5
2018	2,628,844	3,256,828	627,984	80.7	2,177,687	28.8
2019	2,812,662	3,334,299	521,637	84.4	2,225,413	23.4
2020	2,984,424	3,486,531	502,107	85.6	2,445,017	20.5
2021	3,330,377	3,520,078	189,701	94.6	2,254,165	8.4
2022	3,472,956	3,580,696	107,741	97.0	2,258,725	4.8
2023	3,646,978	3,405,089	(241,890)	107.1	2,512,179	(9.6)

(1) Actuarial Accrued Liability minus Actuarial Value of Assets, commonly referred to as UAAL. Positive numbers represent an actuarial deficit.
(2) Actuarial Value of Assets divided by Actuarial Accrued Liability.
(3) Projected annual pensionable payroll against which UAAL amortized.
(4) UAAL divided by Covered Payroll.
Source: The City of Los Angeles City Employees' Retirement System Actuarial Valuations.

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The table below summarizes the City's payments to LACERS over the past four years and payments included in the Fiscal Year 2024-25 Adopted Budget. This table includes costs for contributions for both pensions and retiree health care.

Table B-15
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
SOURCES AND USES OF CONTRIBUTIONS
($ in thousands)[1]

	2020-21	***2021-22***	***2022-23***	***2023-24***	***Adopted Budget 2024-25***
Sources of Contributions					
Contributions for Council-controlled Departments[2]	$532,833	$601,450	$636,523	$675,824	$ 706,034
Airport, Harbor Departments, LACERS, LAFPP	114,828	124,074	131,166	138,617	148,263
Total	**$647,661**	**$725,524**	**$767,689**	**$814,441**	**$ 854,297**
Percent of payroll – Tier 1	29.43%	32.81%	33.93%	34.07%	34.34%
Percent of payroll – Tier 3	27.45%	30.16%	31.35%	31.45%	31.06%
Uses of Contributions					
Current Service Liability (Normal cost)	$229,795	$265,096	$285,162	$298,345	$ 322,980
UAAL	462,604	492,955	556,287	596,007	612,849
Adjustments[3]	(44,738)	(32,527)	(73,760)	(79,911)	(81,532)
Total	**$647,661**	**$725,524**	**$767,689**	**$814,441**	**$ 854,297**

(1) Includes funding for OPEB.
(2) Includes employees funded by certain special funds in addition to the General Fund.
(3) Adjustments include a "true-up" reconciling projected payroll against actual payroll, the family death benefit plan, the limited term retirement plan, excess benefits, and the enhanced benefit for the Airport Peace Officers who remain in LACERS.
Source: City of Los Angeles, Office of the City Administrative Officer.

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The table below illustrates the City's projected contributions to LACERS for the next four fiscal years from Council-Controlled Departments (excluding the proprietary departments) based on projected rates from the City's consulting actuary applied against projected payroll by the CAO. These projected contributions illustrate the projected cost of both pension and OPEB. The CAO's projected payroll assumes that there will be no negotiated employee compensation increases after the expiration in December 2027 or December 2028 of current labor agreements.

Table B-16
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
PROJECTED CONTRIBUTIONS
($ in thousands)

	Adopted Budget 2024-25	Projection 2025-26	Projection 2026-27	Projection 2027-28	Projection 2028-29
Contributions for Council-controlled Departments(1)(2)	$ 706,034	$ 778,946	$ 846,443	$ 902,265	$ 916,278
Percentage of Payroll(3)	33.29%	31.66%	32.37%	32.50%	32.21%
Incremental Change	$ 30,230	$ 72,911	$ 67,498	$ 55,822	$ 14,013
% Change	4.47%	10.33%	8.67%	6.59%	1.55%

(1) Includes the General Fund and various special funds.
(2) Assumes 7 percent return on investment.
(3) Reflects combined rates for July 15 payment.
Source: City of Los Angeles, Office of the City Administrative Officer (CAO), based on information commissioned by the CAO.

In addition, the LACERS Board has recently requested that the City Council review and consider a discretionary cost-of-living adjustment of 2.85 percent for Tier 1 participants. The recommendation is pending consideration by the City Council and Mayor.

Fire and Police Pension Plan ("LAFPP")

The LAFPP, established in 1899 and incorporated into the Charter in 1923, represents contributory plans covering uniformed fire, police, and some Department of Harbor and Department of Airports police. As of June 30, 2023, the date of its most recent actuarial valuation, the LAFPP had 12,571 active members (including 117 in Harbor and 96 in Airports), 14,131 retired members and beneficiaries, and 776 vested former members.

Six tiers of benefits are provided, depending on the date of the member's hiring. No active members are in Tier 1, while Tier 2 had only 3 active members as of June 30, 2023, although both tiers have retired members and beneficiaries. Approximately 57 percent of active members are in Tier 5, and 39 percent are in Tier 6.

Amortization of UAAL may be calculated differently for different tiers. A Charter amendment adopted by City voters on March 8, 2011 provided the LAFPP Board with the authority to establish amortization and plan funding policies. Under the LAFPP Board's current actuarial funding policy, actuarial gains or losses for all tiers are amortized over 20 years; changes in actuarial assumptions and cost methods are amortized over 20 years; plan amendments are amortized over 15 years; and actuarial funding surpluses are amortized over 30 years.

Similar to LACERS, LAFPP has adopted various asset smoothing methods. Generally, market gains or losses are recognized over seven years, so that approximately 1/7 of market losses or gains are recognized each year in the actuarial valuation. LAFPP uses a 40 percent market corridor, so that the actuarial value of assets must be between 60 percent and 140 percent of the market value of assets. If the actuarial value falls below 60 percent or rises above 140 percent of market value, the system must recognize the excess returns or losses, respectively, in that year without smoothing.

Based on the advice of its actuary, the LAFPP Board reduced its assumed rate of investment return from 7.50 percent to 7.25 percent in 2017, lowering it again to 7.00 percent in May 2020 (lowering its inflation assumption from 3.00 percent to 2.75 percent as well). In May 2023, the LAFPP Board adopted the actuary's recommendations to maintain the 7.00 percent assumed rate of investment return, but reduced the inflation assumption from 2.75 percent to 2.50 percent. In addition to the economic assumptions, the LAFPP Board adjusted various other demographic assumptions such as mortality, retirement, termination, and disability incidence rates. Adoption of the economic and demographic assumption changes in May 2023 was estimated to decrease City contributions by 0.45 percent of payroll. The new assumptions were used in the June 30, 2023 actuarial valuation, which determine the City's contribution rate for Fiscal Year 2024-25.

The table below shows the actuarial value of the City's liability for retirement benefits (excluding retiree health care and other post-employment benefits), the actuarial value of assets available for retirement benefits, and two indicators of funding progress for LAFPP, the funded ratio and the ratio of UAAL to annual payroll.

Table B-17
LOS ANGELES FIRE AND POLICE PENSION PLAN
SCHEDULE OF FUNDING PROGRESS FOR RETIREMENT BENEFITS
ACTUARIAL VALUE BASIS
($ in thousands)[(1)]

Actuarial Valuation As of June 30	*Actuarial Value of Assets*	*Actuarial Accrued Liability (AAL)*	*UAAL[(2)]*	*Funded Ratio[(3)]*	*Covered Payroll[(4)]*	*UAAL As a Percentage of Covered Payroll[(5)]*
2014	$ 15,678,480	$ 18,114,229	$ 2,435,749	86.6%	$ 1,402,715	173.6%
2015	16,770,060	18,337,507	1,567,447	91.5	1,405,171	111.5
2016	17,645,338	18,798,510	1,153,172	93.9	1,400,808	82.3
2017	18,679,221	20,411,024	1,731,803	91.5	1,475,539	117.4
2018	19,840,070	21,364,804	1,524,734	92.9	1,546,043	98.6
2019	21,037,711	22,474,125	1,436,414	93.6	1,583,808	90.7
2020	22,106,722	23,727,315	1,620,593	93.2	1,670,245	97.0
2021	23,689,349	24,461,267	771,918	96.8	1,684,785	45.8
2022	25,146,787	25,670,766	523,979	98.0	1,664,318	31.5
2023	26,430,735	26,556,702	125,967	99.5	1,698,778	7.4

(1) Table includes funding for retirement benefits only. Other post-employment benefits not included.
(2) Actuarial Accrued Liability minus Actuarial Value of Assets, commonly referred to as UAAL. Positive numbers represent an actuarial deficit.
(3) Actuarial Value of Assets divided by Actuarial Accrued Liability.
(4) Projected annual payroll against which UAAL amortized.
(5) UAAL divided by covered payroll.
Source: LAFPP Actuarial Valuations and Review of Retirement and Other Post-Employment Benefits as of June 30, 2023.

The actuarial value of assets is different from the market value of assets, as the actuarial value smooths asset gains and losses over a number of years. The following table shows the funding progress of LAFPP based on the market value of the portion of system assets allocated to retirement benefits.

Table B-18
LOS ANGELES FIRE AND POLICE PENSION PLAN
SCHEDULE OF FUNDING PROGRESS FOR RETIREMENT BENEFITS
MARKET VALUE BASIS
($ in thousands)[(1)]

Actuarial Valuation As of June 30	Market Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded (Overfunded) Liability[(2)]	Funded Ratio (Market Value)[(3)]	Covered Payroll[(4)]	Unfunded Liability As a Percentage of Covered Payroll (Market Value)[(5)]
2014	$16,989,705	$18,114,229	$1,124,525	93.8%	$1,402,715	80.2%
2015	17,346,554	18,337,507	990,953	94.6	1,405,171	70.5
2016	17,104,276	18,798,510	1,694,234	91.0	1,400,808	120.9
2017	18,996,721	20,411,024	1,414,303	93.1	1,475,593	95.8
2018	20,482,133	21,364,804	882,671	95.9	1,546,043	57.1
2019	21,262,200	22,474,125	1,211,925	94.6	1,583,808	76.5
2020	21,396,933	23,727,315	2,330,382	90.2	1,670,245	139.5
2021	27,862,307	24,461,267	(3,401,040)	113.9	1,684,785	(201.9)
2022	25,258,536	25,670,766	412,230	98.4	1,664,318	24.8
2023	26,437,300	26,556,702	119,402	99.6	1,698,778	7.0

(1) Table includes funding for retirement benefits only. Other post-employment benefits not included.
(2) Actuarial Accrued Liability minus Market Value of Assets. Positive numbers represent a deficit.
(3) Market Value of Assets divided by Actuarial Accrued Liability.
(4) Projected annual payroll against which liability is amortized.
(5) UAAL divided by covered payroll.
Source: Calculated by CAO based on data from LAFPP Actuarial Valuations.

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The table below provides a ten-year history of the funding progress for retiree healthcare benefit liabilities of the LAFPP.

Table B-19
LOS ANGELES FIRE AND POLICE PENSION PLAN
SCHEDULE OF FUNDING PROGRESS FOR OTHER POST-EMPLOYMENT BENEFITS
($ in thousands)

Actuarial Valuation As of June 30	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	UAAL[1]	Funded Ratio[2]	Covered Payroll[3]	UAAL As a Percentage of Covered Payroll[4]
2014	$1,200,874	$2,783,283	$1,582,409	43.1%	$1,402,715	112.8%
2015	1,344,333	2,962,703	1,618,370	45.4	1,405,171	115.2
2016	1,480,810	3,079,670	1,598,860	48.1	1,400,808	114.1
2017	1,637,846	3,322,746	1,684,900	49.3	1,475,539	114.2
2018	1,819,359	3,547,777	1,728,417	51.3	1,546,043	111.8
2019	2,016,202	3,590,023	1,573,821	56.2	1,583,808	99.4
2020	2,214,552	3,709,858	1,495,307	59.7	1,670,245	89.5
2021	2,455,726	3,793,174	1,337,448	64.7	1,684,785	79.4
2022	2,710,079	3,649,332	939,253	74.3	1,664,318	56.4
2023	2,966,078	3,815,027	848,948	77.8	1,698,778	50.0

(1) Actuarial Accrued Liability minus Actuarial Value of Assets, commonly referred to as UAAL. Positive numbers represent an actuarial deficit.
(2) Actuarial Value of Assets divided by Actuarial Accrued Liability.
(3) Projected annual payroll against which UAAL amortized.
(4) UAAL divided by covered payroll.
Source: The Fire and Police Pension Plan Actuarial Valuations.

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The table below summarizes the General Fund's payments to LAFPP over the past four years and payments included in the Fiscal Year 2024-25 Adopted Budget. This table includes costs for both pensions and retiree health care, as well as the plan's administrative expenses.

Table B-20
LOS ANGELES FIRE AND POLICE PENSION PLAN
SOURCES AND USES OF CONTRIBUTIONS
($ in thousands)

	2020-21	**2021-22**	**2022-23**	**2023-24**	**Adopted Budget 2024-25**
General Fund[1]	$ 738,908	$ 721,998	$ 660,945	$ 637,297	$ 660,048
Percent of Payroll	46.79%	45.89%	41.84%	40.63%	38.72%
Current Service Liability	$ 382,639	$ 393,940	$ 394,525	$ 390,133	$ 410,951
UAAL/(Surplus)	337,154	306,679	244,958	225,835	225,057
Administrative Costs	19,115	21,379	21,462	21,329	24,040
Total	**$ 738,908**	**$ 721,998**	**$ 660,945**	**$ 637,297**	**$ 660,048**

(1) The City funds an Excess Benefit Plan outside LAFPP to provide for any benefit payments to retirees that exceed IRS limits. Amounts deposited in that account are credited against the City's annual contribution to LAFPP.
Source: City of Los Angeles, Office of the City Administrative Officer.

Historically, plan members did not contribute to offset the City's costs of retiree healthcare subsidy benefits, as all such costs were funded from the employer's contribution and investment returns thereon. In 2011, the City negotiated with the sworn bargaining units the option of a 2 percent active employee contribution to offset the cost of retiree healthcare for its sworn workforce hired before July 1, 2011. Sworn employees hired on and after July 1, 2011 are members of Tier 6, which requires an additional 2 percent contribution to offset the cost of retiree healthcare. Employees who contribute to retiree healthcare benefits are vested in future subsidy increases authorized by the LAFPP board. For those sworn employees that opted not to make an additional contribution to offset the cost of retiree healthcare, their retiree health subsidy has been frozen and cannot surpass the maximum subsidy level in effect as of July 1, 2011.

A consolidated lawsuit challenged the LAFPP Board's exercise of its discretion to annually increase the subsidy for sworn employees. On May 2, 2022, the court ruled that LAFPP was not required to automatically grant the maximum possible increase in the retiree medical subsidy each year to employees who contribute the additional 2 percent. Rather, the LAFPP Board retained the discretion on the amount of any increase. The union filed a notice of appeal.

The table below illustrates the City's projected contributions to LAFPP for the next four fiscal years based on projected rates from the LAFPP's consulting actuary applied against projected payroll by the CAO. The CAO's projected payroll does not include compensation increases after the expiration of current labor agreements, with the exception of placeholder amounts related to a pending successor contract with the United Firefighters of Los Angeles City.

Table B-21
LOS ANGELES FIRE AND POLICE PENSION PLAN
PROJECTED CONTRIBUTIONS[(1)]
($ in thousands)

	Adopted Budget 2024-25	Projection 2025-26	Projection 2026-27	Projection 2027-28	Projection 2028-29
General Fund	$660,048	$593,566	$624,901	$639,460	$646,017
Percentage of Payroll	38.72%	31.51%	31.03%	30.97%	30.89%
Incremental Change	$22,751	($66,482)	$31,335	$14,559	$6,557
% Change	3.57%	(10.07%)	5.28%	2.33%	1.03%

(1) Assumes 7.00 percent return on investment.
Source: City of Los Angeles, Office of the City Administrative Officer (CAO), based on information commissioned by the CAO.

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Harbor Department of the City of Los Angeles (the "Department") in connection with the issuance by the Department of its (a) Refunding Revenue Bonds, 2024 Series A-1 (AMT), in the aggregate principal amount of $[PARA1] (the "Series 2024A-1 Bonds"), (b) Refunding Revenue Bonds, 2024 Series A-2 (AMT) (Green Bonds), in the aggregate principal amount of $[PARA2] (the "Series 2024A-2 Bonds"), (c) Refunding Revenue Bonds, 2024 Series B-1 (Exempt Facility Non-AMT), in the aggregate principal amount of $[PARB1] (the "Series 2024B-1 Bonds"), (d) Refunding Revenue Bonds, 2024 Series B-2 (Exempt Facility Non-AMT) (Green Bonds), in the aggregate principal amount of $[PARB2] (the "Series 2024B-2 Bonds"), and (e) its Refunding Revenue Bonds, 2024 Series C (Governmental Non-AMT) in the aggregate principal amount of $[PARC] (the "Series 2024C Bonds," and collectively with the Series 2024A1 Bonds, the Series 2024A-2 Bonds, the Series 2024B-1 Bonds and the Series 2024B-2 Bonds, the "Series 2024 Bonds"). The Series 2024 Bonds are being issued pursuant to an Indenture of Trust, dated as of September 1, 2024 (the "Indenture"), by and between the Department and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"). The Department hereby covenants and agrees as follows:

Section 1. Purpose of this Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Department for the benefit of the Owners and beneficial owners of the Series 2024 Bonds and in order to assist the Participating Underwriter in complying with the Rule.

Section 2. Definitions. In addition to the definitions set forth 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*" shall mean any Annual Report provided by the Department pursuant to, and as described in, Sections 3 and 4 hereof.

"*Beneficial Owner*" shall mean any person that (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2042 Bonds (including persons holding Series 2024 Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Series 2024 Bonds for federal income tax purposes.

"*Dissemination Agent*" shall mean the Department, acting in its capacity as Dissemination Agent hereunder, or any other successor Dissemination Agent designated in writing by the Department.

"*EMMA System*" shall mean the MSRB's Electronic Municipal Market Access system, or such other electronic system designated by the MSRB.

"*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 MSRB consistent with the Rule.

"*Fiscal Year*" shall mean the one-year period ending on June 30 of each year or such other period of 12 months designated by the Department as its Fiscal Year.

"*GASB*" shall mean the Governmental Accounting Standards Board.

"*Listed Events*" shall mean any of the events listed in Section 5(a) or 5(b) hereof.

"*MSRB*" shall mean the Municipal Securities Rulemaking Board, or any successor thereto.

"*Obligated Person*" means the Department, and any successor thereto.

"*Official Statement*" shall mean the final official statement of the Department relating to the Series 2024 Bonds.

"*Owner*" shall mean a registered owner of the Series 2024 Bonds.

"*Participating Underwriter*" shall mean any of the original underwriters of the Series 2024 Bonds required to comply with the Rule in connection with offering of the Series 2024 Bonds.

"*Rule*" shall mean Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"*SEC*" shall mean the Securities and Exchange Commission.

"*State*" shall mean the State of California.

Section 3. Provision of Annual Reports.

(a) The Department shall, or shall cause the Dissemination Agent, if the Dissemination Agent is other than the Department, to, not later than six months following the end of each Fiscal Year of the Department (which Fiscal Year currently ends on June 30), commencing with the report for Fiscal Year 2024, provide to the MSRB through the EMMA System, in an electronic format and accompanied by identifying information all as prescribed by the MSRB, an Annual Report relating to the immediately preceding Fiscal Year that is consistent with the requirements of Section 4 hereof, which Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 hereof; provided that any audited financial statements may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Fiscal Year for the Department changes, the Department shall give notice of such change in the same manner as for a Listed Event under Section 5(e) hereof.

(b) If in any year, the Department does not provide the Annual Report to the MSRB by the time specified above, the Department shall instead file a notice with the MSRB through the EMMA System in substantially the form attached as Exhibit A hereto.

(c) If the Dissemination Agent is not the Department, the Dissemination Agent shall:

1. file a report with the Department certifying that the Annual Report has been filed pursuant to this Disclosure Certificate and listing the date(s) of the filing(s); and

2. take any other actions mutually agreed to between the Dissemination Agent and the Department.

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

(a) The Department's audited financial statements for the prior Fiscal Year, prepared in accordance with generally accepted accounting principles as promulgated from time to time by GASB and all statements and interpretations issued by the Financial Accounting Standards Board which are not in conflict with the statements issued by GASB. If the Department's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a) hereof, the Annual Report shall contain unaudited financial statements and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Information in form and substance similar to Tables [1, 2A, 2B, 3, 5, 9, 10, 11, 13, 14 and 15] set forth in the Official Statement for the most recently completed Fiscal Year.

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 Department or related public entities that have been submitted to the MSRB through the EMMA System.

In the event that information necessary to prepare the tables listed above becomes unavailable due to changes in accounting practices, legislative changes or organizational changes, the Department shall state in its Annual Report that such table will no longer be included in the Annual Report and the reason therefore. Comparable information shall be provided if available.

Section 5. Reporting of Significant Events.

(a) The Department shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Series 2024 Bonds not later than ten business days after the occurrence of the event:

1. Principal and interest payment delinquencies;

2. Unscheduled draws on debt service reserves reflecting financial difficulties;

3. Unscheduled draws on credit enhancements reflecting financial difficulties;

4. Substitution of credit or liquidity providers, or their failure to perform;

5. Adverse tax opinions, issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);

6. Tender offers;

7. Defeasances;

8. Rating changes;

9. Bankruptcy, insolvency, receivership or similar event of the Obligated Person; or

10. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Obligated Person, any of which reflect financial difficulties.

Note: for the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. 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 Obligated Person, 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 Obligated Person.

(b) The Department shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Series 2024 Bonds, if material, not later than ten business days after the occurrence of the event:

1. Non-payment related defaults;

2. Unless described in paragraph 5(a)(5), other notices or determinations by the Internal Revenue Service with respect to the tax status of the Series 2024 Bonds or other material events affecting the tax status of the Series 2024 Bonds;

3. Modifications to rights of the Owners of the Series 2024 Bonds;

4. Series 2024 Bond calls;

5. Release, substitution or sale of property securing repayment of the Series 2024 Bonds;

6. The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the 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;

7. Appointment of a successor or additional trustee or the change of name of a trustee; or

8. Incurrence of a Financial Obligation of the Obligated Person, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Obligated Person, any of which affect security holders.

(c) The Department shall give, or cause to be given, in a timely manner, notice of a failure to provide the annual financial information on or before the date specified in Section 3(a) hereof, as provided in Section 3 hereof.

(d) Whenever the Department obtains knowledge of the occurrence of a Listed Event described in Section 5(b) hereof, the Department shall determine if such event would be material under applicable federal securities laws.

(e) If the Department learns of an occurrence of a Listed Event described in Section 5(a) hereof, or determines that knowledge of a Listed Event described in Section 5(b) hereof would be material under applicable federal securities laws, the Department shall within ten business days of occurrence file a notice of such occurrence with the MSRB through the EMMA System in electronic format, accompanied by such identifying information as is prescribed by the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in subsections (a)(7) or (b)(4) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Owners of affected Series 2024 Bonds pursuant to the Indenture.

Section 6. Customarily Prepared and Public Information. Upon request, the Department shall provide to any person financial information and operating data regarding the Department which is customarily prepared by the Department and is publicly available at a cost not exceeding the reasonable cost of duplication and delivery.

Section 7. Termination of Obligation. The Department's obligations under this Disclosure Certificate shall terminate upon the maturity, legal defeasance, prior redemption or payment in full of all of the Series 2024 Bonds. In addition, in the event that the Rule shall be amended, modified or repealed such that compliance by the Department with its obligations under this Disclosure Certificate no longer shall be required in any or all respects, then the Department's obligations hereunder shall terminate to a like extent. If such termination occurs prior to the final maturity of the Series 2024 Bonds, the Department shall give notice of such termination in the same manner as for a Listed Event under Section 5(e) hereof.

Section 8. Dissemination Agent. The Department 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 dissemination agent, with or without appointing a successor dissemination agent. If at any time there is not any other designated dissemination agent, the Department shall be the dissemination agent. The initial dissemination agent shall be the Department.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Department may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that, in the opinion of nationally recognized bond counsel, such amendment or waiver is permitted by the Rule. The Department shall give notice of any amendment in the same manner as for a Listed Event under Section 5(e) hereof.

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Department 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 notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Department chooses to include any information in any notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Department shall not thereby have any obligation under this Disclosure Certificate to update such information or include it in any future notice of occurrence of a Listed Event.

Section 11. Default. In the event of a failure of the Department to comply with any provision of this Disclosure Certificate, any Owner or Beneficial Owner of the Series 2024 Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Department to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed a default under the Indenture and the sole remedy under this Disclosure Certificate in the event of any failure of the Department to comply with this Disclosure Certificate shall be an action to compel performance. Under no circumstances shall any person or entity be entitled to recover monetary damages hereunder in the event of any failure of the Department to comply with this Disclosure Certificate.

No Owner or Beneficial Owner of the Series 2024 Bonds may institute such action, suit or proceeding to compel performance unless they shall have first delivered to the Department satisfactory written evidence of their status as such, and a written notice of and request to cure such failure, and the Department shall have refused to comply therewith within a reasonable time.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. Any Dissemination Agent appointed hereunder shall have only such duties as are specifically set forth in this Disclosure Certificate, and shall have such rights, immunities and liabilities as shall be set forth in the written agreement between the Department and such Dissemination Agent pursuant to which such Dissemination Agent agrees to perform the duties and obligations of Dissemination Agent under this Disclosure Certificate.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Department, the Dissemination Agent, if any, the Participating Underwriter, and the Owners and beneficial owners from time to time of the Series 2024 Bonds, and shall create no rights in any other person or entity. This Disclosure Certificate is not intended to create any monetary rights on behalf of any person based upon the Rule.

Section 14. Notices. Any notices or communications to the Department may be given as follows:

Harbor Department of the City of Los Angeles
425 South Palos Verdes Street
San Pedro, California 90731
Attention: Executive Director
Telephone: (310) 732-3827

Section 15. Partial Invalidity. If any one or more of the agreements or covenants or portions thereof required hereby to be performed by or on the part of the Department shall be contrary to law, then such agreement or agreements, such covenant or covenants or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall in no way affect the validity hereof, and the beneficial owners of the Series 2024 Bonds shall retain all the benefits afforded to them hereunder. The Department hereby declares that it would have executed and delivered this Disclosure Certificate and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof irrespective of the fact that any one or more articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

Section 16. Governing Law. This Disclosure Certificate was made in the City of Los Angeles and shall be governed by, interpreted and enforced in accordance with the laws of the State and the City of Los Angeles, without regard to conflict of law principles. Any litigation, action or proceeding to enforce or interpret any provision of this Disclosure Certificate or otherwise arising out of, or relating to this Disclosure Certificate, shall be brought, commenced or prosecuted in a State or Federal court in the County of Los Angeles in the State. By its acceptance of the benefits hereof, any person or entity bringing any such litigation, action or proceeding submits to the exclusive jurisdiction of the State and waives any defense of forum non conveniens.

IN WITNESS WHEREOF, the undersigned has executed this Disclosure Certificate this 25th day of September, 2024.

HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES

By: ______________________________________
Eugene D. Seroka, Executive Director

EXHIBIT A

NOTICE TO MUNICIPAL SECURITIES RULEMAKING BOARD
OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	Harbor Department of the City of Los Angeles
Name of Bond Issue:	Harbor Department of the City of Los Angeles Refunding Revenue Bonds, 2024 Series A-1 (AMT)
	Harbor Department of the City of Los Angeles Refunding Revenue Bonds, 2024 Series A-2 (AMT) (Green Bonds)
	Harbor Department of the City of Los Angeles Refunding Revenue Bonds, 2024 Series B-1 (Exempt Facility Non-AMT)
	Harbor Department of the City of Los Angeles Refunding Revenue Bonds, 2024 Series B-2 (Exempt Facility Non-AMT) (Green Bonds)
	Harbor Department of the City of Los Angeles Refunding Revenue Bonds, 2024 Series C (Governmental Non-AMT)
Date of Issuance:	September 25, 2024
CUSIP:	544552____

NOTICE IS HEREBY GIVEN that the Harbor Department of the City of Los Angeles (the "Department") has not provided an Annual Report with respect to the above referenced Bonds as required by Section 3 of the Continuing Disclosure Certificate, dated September 25, 2024, executed by the Department for the benefit of the Owners and beneficial owners of the above referenced Series 2024 Bonds. The Department anticipates that the Annual Report will be filed by _________, 20__.

Dated:____________________________

HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES

By: ____
Authorized Representative

APPENDIX E

FORM OF OPINION OF BOND COUNSEL

Upon delivery of the Series 2024 Bonds, Hawkins Delafield & Wood LLP, Bond Counsel proposes to render its final opinion with respect to the Series 2024 Bonds in substantially the following form:

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APPENDIX F

BOOK-ENTRY-ONLY SYSTEM

Introduction

Unless otherwise noted, the information contained under the caption "—General" below has been provided by DTC. The Department makes no representations as to the accuracy or the completeness of such information. The Beneficial Owners of the Series 2024 Bonds should confirm the following information with DTC, the Direct Participants or the Indirect Participants.

NEITHER THE DEPARTMENT NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, TO INDIRECT PARTICIPANTS, OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (A) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT, OR ANY INDIRECT PARTICIPANT; (B) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE SERIES 2024 BONDS UNDER THE INDENTURE, (C) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR INTEREST DUE TO THE OWNERS OF THE SERIES 2024 BONDS; (D) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNERS OF SERIES 2024 BONDS; OR (E) ANY OTHER MATTER REGARDING DTC.

General

DTC will act as securities depository for the Series 2024 Bonds. The Series 2024 Bonds 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 Series 2024 Bond certificate will be issued for each maturity of the Series 2024 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC or held by the Trustee.

DTC 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, as amended. 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 Bonds 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 Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. The Department has not undertaken any responsibility for and makes no representations as to the accuracy or the completeness of the content of such material contained on the websites described in the preceding sentence including, but not limited to, updates of such information or links to other Internet sites accessed through the aforementioned websites.

Purchases of the Series 2024 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2024 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2024 Bond ("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 Series 2024 Bonds 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 the Series 2024 Bonds, except in the event that use of the book-entry system for the Series 2024 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2024 Bonds 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 Series 2024 Bonds 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 Series 2024 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2024 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2024 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Trustee as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2024 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 2024 Bonds 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 the Department, the Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct and Indirect 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 Direct and Indirect Participant and not of DTC, the Trustee or the Department, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Department or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2024 Bonds at any time by giving reasonable notice to the Department. Under such circumstances, in the event that a successor depository is not obtained, certificates representing the Series 2024 Bonds are required to be printed and delivered.

The Department may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates representing the Series 2024 Bonds will be printed and delivered to the registered holders of the Series 2024 Bonds.

The information in this Appendix F concerning DTC and DTC's book-entry system has been obtained from sources that the Department believes to be reliable, but neither the Department nor the Underwriters take any responsibility for the accuracy thereof.

BENEFICIAL OWNERS WILL NOT RECEIVE PHYSICAL DELIVERY OF SERIES 2024 BONDS AND WILL NOT BE RECOGNIZED BY THE TRUSTEE AS OWNERS THEREOF, AND BENEFICIAL OWNERS WILL BE PERMITTED TO EXERCISE THE RIGHTS OF OWNERS ONLY INDIRECTLY THROUGH DTC AND THE DTC PARTICIPANTS.

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