

RESOLUTION NO. _____

RESOLUTION OF THE HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES APPROVING AND AUTHORIZING THE EXPANSION AND RESTRUCTURING OF THE DEPARTMENT'S COMMERCIAL PAPER FINANCING PROGRAM, THE EXECUTION OF AN AMENDED AND RESTATED ISSUING AND PAYING AGENT AGREEMENT, THE EXECUTION OF CREDIT AGREEMENTS AND FEE LETTERS RELATED THERETO, AN OFFERING MEMORANDUM AND CERTAIN OTHER DOCUMENTS AND ACTIONS RELATING TO THE DEPARTMENT'S COMMERCIAL PAPER FINANCING PROGRAM AND AUTHORIZING AND DIRECTING CERTAIN ACTIONS WITH RESPECT THERETO

(DOCUMENT RESOLUTION)

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

WHEREAS, pursuant to Section 609 of the Charter and the Charter implementation ordinance (the "Procedural Ordinance") relating to the procedures for issuance and sale of revenue bonds by the Department under Section 609 of the Charter, the Department has the power to borrow money and to issue bonds, refunding bonds, notes and other evidences of indebtedness for any lawful purpose relating to the Department payable from the revenues of the Department and from any other money lawfully available to the Department or under its control, in the form and manner approved by the Board; and

WHEREAS, pursuant to Section 609 of the Charter, the Department adopted on August 22, 2001, a resolution (the "Authorizing Resolution") which authorizes and establishes, subject to City Council approval, a financing program (the "Program") for the purpose of issuing, from time to time, short-term revenue notes (the "Notes") in an aggregate principal amount not in excess of \$375 million to finance all or a portion of the Department's short-term borrowing needs; and

WHEREAS, pursuant to Section 609 of the Charter, the Board adopted on June 4, 2009, a resolution (the "2009 Resolution"), which authorized the Department to issue the Notes as commercial paper notes (the "CP Notes") having maturities of 270 days or less and in an aggregate principal amount not in excess of \$100 million; and

WHEREAS, pursuant to the 2009 Resolution, the Board authorized the Department to enter into the following agreements:

- i. an Issuing and Paying Agent Agreement (Commercial Paper Notes), dated as of July 1, 2009 (the "Original CP Issuing Agreement"), by and between the Department and U.S. Bank Trust National Association as Issuing and Paying Agent (the "Issuing and Paying Agent") which Original CP Issuing Agreement, among other

matters, authorizes the issuance of CP Notes in an aggregate principal amount not in excess of \$100 million; and

ii. a Credit Agreement, dated as of July 1, 2009 (the “Original Credit Agreement”), by and between the Department and JPMorgan Chase Bank, National Association (the “Bank”), providing liquidity support for the CP Notes and setting out the terms and conditions of the Advances (as defined in the Original Credit Agreement) which would arise if the liquidity support were drawn upon; and

iii. Dealer Agreements, each dated as of July 1, 2009 (the “Dealer Agreements”), by and between the Department and each of Morgan Stanley & Co. Incorporated and Loop Capital Markets LLC (each, a “Dealer”), providing for the sale of the CP Notes and obligating the Department to provide certain continuing updated information; and

WHEREAS, pursuant to Section 609 of the Charter, the Board adopted on June 3, 2010 a resolution (the “2010 Resolution”), which authorized the Department to amend the Original CP Issuing Agreement to provide for the issuance of CP Notes up to \$200 million, and to amend the Original Credit Agreement to provide for an extension of the expiration date thereof; and

WHEREAS, pursuant to the 2010 Resolution, the Board authorized the Department to enter into the following agreements, among others:

i. a First Supplemental Issuing and Paying Agent Agreement, dated as of July 1, 2010 (the “First Supplemental CP Issuing Agreement” and, together with the Original CP Issuing Agreement, the “CP Issuing Agreement”), by and between the Department and the Issuing and Paying Agent, which First Supplemental CP Issuing Agreement amended the Original CP Issuing Agreement to authorize the issuance of CP Notes in the aggregate principal amount not in excess of \$200 million, among other matters; and

ii. a letter agreement, dated July 28, 2010, executed by the Bank, which letter agreement extended the scheduled expiration date of the Original Credit Agreement from July 29, 2010 to July 29, 2012, to provide for reduced commitment fees and to increase the commitment amount thereunder to support the issuance of the CP Notes in the aggregate amount not in excess of \$200 million; and

WHEREAS, there are currently \$100 million aggregate principal amount of CP Notes outstanding; and

WHEREAS, the Department proposes to enter into an amendment and restatement of the CP Issuing Agreement to provide for the issuance of CP Notes up to \$250 million and establish subseries of CP Notes, and to enter into replacement line of credit agreements in connection with said issuance to address the scheduled expiration of the Original Credit Agreement, as amended; and

WHEREAS, the following documents have been presented to this Board:

- i. an Amended and Restated Issuing and Paying Agent Agreement (the “Amended and Restated CP Issuing Agreement”), between the Department and the Issuing and Paying Agent, which Amended and Restated CP Issuing Agreement, among other matters, authorizes the issuance of CP Notes in an aggregate principal amount not in excess of \$250 million and establishes subseries of CP Notes; and
- ii. a form of the line of credit agreements (together the “Replacement Line of Credit Agreements”), among the Department, the Issuing and Paying Agent and each of Mizuho Corporate Bank, Ltd., acting through its New York Branch (“Mizuho”), and Wells Fargo Bank, National Association (“Wells Fargo”), to provide liquidity support to pay the principal of and interest on CP Notes in the aggregate principal amount of \$125 million, in each case, through July 2015; and
- iii. a fee letter between the Department and Mizuho; and
- iv. a fee letter between the Department and Wells Fargo; and
- v. an Offering Memorandum (the “Offering Memorandum”) by the Department describing the CP Notes, the replacement credit providers, the Department and the Department’s financial and operating information; and

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

NOW THEREFORE, in accordance with the provisions of Section 609 of the Charter, the Board hereby resolves as follows:

1. Findings. The Board hereby determines that the foregoing recitals are true. The Board hereby determines that the issuance of the CP Notes under the terms of the Amended and Restated CP Issuing Agreement, the execution and delivery by the Department of the Amended and Restated CP Issuing Agreement and the Replacement Credit Agreements (collectively, the “Financing Documents”) and the taking of actions related thereto are in the best interests of the Department.

2. Approval of Financing Documents; Authorization for Execution. The Board hereby approves in all respects the forms, terms and provisions of the Financing Documents substantially in the forms now before the Board, and hereby authorizes and directs the Executive Director, Deputy Executive Director of Finance and Administration, the Chief Financial Officer, and the Director of Debt and Treasury of the Department or any one or more thereof (each an “Authorized Representative”) to execute, acknowledge and deliver the Financing Documents, including counterparts thereof, for and in the name of and on behalf of the Department. The

Financing Documents, as executed and delivered, shall be in substantially the forms now before the Board and hereby approved, or with such changes therein as shall be approved by Authorized Representative(s) executing the same and the execution thereof shall constitute conclusive evidence of the Board's approval of any and all changes or revisions therein from the forms of the Financing Documents now before the Board. From and after the execution and delivery of the Financing Documents, the officers, agents and employees of the Department are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Financing Documents.

3. Authorization to Amend and/or Supplement Dealer Agreements. The Board hereby severally authorizes each Authorized Representative to execute, acknowledge and deliver any amendments or supplements to one or both Dealer Agreements, including counterparts thereof, for and in the name of and on behalf of the Department, to the extent such amendments or supplements are necessary or advisable in the discretion of such Authorized Representative to carry out the purposes of this Resolution or to issue the CP Notes.

4. Issuance, Form and Execution of CP Notes. The CP Notes to be issued under the Amended and Restated CP Issuing Agreement may be issued in an aggregate principal amount not to exceed \$250 million outstanding at any one time. The Authorized Representatives, or any of them, acting in accordance with the Amended and Restated CP Issuing Agreement, are each hereby authorized to determine the actual aggregate principal amount of CP Notes to be authorized and issued (not in excess of the maximum amount set forth above to be outstanding at any one time) and to direct the execution and authentication of the CP Notes in such amount in the manner set out in the Amended and Restated CP Issuing Agreement. Such direction shall be conclusive as to the principal amounts hereby authorized. Portions of the CP Notes issued under the Program may be issued so that the interest thereon is excluded from gross income for federal income tax purposes or not excluded from such taxes in such combination as is acceptable to the Authorized Representative implementing the issuance of the same. Payment of principal of, interest on and premium, if any, on the CP Notes shall be made at the place or places and in the manner provided in the Financing Documents. The CP Notes shall be in fully registered form and may be issued in book-entry form as provided in the Amended and Restated CP Issuing Agreement. The CP Notes and the Issuing and Paying Agent's certificate of authentication to appear thereon shall be in substantially the forms set forth in the exhibit to the Amended and Restated CP Issuing Agreement, with such necessary or appropriate variations, omissions and insertions as permitted or required by the Amended and Restated CP Issuing Agreement or as appropriate to adequately reflect the terms of such CP Notes and the obligations represented thereby. Each of the CP Notes shall be executed on behalf of the Department by any Authorized Representative and any such execution may be by manual or facsimile signature, and each CP Note shall be authenticated by the endorsement of the Issuing and Paying Agent or an agent of the Issuing and Paying Agent. Any facsimile signature of such Authorized Representative(s) shall have the same force and effect as if such Authorized Representative(s) had manually signed each of such CP Notes.

5. CP Notes Payable from Harbor Revenue Fund. The CP Notes shall be special obligations of the Department secured by and payable from the Revenues, as defined in the Amended and Restated CP Issuing Agreement to include certain moneys in the Harbor Revenue

Fund on a parity with certain payments specified in the Amended and Restated CP Issuing Agreement. The CP Notes shall also be secured by and be paid from the funds and accounts held by the Issuing and Paying Agent under the Amended and Restated CP Issuing Agreement and from such other sources or the proceeds of other obligations as the Department may hereafter provide.

6. Pledge of Revenues. The Revenues (as defined in the Amended and Restated CP Issuing Agreement) are hereby irrevocably pledged in accordance with the terms of the Amended and Restated CP Issuing Agreement to secure the CP Notes, any and all Advances (as such term is defined in the applicable Replacement Credit Agreement) made by the replacement credit providers under the Replacement Credit Agreements and any other obligations of the Department under the Replacement Credit Agreements. Such pledge of the Revenues shall be on a parity with the pledge of Revenues securing the Parity Obligations (as such term is defined in the Amended and Restated CP Issuing Agreement) (except with respect to certain obligations of the Department under the Replacement Credit Agreements).

7. Approval of Obligations Under the Replacement Credit Agreements. The Board hereby specifically authorizes the Department to incur the obligations represented by the Advances as evidenced by the respective Bank Note (as defined in the applicable Replacement Credit Agreement) on the terms and conditions set forth in the applicable Replacement Credit Agreement for the purpose of providing liquidity support for the CP Notes, and further authorizes and directs the Department to comply with the other obligations of the Department set forth in each Replacement Credit Agreement. The Board acknowledges that the interest rate payable on the Bank Notes for the Advances may exceed the maximum interest rate payable on the CP Notes.

8. Approval of Offering Memorandum. In connection with the sale of the CP Notes from time to time, the Board hereby approves the form of the Offering Memorandum now before this Board and authorizes the circulation of the Offering Memorandum with such additions, deletions and changes as the Authorized Representatives, or any one of them, deem to be appropriate, after consultation with the City Attorney. The Board further hereby authorizes, from time to time, the preparation, execution and delivery of one or more additional or supplemental offering memoranda in accordance with the terms of the hereinabove approved Financing Documents, the execution of any such additional or supplemental offering memoranda by an Authorized Representative to be conclusive evidence of the Board's approval of such supplement, additions, deletions and changes; provided, however, that an Authorized Representative, after consultation with the City Attorney, may present such additional or supplemental offering memoranda to this Board for review and approval. The Offering Memorandum and any supplements and additions thereto shall be circulated for use in selling the CP Notes at such time or times as an Authorized Representative (after consultation with the Department's financial advisors, the City Attorney, disclosure counsel, bond counsel and/or such other advisors as the Authorized Representative believes to be useful) shall determine.

9. Additional Authorization. The Authorized Representatives and all officers, agents and employees of the Department, for and on behalf of the Department, are hereby authorized and directed to any and all things necessary to effect the execution and delivery of the CP Notes, the Financing Documents and the Offering Memorandum (and additions and

supplements thereto) and to carry out the terms thereof. The Authorized Representatives and all other officers, agents and employees of the Department are further authorized and directed, for and on behalf of the Department, to execute all papers, documents, certificates and other instruments that may be required in order to carry out the authority conferred by the Authorizing Resolution, the 2009 Resolution, the 2010 Resolution, this Resolution and by the Amended and Restated CP Issuing Agreement, the Replacement Credit Agreements and the Dealer Agreements or to evidence said authority and its exercise. The foregoing authorization includes, but is in no way limited to, the direction (from time to time) by an Authorized Representative of the investment of the proceeds of the CP Notes and of the Revenues including the execution and delivery of investment agreements related thereto, the execution by an Authorized Representative and the delivery of the tax compliance certificate as required by the CP Issuance Agreement for the purpose of complying with the rebate requirements of the Internal Revenue Code of 1986, as amended; and the execution and delivery of documents required by The Depository Trust Company in connection with the book-entry Notes. Any Authorized Representative, on behalf of the Department, is further authorized and directed to cause written notice to be provided to the California Debt and Investment Advisory Commission of the proposed sale of the CP Notes, said notice to be provided in accordance with Section 8855 et seq. of the California Government Code, to file the notice of final sale with said Commission, to file the rebates and notices required under section 148(f) and 149(e) of the Internal Revenue Code of 1986, as amended and to file such additional notices and reports as are deemed necessary or desirable by such Authorized Representative in connection with the CP Notes.

10. Costs of Issuance. The Board hereby specifically authorizes funds of the Department together with a portion of the proceeds of the CP Notes to be used to pay costs of issuance of the CP Notes and the continuing costs of the Program, including but not limited to costs of attorneys, accountants, verification agents, financial advisors, the costs associated with rating agencies, printing, publication, mailing and other communication expenses and any related filing fees, and including the reasonable initial, periodic and continuing fees and expenses of the Dealers, the replacement credit providers and the Issuing and Paying Agent under the Amended and Restated CP Issuing Agreement, the Replacement Credit Agreements and the Dealer Agreements.

11. Severability. The provisions of this Resolution are hereby declared to be severable, and, if any section, phrase or provision shall for any reason be declared to be invalid, such declaration shall not affect the validity of the remainder of the sections, phrases and provisions hereof.

12. Ratification of Prior Actions. The Board hereby ratifies the Department's execution and delivery of the Original CP Issuing Agreement, the First Supplemental Issuing Agreement, the Original Credit Agreement, as amended by the letter amendment dated July 28, 2010, and the Dealer Agreements and all actions heretofore taken by the officers, employees and agents of the Department with respect to the 2009 Resolution and the 2010 Resolution. All actions heretofore taken by the officers, employees, and agents of the Department before the date this Resolution becomes final as described in Section 13 hereof in connection with or related to the issuance and sale of the CP Notes are hereby approved, ratified and confirmed.

13. Effective Date. This Resolution shall take effect upon approval by the Mayor and City Council in the manner and at the time set forth in the Charter and the City Administrative Code, including Sections 11.28.1, 11.28.2, 11.28.4, 11.28.5 and 11.28.7 of the City Administrative Code.

Approved as to Form:

_____, 2012

CARMEN A. TRUTANICH
City Attorney

By: _____
Deputy/Assistant

CERTIFICATION

The undersigned, duly qualified and acting as Secretary of the Harbor Department, certifies that the foregoing is a true and correct copy of a Resolution adopted at a legally convened meeting of the Board of the Department held on _____, 2012.

By: _____
Secretary, Board of Commissioners
of Los Angeles

Dated: _____, 2012