

COMMERCIAL PAPER OFFERING MEMORANDUM

BOOK-ENTRY ONLY

See "RATINGS" herein.

In the opinion of Kutak Rock LLP, Note Counsel to the Department, based on existing laws, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations of the Department and continuing compliance by the Department with certain covenants, interest on the Series A-1 Notes and the Series C-1 Notes, when issued in accordance with the Resolutions, the Issuing and Paying Agent Agreement and the applicable Tax Certificates, will be excluded from gross income for federal income tax purposes, except interest on any Series A-1 Note for any period during which such Series A-1 Note is held by a "substantial user" of the facilities financed or refinanced by the Series A-1 Notes or by a "related person" within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended. Note Counsel is further of the opinion that (a) interest on the Series A-1 Notes, when issued in accordance with the Resolutions, the Issuing and Paying Agent Agreement and the applicable Tax Certificates, will be a specific preference item for purposes of the federal alternative minimum tax imposed on individuals and corporations, and (b) interest on the Series C-1 Notes, when issued in accordance with the Resolutions, the Issuing and Paying Agent Agreement and the applicable Tax Certificates, will not be a specific preference item for purposes of the federal alternative minimum tax imposed on individuals and corporations. Interest on the Series D-1 Notes is not excluded from gross income for federal income tax purposes. Note Counsel is further of the opinion that interest on the Commercial Paper Notes, when issued in accordance with the Resolutions and the Issuing and Paying Agent Agreement, will be exempt from State of California personal income taxes. See "TAX MATTERS" herein.



HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES
COMMERCIAL PAPER NOTES
Series A-1 (Exempt Facility AMT)
Series C-1 (Governmental Non-AMT)
Series D-1 (Taxable)

The Harbor Department of the City of Los Angeles (the "Department") is authorized to issue its Commercial Paper Notes, Series A-1 (Exempt Facility AMT) (the "Series A-1 Notes"), Series C-1 (Governmental Non-AMT) (the "Series C-1 Notes"), and Series D-1 (Taxable) (the "Series D-1 Notes," and collectively with the Series A-1 Notes and the Series C-1 Notes, the "Commercial Paper Notes"), from time to time, pursuant to Section 609 of the Los Angeles City Charter, the Charter implementation ordinance related to the procedures for issuance and sale of revenue bonds and other obligations by the Department, adding Sections 11.28.1 through 11.28.9 of Division 11, Chapter 1, Article 6.5 of the Los Angeles Administrative Code, the Resolutions and the Amended and Restated Issuing and Paying Agent Agreement, dated as of July 1, 2012, as amended (the "Issuing and Paying Agent Agreement"), by and between the Department and U.S. Bank National Association, as issuing and paying agent (the "Issuing and Paying Agent").

The Commercial Paper Notes are revenue obligations and are payable as to both principal and interest from, and are secured by a pledge of and lien on, the Revenues on a parity with Parity Obligations. Additionally, payment of the principal of and interest on maturing Commercial Paper Notes (other than Commercial Paper Notes owned by, and for the account of or on behalf of the City of Los Angeles (the "City"), the Department or any affiliate thereof), will be supported by a Liquidity Facility in the form of a Line of Credit Agreement, dated as of July 1, 2012, as amended (the "Credit Agreement"), among the Department, the Issuing and Paying Agent and **Mizuho Bank, Ltd., acting through its New York Branch**, as successor by merger to Mizuho Corporate Bank, Ltd., acting through its New York Branch (the "Bank"). The Credit Agreement will support the payment of up to \$200,000,000 of principal of and interest on (not to exceed 12% for 270 days) the maturing Commercial Paper Notes. The Credit Agreement is scheduled to expire on [_____], 2018, unless extended or terminated sooner in accordance with its terms. See "THE CREDIT AGREEMENT" and "THE BANK."

The Commercial Paper Notes are issuable from time to time in fully-registered form, will be dated the date of their respective issuance and will mature not more than 270 days from the date of their respective issuance. Interest payments on each Commercial Paper Note will be made on the maturity date of such Commercial Paper Note in the amount of interest accrued from and including the date of issuance of such Commercial Paper Note to, but excluding, the maturity date thereof. The Commercial Paper Notes will not be subject to redemption prior to maturity. See "THE COMMERCIAL PAPER NOTES—Terms of the Commercial Paper Notes."

Commercial Paper Notes may be purchased in book-entry form only, in minimum denominations of \$100,000 and in integral multiples of \$1,000 in excess thereof. Payments of principal of and interest on the Commercial Paper Notes are and will be paid by the Issuing and Paying Agent, to The Depository Trust Company ("DTC"), which is obligated in turn to remit such principal and interest to its DTC Participants for subsequent disbursement to the beneficial owners of the Commercial Paper Notes. See "APPENDIX C—DTC BOOK-ENTRY SYSTEM."

The Commercial Paper Notes do not constitute an obligation of the Department other than to pay the principal and interest thereon from Revenues and do not constitute an obligation of the City or any other public agency. The Commercial Paper Notes are revenue obligations and are payable as to both principal and interest from, and will be secured by a pledge (which pledge will be effected in the manner and to the extent provided in the Issuing and Paying Agent Agreement) of and lien on, the Revenues on a parity with the Parity Obligations. Neither the faith and credit nor the taxing power of the City is pledged to the payment of the Commercial Paper Notes. The Department has no taxing power. See "SECURITY AND SOURCES OF PAYMENT FOR THE COMMERCIAL PAPER NOTES."

This cover page is not intended to be a summary of the terms of, or the security for, the Commercial Paper Notes. Investors are advised to read this Offering Memorandum in its entirety to obtain information essential to the making of an informed investment decision. Capitalized terms not defined on the cover of this Offering Memorandum will have the meanings ascribed to them in this Offering Memorandum.

Exclusive Dealers

Ramirez & Co., Inc.

US Bancorp

Date of Commercial Paper Offering Memorandum: [_____], 2015

No dealer, broker, salesperson or other person has been authorized by the Department to give any information or to make any representations, with respect to the Department or its obligations, other than those contained in this Offering Memorandum and if given or made such other information or representations must not be relied upon as having been authorized by the Department.

The information set forth herein has been furnished by the Department and other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Offering Memorandum nor any sale made hereunder will, under any circumstances, create any implication that there has been no change in the affairs of the Department or its operations since the date of this Offering Memorandum.

The summaries of and references to all documents, statutes, resolutions, reports and other instruments referred to herein do not purport to be complete, comprehensive or definitive and each such summary and reference is qualified in its entirety by reference to each document, statute, resolution, report or instrument.

This Offering Memorandum does not constitute an offer to sell or the solicitation of an offer to buy the Commercial Paper Notes nor will there be any sale of any of the Commercial Paper Notes by any person in any jurisdiction in which, or to any person to whom, it is unlawful to make such offer, solicitation or sale.

This Offering Memorandum contains forward-looking statements within the meaning of the federal securities laws. Such statements are based on currently available information, expectations, estimates, assumptions and projections and management's judgment about the port industry and general economic conditions. Such words as "expects," "intends," "plans," "except," "believes," "estimates," "budget," "continue," "anticipates" or variations of such words or similar expressions are intended to identify forward-looking statements. The forward-looking statements are not guarantees of future performance. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. No assurance is given that actual results will meet the Department's forecasts in any way, regardless of the level of optimism communicated in the information. Factors which may cause a result different than expected or anticipated include new legislation, unfavorable court decisions, increases in prices, changes in environmental compliance requirements, acquisitions, natural disasters such as earthquakes or floods or other impacts of weather. The Department does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based occur. Estimates and opinions are included and should not be intended as statements of fact and are not to be construed as representations that they will be realized.

This Offering Memorandum is not to be construed as a contract between the Department and the purchasers of the Commercial Paper Notes. The issuance of the Commercial Paper Notes by the Department is not a representation to potential investors that an investment in the Commercial Paper Notes is an appropriate investment for such investor or that the Department is recommending the purchase of the Commercial Paper Notes to any potential investor. Each potential investor must determine on its own whether an investment in Commercial Paper Notes is appropriate for the investor and best satisfies the investment goals and financial position of the investor.

THE COMMERCIAL PAPER NOTES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT. THE COMMERCIAL PAPER NOTES HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

**HARBOR DEPARTMENT
OF THE CITY OF LOS ANGELES**
425 South Palos Verdes Street
San Pedro, CA 90731

BOARD OF HARBOR COMMISSIONERS

Vilma Martinez, President
David Arian, Vice President
Edward Renwick
Patricia Castellanos
Anthony Pirozzi, Jr.

OFFICERS AND EXECUTIVES

Eugene D. Seroka, Executive Director
Doane Liu, Deputy Executive Director, Chief of Staff
Marla Bleavins, Deputy Executive Director, Finance & Administration, and Chief Financial Officer
Thomas Gazsi, Acting Chief of Public Safety and Emergency Management
Michael DiBernardo, Deputy Executive Director, Marketing and Customer Relations
Antonio Gioiello, Deputy Executive Director, Development
Soheila Sajadian, Director of Debt and Treasury

SPECIAL SERVICES

City Attorney

Office of the City Attorney of the City of Los Angeles
Michael N. Feuer, City Attorney
Janna Sidley, General Counsel for the Harbor Department

Note Counsel

Kutak Rock LLP

Financial Advisor

Frasca & Associates, LLC

Issuing and Paying Agent

U.S. Bank National Association

Table of Contents

	Page
INTRODUCTION	1
The Department and the Port	1
Security and Source of Payment	2
The Credit Agreement.....	3
Book-Entry-Only System.....	3
Rate Covenant.....	3
Parity Obligations	4
Exclusive Dealers.....	4
No Continuing Disclosure.....	4
Other Matters	4
THE COMMERCIAL PAPER NOTES	4
Authority for Issuance.....	4
Purpose of the Commercial Paper Notes	5
Terms of the Commercial Paper Notes.....	5
The Book-Entry System.....	5
Discontinuation of Book-Entry System	6
SECURITY AND SOURCES OF PAYMENT FOR THE COMMERCIAL PAPER NOTES	6
Commercial Paper Notes Payable from Specified Sources	6
Harbor Revenue Fund—Flow of Funds.....	7
Rate Covenant.....	10
Covenant as to Additional Debt.....	10
Parity and Subordinate Obligations	12
THE CREDIT AGREEMENT.....	13
General.....	13
Events of Termination.....	14
Remedies.....	18
Substitution of Liquidity Facility.....	19
THE BANK	20
Certain Information Concerning Mizuho Bank, Ltd.....	21
THE PORT AND THE DEPARTMENT	21
INFORMATION INCORPORATED BY REFERENCE	23
THE DEALERS.....	24
NO CONTINUING DISCLOSURE	24
RATINGS	25
FORWARD-LOOKING STATEMENTS	25
TAX MATTERS.....	26
Tax-Exempt Notes (Series A-1 Notes and Series C-1 Notes).....	26
Federal Tax Matters of the Series D-1 Notes.....	27
State Tax Matters of the Series D-1 Notes.....	30
CERTAIN LEGAL MATTERS.....	30
LITIGATION REGARDING THE COMMERCIAL PAPER NOTES	30
No Litigation Relating to the Commercial Paper Notes	30
Litigation Relating to the Department and the Port	30
FINANCIAL ADVISOR	30
MISCELLANEOUS	31
APPENDIX A	FORM OF OPINION OF NOTE COUNSEL
APPENDIX B	SUMMARY OF CERTAIN LEGAL DOCUMENTS
APPENDIX C	DTC BOOK-ENTRY SYSTEM

COMMERCIAL PAPER OFFERING MEMORANDUM

HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES COMMERCIAL PAPER NOTES Series A-1 (Exempt Facility AMT) Series C-1 (Governmental Non-AMT) Series D-1 (Taxable)

INTRODUCTION

This Commercial Paper Offering Memorandum (this “Offering Memorandum”), which includes the cover page, the inside cover page and Appendices hereto, is being furnished by the Harbor Department of the City of Los Angeles (the “Department”) to provide information concerning the issuance, from time to time, by the Department of its Commercial Paper Notes, Series A-1 (Exempt Facility AMT) (the “Series A-1 Notes”), Series C-1 (Governmental Non-AMT) (the “Series C-1 Notes”) and Series D-1 (Taxable) (the “Series D-1 Notes” and collectively, with the Series A-1 Notes and the Series C-1 Notes, the “Commercial Paper Notes”).

This Introduction is not a summary of this Offering Memorandum and is qualified in its entirety by reference to the more detailed information included and referred to elsewhere in this Offering Memorandum. The issuance of the Commercial Paper Notes to potential investors is made only by means of the entire Offering Memorandum. Capitalized terms used in this Offering Memorandum and not otherwise defined will have the respective meanings assigned to them in “APPENDIX B—SUMMARY OF CERTAIN LEGAL DOCUMENTS—DEFINITIONS.”

The Commercial Paper Notes are issuable from time to time in fully-registered form, will be dated the date of their respective issuance and will mature not more than 270 days from the date of their respective issuance. Pursuant to the Resolutions (as defined herein) and the Amended and Restated Issuing and Paying Agent Agreement, dated as of July 1, 2012, as amended (the “Issuing and Paying Agent Agreement”), by and between the Department and U.S. Bank National Association, as issuing and paying agent (the “Issuing and Paying Agent”), the Department is authorized to issue and have outstanding at any one time, Commercial Paper Notes in a maximum aggregate principal amount not exceeding \$250,000,000 (such amount could be increased to \$375 million with approval from the Board and amendments being made to the Issuing and Paying Agent Agreement). However, as of the date of this Offering Memorandum, the Department has decided to limit its Commercial Paper Note issuances to the total support that will be provided by the Bank (as defined herein) through the Credit Agreement (as defined herein) (\$200,000,000 aggregate principal amount outstanding at any one time). The Commercial Paper Notes may be outstanding, from time to time, in a combined amount of principal of and interest thereon not to exceed \$218,000,000 (the initial stated amount of the Credit Agreement).

Interest payments on each Commercial Paper Note will be made on the maturity date of such Commercial Paper Note in the amount of interest accrued from and including the date of issuance of such Commercial Paper Note to but excluding the maturity date thereof. The Commercial Paper Notes will not be subject to redemption prior to maturity.

The Department and the Port

The Department is a proprietary, independent department of the City of Los Angeles (the “City”), with possession, management and control of the Port of Los Angeles (the “Port”), 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); and (c) fees and royalty revenue, which is the smallest source of revenue. During the fiscal year ended June 30, 2014, the Port handled approximately 8,210,000 TEUs. A "TEU" is a unit of cargo capacity often used to describe the capacity of container ships and container terminals and is based on the volume of a 20-foot long shipping container, a standard-sized metal box which can be easily transferred between different modes of transportation, such as ships, trains and trucks. According to statistics compiled by the World Shipping Council, during calendar 2013 (the latest information available) the Port was the busiest container port in the United States and the [] busiest container port in the world. In terms of physical size, the Port covers approximately 7,500 acres of land and water. The Port generally encompasses approximately 43 miles of waterfront berthing and 27 terminal facilities, including eight major container cargo terminals, four break-bulk facilities, three dry bulk facilities, seven liquid bulk cargo terminals, two passenger cruise terminals and one vehicle handling facility. A description of the Port, the Department and certain financial and operating information concerning the Department is contained in "THE PORT AND THE DEPARTMENT."

Security and Source of Payment

The Commercial Paper Notes are revenue obligations and are payable as to both principal and interest from, and are secured by a pledge of and lien on, the Revenues on a parity with Parity Obligations. See "SECURITY AND SOURCES OF PAYMENT FOR THE COMMERCIAL PAPER NOTES—Parity and Subordinate Obligations." Additionally, to provide liquidity support for the Commercial Paper Notes, the Department has entered into a Credit Agreement. See "—The Credit Agreement" and "THE CREDIT AGREEMENT."

The Commercial Paper Notes do not constitute an obligation of the Department other than to pay the principal and interest thereon from Revenues and do not constitute an obligation of the City or any other public agency. The Commercial Paper Notes are revenue obligations and are payable as to both principal and interest from, and will be secured by a pledge (which pledge will be effected in the manner and to the extent provided in the Issuing and Paying Agent Agreement) of and lien on, the Revenues on a parity with the Parity Obligations. Neither the faith and credit nor the taxing power of the City is pledged to the payment of the Commercial Paper Notes. The Revenues constitute a trust fund for the security and payment of the interest on and principal of the Commercial Paper Notes and all obligations of the Department relating to the Commercial Paper Notes under the Issuing and Paying Agent Agreement and under the Credit Agreement and all Parity Obligations in accordance with the terms of the Parity Revenue Bond Indentures (as defined herein). The Revenues are pledged to the payment of the Commercial Paper Notes and all obligations of the Department relating to the Commercial Paper Notes under the Issuing and Paying Agent Agreement and under the Credit Agreement without priority or distinction of one over the other. The Revenues are also pledged to the payment of the Parity Obligations in accordance with the terms of the Parity Revenue Bond Indentures. The pledge of Revenues under the Issuing and Paying Agent Agreement is irrevocable until all of the Commercial Paper Notes have been paid and retired and any related obligations of the Department under the Credit Agreement have been satisfied in full. Notwithstanding the Department's covenant to 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 of the City in those instances and in such manner as may be required under the Charter, at levels sufficient to provide funds necessary to pay its outstanding obligations payable from the Harbor Revenue Fund (including the Commercial Paper Notes), there can be no assurance that there will be sufficient amounts available in the Harbor Revenue Fund at any time for the payment of the maturing Commercial Paper Notes. The Department has no taxing power. None of the property of the Department

is subject to any mortgage or other lien for the benefit of owners of the Commercial Paper Notes. See “SECURITY AND SOURCES OF PAYMENT FOR THE COMMERCIAL PAPER NOTES.”

The Credit Agreement

The Department, the Issuing and Paying Agent and Mizuho Bank, Ltd., acting through its New York Branch, as successor by merger to Mizuho Corporate Bank, Ltd., acting through its New York Branch (the “Bank”), have entered into a Line of Credit Agreement, dated as of July 1, 2012, as amended (the “Credit Agreement”) to support the payment of the principal and interest when due on the Commercial Paper Notes.

Pursuant to the terms of the Credit Agreement, the Bank has agreed to make advances from time to time (“Liquidity Advances”) to the Issuing and Paying Agent for the purpose of paying the principal of and interest on its maturing Commercial Paper Notes (other than Commercial Paper Notes owned by, for the account of or on behalf of the City, the Department or any affiliate thereof) for which refinancing Commercial Paper Notes (“Rollover Notes”) have not been issued or there are insufficient Revenues to pay the principal of and interest on such maturing Commercial Paper Notes. The Bank has agreed to make Liquidity Advances of up to an amount equal to \$218,000,000 (which will be available to pay principal of and interest of the Commercial Paper Notes at an assumed rate of 12% for a period of 270 days), subject to certain conditions. In the case of certain events of termination described in the Credit Agreement, the obligations of the Bank to make Liquidity Advances will terminate and during the pendency of certain Suspension Events (as defined herein), the Bank’s commitment to make Liquidity Advances will be immediately suspended without notice or demand and thereafter the Bank will be under no obligation to make further Liquidity Advances. See “THE CREDIT AGREEMENT.”

Under certain circumstances, the obligation of a Bank to make Liquidity Advances may be immediately terminated or suspended automatically and with no notice to the Owners of the Commercial Paper Notes even though the Credit Agreement was in effect on the date of the issuance of the Commercial Paper Notes. In such event, sufficient funds may not be available to pay the Commercial Paper Notes. See “THE CREDIT AGREEMENT” and “THE BANK.”

Book-Entry-Only System

The Commercial Paper Notes may be purchased in book-entry form only. The Commercial Paper Notes will be registered in the name of a nominee of The Depository Trust Company (“DTC”), which acts as Securities Depository for the Commercial Paper Notes. See “THE COMMERCIAL PAPER NOTES—The Book-Entry System” and “APPENDIX C—DTC BOOK-ENTRY SYSTEM.”

Rate Covenant

The Department has covenanted under the Issuing and Paying Agent Agreement and the Credit Agreement 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 described below) and other amounts required to be paid by the Department under the Issuing and Paying Agent Agreement 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. See “SECURITY AND SOURCE OF PAYMENT FOR THE COMMERCIAL PAPER NOTES—Rate Covenant.”

Parity Obligations

The Department has authorized and issued certain Parity Obligations that are payable from Revenues of the Department on a parity with the payment of the Commercial Paper Notes and the repayment of Liquidity Advances. The Department may issue additional Parity Obligations in the future subject to the provisions of the Issuing and Paying Agent Agreement. No obligations senior to the Commercial Paper Notes or Parity Obligations are currently authorized or outstanding. The Issuing and Paying Agent Agreement does not prohibit the Department from issuing subordinate obligations payable out of the Harbor Revenue Fund. As of July 1, 2015, the Department had \$1,000,910,000 of Parity Obligations outstanding, which consisted of the Department's revenue bonds. As of the date of this Offering Memorandum, the Department had no outstanding Commercial Paper Notes. Subject to the satisfaction of the conditions set forth in the Issuing and Paying Agent Agreement, the Department may issue additional bonds, notes or other evidence of indebtedness payable out of the Harbor Revenue Fund and ranking on a parity with the Commercial Paper Notes. See "SECURITY AND SOURCES OF PAYMENT FOR THE COMMERCIAL PAPER NOTES—Parity and Subordinate Obligations." The Department's obligation to repay Liquidity Advances under the Credit Agreement is a revenue obligation, payable as to both principal and interest from, and is secured by a pledge of and lien on, Revenues on a parity with Parity Obligations.

Exclusive Dealers

The Department has appointed Samuel A Ramirez & Company, Inc. ("Ramirez"), and U.S. Bancorp Investments, Inc., as the exclusive dealers for the Commercial Paper Notes. See "THE DEALERS."

No Continuing Disclosure

The Commercial Paper Notes are exempt from the continuing disclosure requirements of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended. See "NO CONTINUING DISCLOSURE."

Other Matters

Annually, the Department provides certain financial and operating data with respect to the Department and the Port to the Municipal Securities Rulemaking Board, through its Electronic Municipal Market Access system. See "INFORMATION INCORPORATED BY REFERENCE" herein. The Department also maintains a website on which it posts various financial and operating information about the Port and the Department. Investors can access this website at the following Internet address: http://www.portoflosangeles.org/idx_fmance.asp. Requests for copies of annual reports, any other publicly available pertinent financial information prepared by the Department for public distribution, the Resolutions, the Issuing and Paying Agent Agreement and questions about this Offering Memorandum should be addressed to: Harbor Department of the City of Los Angeles, 425 South Palos Verdes Street, San Pedro, California 90731, Attention: Soheila Sajadian, Director, Debt & Treasury Division, (310) 732-3756.

THE COMMERCIAL PAPER NOTES

Authority for Issuance

The Commercial Paper Notes are authorized under Section 609 of the Los Angeles City Charter (the "Charter"), the Charter implementation ordinance related to the procedures for issuance and sale of

revenue bonds and other obligations by the Department, adding Sections 11.28.1 through 11.28.9 of Division 11, Chapter 1, Article 6.5 of the Los Angeles Administrative Code (the “Procedural Ordinance”), and Resolution No. 6021 adopted by the Board of Harbor Commissioners of the City of Los Angeles (the “Board”) on August 22, 2001, Resolution No. 09-6753 adopted by the Board on June 4, 2009, Resolution Nos. 10-6946 and 10-6958 adopted by the Board on June 3, 2010, Resolution Nos. 12-7319 and 12-7320 adopted by the Board on June 7, 2012, and Resolution Nos. 15-[_____] and 15-[_____] adopted by the Board on [_____] , 2015 (collectively, the “Resolutions”). See “APPENDIX B—SUMMARY OF CERTAIN LEGAL DOCUMENTS.”

As of the date of this Offering Memorandum, the Department may issue the Commercial Paper Notes in an aggregate principal amount of up to \$200,000,000, which is the maximum Principal Component attributable to the Credit Agreement. See “THE CREDIT AGREEMENT.”

Purpose of the Commercial Paper Notes

The proceeds of the Commercial Paper Notes will be used for lawful purposes relating to the Department, including: [(a) the construction, maintenance, replacement and operation of improvements, utilities, structures, watercraft, facilities, equipment and services for Departmental purposes; (b) the replacement of works of the Department that have been damaged or demolished by reason of fire, flood, earthquake, sabotage or acts of God or the public enemy; (c) refinancing, refunding and purchasing all or a portion of previously issued CP Notes and other obligations of the Department; and (d) any expenses or charges incurred in connection with the foregoing purposes and to reimburse the Department for expenditures for any such purposes.]

Terms of the Commercial Paper Notes

Commercial Paper Notes may be purchased in book-entry form only, in minimum denominations of \$100,000 and in integral multiples of \$1,000 in excess thereof. Payments of principal of and interest on the Commercial Paper Notes will be paid by the Issuing and Paying Agent, to DTC, which is obligated in turn to remit such principal and interest to its DTC Participants for subsequent disbursement to the beneficial owners of the Commercial Paper Notes. See “APPENDIX C—DTC BOOK-ENTRY SYSTEM.”

The Commercial Paper Notes will bear interest at such rates or in such amounts (calculated on the basis of a year consisting of 365/366 days, as applicable, and actual number of days elapsed) and are payable at maturity on such dates as may be fixed by an Authorized Representative at the time of issuance thereof, but no Commercial Paper Notes will mature or become payable on other than a Business Day or more than 270 days from the date of issuance thereof (or in any event, later than one Business Day immediately preceding the stated termination date of the Credit Agreement (the “Termination Date”)), or bear interest at rates in excess of 12%. The Commercial Paper Notes may be sold at par or at such discounts as an Authorized Representative establishes at the time of sale.

The Commercial Paper Notes are not subject to redemption prior to maturity.

The purchase price payable by a Dealer for the Commercial Paper Notes is required to be made, and the amount payable by the Department at maturity will be paid, in immediately available funds.

The Book-Entry System

The Commercial Paper Notes will be issued, from time to time, by means of the book-entry system of DTC with no physical distribution of note certificates made to the public. The book-entry

system will evidence ownership of the Commercial Paper Notes with transfers of ownership effected on the records of DTC and its participants. The Commercial Paper Notes will be registered in the name of Cede & Co., as nominee of DTC. So long as DTC or its nominee is the registered Owner of all Commercial Paper Notes, all payments on the Commercial Paper Notes will be made directly to DTC or its nominee and disbursements of such payments to the DTC Participants will be the responsibility of DTC and disbursements of such payments to the Beneficial Owners of the Commercial Paper Notes will be the responsibility of the DTC Participants. NEITHER THE DEPARTMENT NOR THE ISSUING AND PAYING AGENT WILL BE RESPONSIBLE OR LIABLE FOR SUCH TRANSFERS OF PAYMENTS OR FOR MAINTAINING, SUPERVISING OR REVIEWING THE RECORDS MAINTAINED BY DTC, THE DTC PARTICIPANTS OR PERSONS ACTING THROUGH SUCH PARTICIPANTS. See “APPENDIX C—DTC BOOK-ENTRY SYSTEM.”

Discontinuation of Book-Entry System

DTC may discontinue providing its services with respect to the Commercial Paper Notes at any time by giving notice to the Issuing and Paying Agent and the Department and discharging its responsibilities with respect thereto under applicable law. The Department may terminate its participation in the book-entry system of DTC or any other Securities Depository at any time. In the event that such book-entry system is discontinued with respect to the Commercial Paper Notes, the Department will execute and deliver replacement Commercial Paper Notes in the form of registered certificates. In addition, the following provisions would apply: the principal of and interest on the Commercial Paper Notes will be payable upon surrender thereof at the principal office of the Issuing and Paying Agent in Los Angeles, California and the Commercial Paper Notes will then be transferable and exchangeable on the terms and conditions provided in the Issuing and Paying Agent Agreement.

SECURITY AND SOURCES OF PAYMENT FOR THE COMMERCIAL PAPER NOTES

Commercial Paper Notes Payable from Specified Sources

The Commercial Paper Notes are secured by a pledge of and a lien on Revenues on a parity with the Parity Obligations. See “—Parity and Subordinate Obligations.” “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 said 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 Issuing and Paying Agent Agreement (except interest and gain derived from the Rebate Fund established and maintained under the Issuing and Paying Agent Agreement).

The Commercial Paper Notes do not constitute an obligation of the Department other than to pay the principal and interest thereon from Revenues and do not constitute an obligation of the City or any other public agency. The Commercial Paper Notes are revenue obligations and are payable as to both principal and interest from, and are secured by a pledge (which pledge will be effected in the manner and to the extent provided in the Issuing and Paying Agent Agreement) of and lien on, the Revenues on a parity with the Parity Obligations. Neither the faith and credit nor the taxing power of the City is pledged to the payment of the Commercial Paper Notes. The Revenues constitute a trust fund for the security and

payment of the interest on and principal of the Commercial Paper Notes and all obligations of the Department relating to the Commercial Paper Notes under the Issuing and Paying Agent Agreement and under the Credit Agreement and all Parity Obligations in accordance with the terms of the Parity Revenue Bond Indentures. The Revenues are pledged to the payment of the Commercial Paper Notes and all obligations of the Department relating to the Commercial Paper Notes under the Issuing and Paying Agent Agreement and under the Credit Agreement without priority or distinction of one over the other. The Revenues are also pledged to the payment of the Parity Obligations in accordance with the terms of the Parity Revenue Bond Indentures. The pledge of Revenues under the Issuing and Paying Agent Agreement is irrevocable until all of the Commercial Paper Notes have been paid and retired and any related obligations of the Department under the Credit Agreement have been satisfied in full. Notwithstanding the Department's covenant to 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 of the City only in those instances and in such manner as may be required under the Charter, at levels sufficient to provide funds necessary to pay its outstanding obligations payable from the Harbor Revenue Fund (including the Commercial Paper Notes), there can be no assurance that there will be sufficient amounts available in the Harbor Revenue Fund at any time for the payment of the maturing Commercial Paper Notes. The Department has no taxing power. None of the property of the Department is subject to any mortgage or other lien for the benefit of owners of the Commercial Paper Notes.

Harbor Revenue Fund—Flow of Funds

The Harbor Revenue Fund is a separate fund established by the Charter. Pursuant to the Charter, all fees, charges, rentals and revenue from every source (including the Revenues) collected by the Department in connection with its possession, management and control of the Harbor District and Harbor Assets (as defined below) are deposited with 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.

Under the Issuing and Paying Agent Agreement and the Parity Revenue Bond Indentures, the Department is obligated to pay from Revenues all Operation and Maintenance costs of the Department (including amounts reasonably required to be set aside in the contingency reserves for Operation and Maintenance costs, the payment of which is not then immediately required) as they become due and payable. "Parity Revenue Bond Indentures" means (i) the Indenture of Trust, dated as of October 1, 2005, by and between the Department and U.S. Bank National Association, as trustee; (ii) the Indenture of Trust, dated as July 1, 2009, by and between the Department and U.S. Bank National Association, as trustee; (iii) the Indenture of Trust, dated as of July 1, 2011, by and between the Department and U.S. Bank National Association, as trustee; (iv) the Indenture of Trust, dated as of September 1, 2014, by and between the Department and U.S. Bank National Association; and (v) such other indentures the Department may enter into with respect to Parity Obligations. "Operation and Maintenance costs" means the necessary expenses of conducting the Department, including the operation, promotion and maintenance of all harbor or port improvements, works, utilities, appliances, facilities, services, maritime related recreation facilities and watercraft, owned, controlled or operated by the City for the promotion or accommodation of maritime commerce, navigation or fishery, or used in connection therewith, but shall not include any Shortfall Advances (as defined below). See "—Parity and Subordinate Obligations" and "—Covenant as to Additional Debt" herein.

Under the Issuing and Paying Agent Agreement, the Department will allocate the Revenues to the payment of Operation and Maintenance costs and to the payment of the Parity Obligations, including the Commercial Paper Notes, in the order and priorities set forth in each of the Parity Revenue Bond Indentures.

Pursuant to the Parity Revenue Bond Indentures 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, pursuant to the Parity Revenue Bond Indentures the Department will transfer from the Harbor Revenue Fund to the applicable trustee for the bonds issued under the applicable Parity Revenue Bond Indenture (the "Parity Bonds") for deposit into the following respective funds (established under the applicable Parity Revenue Bond Indenture), 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 (as defined in each Parity Revenue Bond Indenture) preceding each date on which the interest on the Parity Bonds will become due and payable, that sum, if any, required to cause the aggregate amount on deposit in the applicable interest fund (established under the applicable Parity Revenue Bond Indenture) to be at least equal to the amount of interest becoming due and payable on such date on all Parity Bonds then outstanding. The Department also will deposit in any interest account created with respect to Parity Obligations (as defined in the applicable Parity Revenue Bond Indenture), 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 applicable indenture, resolution or contract (the "Issuing Document").

(b) Not later than the third Business Day preceding each date on which the principal on the Parity Bonds become due and payable, that sum, if any, required to cause the aggregate amount on deposit in the applicable principal fund (established under the applicable Parity Revenue Bond Indenture) to equal the principal amount of the Parity Bonds coming due and payable on such date or subject to mandatory sinking fund redemption 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 applicable trustee for Parity Bonds for deposit in: (i) the reserve funds for Parity Obligations which the Department has elected to make a part of any common reserve established under the applicable Parity Revenue Bond Indenture (“Parity Obligation Common Reserve”), an amount necessary to cause the balance on deposit in such Parity Obligation Common Reserve, including the amounts available under any common reserve security devices entered into pursuant to the terms of the applicable Parity Revenue Bond Indenture (“Parity Obligation Security Devices”) to be equal to the common reserve requirement established under the applicable Parity Revenue Bond Indenture (“Parity Obligation Common Reserve Requirement”), or to reimburse the providers of the Parity Obligation Common Reserve Security Devices for any draws thereon in accordance with the written direction of the providers of the Parity Obligation 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 Parity Obligation Common Reserve Security Devices as described above, the amount available under the Parity Obligation Common Reserve Security Devices will be deemed to be reinstated by the amount of the draws so reimbursed when determining the balance in the Parity Obligation Common Reserve for this purpose; and (ii) in each separate reserve fund established under the applicable Parity Revenue Bond Indenture for any Parity Obligations (“Parity Obligation Separate Reserve Fund”), an amount necessary to cause the balance on deposit therein, including the amounts available under any security devices credited to such Parity Obligation Separate Reserve Fund (“Parity Obligation Separate Reserve Security Devices”), to be equal to the Parity Obligation Separate Reserve Fund requirement for such Parity Obligations (“Parity Obligation Separate Reserve Fund Requirement”) or to reimburse the providers of Parity Obligation Separate Reserve 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 Documents; provided that to the extent the Department has transferred or is currently transferring amounts necessary to reimburse the providers of Parity Obligation Separate Reserve Security Devices as described above, the amount available under such Parity Obligation Separate Reserve Security Devices will be deemed to be reinstated by the amount of the draws so reimbursed when determining the balance in such Parity Obligation 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 Parity Obligation Common Reserve need be made if the balance in the Parity Obligation Common Reserve, including the amount available under any Parity Obligations Common Reserve Security Devices, is at least equal to the Parity Obligation Common Reserve Requirement. No transfer of moneys for deposit to any Parity Obligation Separate Reserve Fund need be made if the balance in such Parity Obligation Separate Reserve Fund, including the amount available under any Parity Obligation Separate Reserve Security Devices credited to such Parity

Obligation Separate Reserve Fund, is at least equal to the Parity Obligation Separate Reserve Fund Requirement established under the Parity Revenue Bond Indenture for such Parity Obligations.

Thereafter, the Department may apply Revenues for any lawful purpose. See “APPENDIX B—SUMMARY OF CERTAIN LEGAL DOCUMENTS.”

Rate Covenant

The Department has covenanted under the Issuing and Paying Agent Agreement and the Credit Agreement 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 and other amounts required to be paid by the Department under the Issuing and Paying Agent Agreement 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.

“Debt Service” means, for any period of calculation, the sum of principal of and interest on the Commercial Paper Notes, 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 Commercial Paper Notes during such period.

Covenant as to Additional Debt

Pursuant to the Issuing and Paying Agent Agreement, except for the Commercial Paper Notes and the Bank Note, no additional Parity Obligations will be created or incurred:

(a) unless the Net Revenues (calculated under the Issuing and Paying Agent Agreement as 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, will have produced a sum equal to at least 125% of the Debt Service 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, will have produced a sum equal to at least 125% of average Annual Debt Service (as defined in the Issuing and Paying Agent Agreement), including such Parity Obligations being created or incurred, but excluding Parity Obligations to be redeemed or defeased simultaneously with the issuance and with the proceeds of the Parity Obligations being created or incurred;

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 “average Annual Debt Service” with respect to the Commercial Paper Notes, any Bank Notes and any Liquidity Advances (as such term is defined under the applicable Credit Agreement) will be calculated using the following assumptions (i) the principal amount with respect to the Commercial Paper Notes, the Bank Notes and any Liquidity Advances will be aggregated and taken together and will collectively be deemed to be outstanding in an aggregate amount of \$250 million (the “Aggregated Principal Amount”); (ii) principal of and interest on the Aggregated Principal Amount will be determined for the Fiscal Year of determination as if the principal of and interest on the Aggregated Principal Amount were being paid in substantially equal annual amounts over a period of 25 years from the date of calculation; and (iii) the rate of interest on the Aggregated Principal Amount will 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, 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 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.

“Paired Obligation” means any Parity Obligations (or portion thereof) designated as Paired Obligations in the resolution, indenture or other document authorizing the issuance or execution and delivery thereof, which are simultaneously issued or executed and delivered (i) the principal of which is of equal amount maturing and to be redeemed or prepaid (or cancelled after acquisition thereof) on the same dates and in the same amounts; and (ii) the interest rates which, taken together, result in an irrevocably fixed interest rate obligation of the Department for the term of all or any portion of the term of such Parity Obligation.

The issuance of bonds, notes or other evidences of indebtedness, or certificates of participation, for the purpose of refunding at or prior to maturity the principal of bonds, notes or other evidences of

indebtedness and paying any premium upon redemption of any thereof so refunded, will not be limited or restricted by the provisions of the preceding paragraphs if the Debt Service for such bonds, notes or other evidences of indebtedness in each year will be lower than the Debt Service on the bonds, notes or other evidences of indebtedness being refunded.

Parity and Subordinate Obligations

The Department has authorized and issued certain Parity Obligations that are payable from Revenues of the Department on a parity with the payment of the Commercial Paper Notes. “Parity Obligations” means all bonds and obligations currently outstanding or subsequently issued or incurred by the Department, the security for which includes a pledge or assignment of or a lien on the Revenues on a parity with that of the Commercial Paper Notes. The Department’s obligations to repay Liquidity Advances under the Credit Agreement are payable as to both principal and interest from and are secured by a pledge of and lien on Revenues on a parity with Parity Obligations. As of July 1, 2015, the Department had \$1,000,910,000 of Parity Obligations outstanding, which consisted of the Department’s revenue bonds. As of July 1, 2015, the Department did not have any Commercial Paper Notes outstanding.

Subject to the satisfaction of the conditions set forth in the Issuing and Paying Agent Agreement, the Department may issue additional bonds, notes or other evidence of indebtedness payable out of the Harbor Revenue Fund and ranking on a parity with the Commercial Paper Notes. The Department may issue additional Parity Obligations in the future subject to the provisions of the Issuing and Paying Agent Agreement. See “—Covenant as to Additional Debt” above. The Issuing and Paying Agent Agreement does not prohibit the Department from issuing subordinate obligations payable out of the Harbor Revenue Fund. Certain obligations payable by the Department under the Credit Agreement, other than the repayment of the Liquidity Advances, are secured by a subordinate lien on the Revenues.

The following table sets forth the Parity Obligations that were outstanding as of July 1, 2015.

**Outstanding Parity Obligations
as of July 1, 2015**

Revenue Bonds¹	Original Principal Amount	Principal Amount Outstanding
Series 2005A	\$ 29,930,000	\$ 24,250,000
Series 2005B	30,110,000	22,680,000
Series 2005C-1	43,730,000	7,410,000
Series 2006A	200,710,000	48,760,000
Series 2006B	209,815,000	84,100,000
Series 2006C	16,545,000	12,005,000
Series 2009A	100,000,000	82,570,000
Series 2009B	100,000,000	100,000,000
Series 2009C	230,160,000	190,110,000
Series 2011A	58,930,000	58,930,000
Series 2011B	32,820,000	32,820,000
Series 2014A	203,280,000	203,280,000
Series 2014B	89,105,000	89,105,000
Series 2014C	<u>44,890,000</u>	<u>44,890,000</u>
<i>Total</i>	<u>\$1,390,025,000</u>	<u>\$1,000,910,000</u>

¹ As of July 1, 2015, the Department did not have any Commercial Paper Notes outstanding.

Source: Harbor Department of the City of Los Angeles

THE CREDIT AGREEMENT

The following is a summary of certain provisions of the Credit Agreement. This summary is not to be considered a full description or restatement of the material provisions of the Credit Agreement and accordingly is qualified by reference thereto and is subject to the full text thereof. Investors should obtain and review a copy of the Credit Agreement in order to understand all of the terms of the Credit Agreement. Copies of the Credit Agreement are available from the Department. Except as otherwise defined herein, capitalized terms used under this section and not otherwise defined in this Offering Memorandum have the meanings set forth in the Credit Agreement.

General

In order to provide liquidity for the payment of principal of and interest on the maturing Commercial Paper Notes, the Department and the Issuing and Paying Agent have entered into the Credit Agreement with the Bank. The Bank may enforce the Department's obligations under the Credit Agreement and the Bank Note (as defined in the Credit Agreement) pursuant to the terms of the Credit Agreement. The Credit Agreement is scheduled to expire on [_____], 2018, unless extended or earlier terminated pursuant to its terms. The obligations of the Bank under the Credit Agreement may terminate or suspend immediately and automatically without notice as described below.

The Bank agrees, on the terms and subject to the satisfaction of the conditions contained in the Credit Agreement and the Fee Letter, to make advances from time to time comprised of a Principal Component and an Interest Component ("Liquidity Advances") in an aggregate amount not to exceed

\$218,000,000, as adjusted in accordance with the terms of the Credit Agreement (the “Commitment Amount”), with the Bank’s own funds, to the Issuing and Paying Agent for the purpose of paying the principal of, and interest on, the series of maturing Commercial Paper Notes which are Eligible Notes (i.e., Commercial Paper Notes supported by the Credit Agreement other than a Commercial Paper Note owned by, for the account of, or on behalf of, the City, the Department or any Affiliate thereof) and for which Rollover Notes (i.e., Commercial Paper Notes issued for the purpose of refunding or repaying outstanding Commercial Paper Notes) have not been issued. The amount of each Liquidity Advance will equal the lesser of (a) the principal of, and interest on, maturing Commercial Paper Notes that are Eligible Notes and for which Rollover Notes have not been issued; and (b) the Available Amount. “Available Amount” means, at any time, the Commitment Amount less the sum of: (i) the aggregate Principal Component of all Liquidity Advances, if any, outstanding at such time; and (ii) the aggregate Interest Component of all Liquidity Advances, if any, outstanding at such time. Until such time as the obligation of the Bank to make Liquidity Advances under the Credit Agreement has terminated or the Bank has delivered a Non-Issuance Instruction (as defined in the Credit Agreement) or a Notice of Termination (as defined in the Credit Agreement) to the Issuing and Paying Agent, upon full payment of a Liquidity Advance the amount that may be advanced pursuant to Credit Agreement will be reinstated by the amount of the Principal Component and the Interest Component of such Liquidity Advance so repaid.

The Bank’s commitment to make Liquidity Advances under the Credit Agreement (the “Commitment”) will terminate upon the earliest of: (a) the close of business at the Bank’s office in New York, New York on the Stated Expiration Date (defined below), (b) the close of business at the Bank’s office in New York, New York on the date of receipt by such Bank of notice from the Issuing and Paying Agent to the effect that a Substitute Liquidity Facility (as defined in the Credit Agreement) in full and complete substitution for such Bank’s Credit Agreement has been issued; (c) the close of business at such Bank’s office in New York, New York on the date of receipt by such Bank of notice from the Issuing and Paying Agent to the effect that no Commercial Paper Notes remain Outstanding (as defined in such Credit Agreement) under the Bank’s Credit Agreement nor are any authorized to be issued under the Issuing and Paying Agent Agreement; (d) the date such Bank’s Commitment is reduced to zero; and (e) the date such Bank’s Commitment is terminated pursuant to the Credit Agreement (the earliest of such dates, referred to as the “Termination Date”). In certain circumstances, a Bank’s obligation to make Liquidity Advances will be automatically and immediately terminated or suspended without notice as described below.

“Stated Expiration Date” is defined in the Credit Agreement to mean the later of (i) [_____], 2018, or (ii) the last day of any Extended Commitment Period (as defined in the Credit Agreement); provided, however, that if the date specified in (i) or (ii), as applicable, is not a Business Day, the Stated Expiration Date shall be the immediately preceding Business Day.

Events of Termination

The occurrence of any of the following events will constitute an “Event of Termination” under the Credit Agreement. Reference is made to the Credit Agreement for a complete listing of all Events of Termination:

(a) any failure to reimburse the Bank for payment of any principal of and/or interest on any Liquidity Advance (other than payments of principal of and/or interest on the Bank Note or any Liquidity Advances due solely as a result of acceleration caused by the Bank under the Credit Agreement) when due; or

(b) (i) the City or the Department will commence a voluntary case or other proceeding seeking liquidation, reorganization, arrangement, adjustment, winding-up, dissolution, composition or other similar relief with respect to the City or the Department or the indebtedness

of the City or the Department under any bankruptcy, insolvency, reorganization or other similar law for the relief of debtors now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official for the City or the Department or a substantial part of the property and assets that generate or that are used to generate Revenues (as defined in the Credit Agreement); (ii) the City or the Department will consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it; (iii) the City or the Department will make a general assignment of the property and assets that generate or that are used to generate Revenues for the benefit of creditors; (iv) the City or the Department will admit, in writing, the inability of the Department to pay its indebtedness as it becomes due; (v) the City or the Department becomes insolvent within the meaning of Section 101(32) of the Bankruptcy Code (as defined in the Credit Agreement); or (vi) the City or the Department take any official action to authorize any of the foregoing; or

(c) any of the following will occur with respect to the City or the Department: (i) an involuntary case or other proceeding will be commenced against the City or the Department, as the case may be, seeking liquidation, reorganization or other relief with respect to the City or the Department or the debts of the City or the Department under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of the property and assets that generate or that are used to generate Revenues and such case will not be dismissed within 90 days; (ii) an order for relief will be entered against the City under the federal bankruptcy laws as now or hereafter in effect or pursuant to any other State or federal laws concerning insolvency or of similar purpose that encompasses or negatively impacts the property and assets that generate or that are used to generate Revenues; (iii) an order for relief will be entered against the Department under the federal bankruptcy laws as now or hereafter in effect or pursuant to any other State (as defined in the Credit Agreement) or federal laws concerning insolvency or of similar purpose; or (iv) a debt moratorium, debt adjustment, debt restructuring or comparable extraordinary restriction with respect to the payment of principal or interest on the indebtedness of the City or the Department will be declared or imposed pursuant to a finding or ruling by the Department, the City, the United States of America, the State, any instrumentality thereof or any other Governmental Authority of competent jurisdiction over the City or the Department; or

(d) if any of the following occurs:

(i) (A) the validity or enforceability of any provision of any Bond Enabling Law (as defined in the Credit Agreement) that impacts the Department's ability or obligation to collect Revenues or the validity or enforceability of any Payment and Collateral Obligation, the Commercial Paper Notes, the Bank Note or any Liquidity Advance is contested or repudiated by duly authorized action of the Department, the City, the State or any other Governmental Authority with appropriate jurisdiction or is declared invalid or unenforceable in a proceeding subject to further appeals; or (B) any Payment and Collateral Obligation, the Commercial Paper Notes, the Bank Note or any Liquidity Advance or any provision of any Bond Enabling Law that impacts the Department's ability or obligation to collect Revenues is deemed to be invalid or unenforceable as a result of an authorized representative of the Department, the City, the State or any other Governmental Authority with appropriate jurisdiction taking or being permitted to take any official action or introducing or duly enacting any statute or legislation or issuing an executive order; or

(ii) (A) any provision of the Related Documents (as defined in the Credit Agreement) relating to the Department's ability or obligation to make payments of the

principal of or interest on Liquidity Advances, the Commercial Paper Notes or the Bank Note or the pledge of and lien on the Revenues to secure the payment of principal and interest on the Commercial Paper Notes, the Bank Note or the Liquidity Advances (each, a “Payment and Collateral Obligation”) is ruled to be null and void by a federal court or any other court with appropriate jurisdiction or the State or any instrumentality of the State or any other Governmental Authority with appropriate jurisdiction in a final nonappealable order or judgment by such court or the State or any instrumentality of the State, as applicable; or (B) an authorized representative of the Department or the City publicly denies, contests or repudiates that the Department has any or further liability or obligation with respect to (1) the payment of the principal of or interest on Liquidity Advances, the Commercial Paper Notes or the Bank Note; or (2) any provision under the Bond Enabling Laws with respect to the payment of, or the pledge of or lien on the Revenues to secure the payment of, the Commercial Paper Notes, Liquidity Advances, the Bank Note or any Payment and Collateral Obligation; or (C) any Bond Enabling Law is repealed or is ruled to be null and void by a federal court or any court with appropriate jurisdiction or the State or any instrumentality of the State or any other Governmental Authority with appropriate jurisdiction; or (D) a federal court or any other court with appropriate jurisdiction or the State or any instrumentality of the State or any other Governmental Authority with appropriate jurisdiction determines in a final nonappealable order or judgment, as the case may be, that any provision of any Bond Enabling Law regarding (1) the Department’s ability or obligation to collect Revenues or to pay the Revenues directly to the Issuing and Paying Agent, which is currently U.S. Bank National Association; or (2) the pledge of and lien on Revenues securing the payment of the principal of or interest on the Commercial Paper Notes, the Bank Note or the Liquidity Advance, is null and void; or

(e) each of Moody’s, S&P and Fitch either (i) withdraw or suspend a Rating (as defined in the Credit Agreement) for credit related reasons; or (ii) reduce a Rating, in the case of S&P and Fitch, below “BBB-” (or its equivalent) and in the case of Moody’s, below “Baa3” (or its equivalent); or

(f) the existence of one or more final, nonappealable judgments against the Department for the payment of money payable out of Revenues ranking senior to or on a parity with the Liquidity Advances and not covered by insurance, the operation or result of which, individually or in the aggregate, equals or exceed \$20,000,000, and such judgment, attachment or levy will not have been vacated or discharged or remains unpaid (or, if such judgment, attachment or levy is to be paid over time, any scheduled payment is not made when due) or unbonded (by property other than any of the Revenues) for a period of 60 days unless the Department is in compliance with the terms of such judgment, attachment or levy;

(g) (i) any Parity Obligation (as defined in the Credit Agreement) will not be paid when and as the same will become due and payable (whether by scheduled maturity, required redemption or acceleration); (ii) any default in payment of principal or interest will occur under any Parity Obligation or under any indenture, agreement or other instrument pursuant to which any such Parity Obligation was issued and such default in payment will continue for a period of time sufficient to permit the acceleration of the maturity of any such Parity Obligation (whether or not any such Parity Obligation is in fact accelerated); or (iii) any default (other than those referred to the preceding (i) and (ii) of this subparagraph (g)) will occur under any Parity Obligation or under any indenture, agreement or other instrument pursuant to which any such Parity Obligation was issued and such default will continue for a period of time sufficient to

permit the acceleration of the maturity of any such Parity Obligation (whether or not any such Parity Obligation is in fact accelerated); or

(h) any material representation or warranty made by the Department under or in connection with the Credit Agreement (including without limitation representations and warranties incorporated into the Credit Agreement by reference) will prove to be untrue in any material respect on the date as of which it was made or deemed made; or

(i) Non-payment of any amounts payable under the Fee Letter (together with interest thereon at the Default Rate (as defined in the Credit Agreement)) within five days after the Issuing and Paying Agent and the Department have received written notice from the Bank that the same were not paid when due; or

(j) Non-payment of any other fees or amounts payable under the Credit Agreement (together with interest thereon at the Default Rate) within five days after written notice thereof to the Department and the Issuing and Paying Agent by the Bank; or

(k) (i) the breach by the Department of any of the terms or provisions of certain specified sections of the Credit Agreement; or

(ii) the breach by the Department of any material terms or provisions of the Credit Agreement (other than breaches addressed in subparagraphs (a), (h), (i), (j) or (k)(i) above under this subheading “—Events of Termination”) which are not remedied within 30 days after written notice thereof will have been received by the Department and the Issuing and Paying Agent from the Bank; or

(iii) (A) the occurrence of any event of default under the Issuing and Paying Agent Agreement (which is not waived pursuant to the terms thereof); (B) the occurrence of any event of default or termination under any of the Related Documents (which is not waived pursuant to the terms thereof) which is not otherwise described under this subheading “—Events of Termination,” other than the failure of the Bank to make Liquidity Advances when required by the terms and conditions of its Credit Agreement; or (C) the occurrence of any event of default or termination under the Credit Agreement of the other Bank (which is not waived pursuant to the terms thereof); or

(l) any lien created by the Credit Agreement or the Issuing and Paying Agent Agreement in favor of the Issuing and Paying Agent or the Bank will at any time for any reason (except as expressly permitted to be released by the terms of such governing document) not constitute a valid lien; or

(m) at any time, (i) the Commercial Paper Notes will not have been assigned a short-term rating from at least one of Moody’s, S&P or Fitch; or (ii) the Bank Note will not have been assigned at least one rating of at least investment grade from any Rating Agency (as defined in the Credit Agreement); or

(n) any provision of the Charter (as defined in the Credit Agreement) relating to the Department is repealed, reenacted, amended or otherwise modified (including, without limitation, by legislative or judicial action but excluding any such action pursuant to Charter amendments approved by the voters prior to the date of the Credit Agreement) or any other legislation is enacted, repealed, reenacted, amended or otherwise modified that could reasonably be expected

to result in a Material Adverse Effect (as defined in the Credit Agreement); or the Department's existence as a department of the City under the Charter will terminate.

Remedies

If any Event of Termination (without regard to any specified grace period) will have occurred and be continuing:

(a) **Immediate Termination.** In the case of an Event of Termination specified in subparagraphs (a), (b), (c), (d)(ii), (e), (f), (g)(i) or (g)(ii) under the subheading “—Events of Termination above (and with respect to an Event of Termination specified in subparagraph (g)(i) or (g)(ii) under the subheading “—Events of Termination above, other than due solely as a result of (i) the failure to pay any termination payment relating to a Swap Contract (as defined in the Credit Agreement); (ii) the failure to pay any commercial paper notes which are supported as to the payment of principal thereof by credit enhancement or liquidity facilities; and/or (iii) acceleration caused by the holder of the Parity Obligation) (each, an “Immediate Termination Event”), the Bank’s Commitment will automatically and immediately terminate without notice or demand, and thereafter such Bank will be under no obligation to make Liquidity Advances. Promptly upon the Bank obtaining knowledge of any related Immediate Termination Event, the Bank will give written notice of the same to the Issuing and Paying Agent and the Department; provided that, the Bank will incur no liability or responsibility whatsoever by reason of its failure to give such notice, and such failure will in no manner affect the termination of the Bank’s Commitment and of the Bank’s obligation to make Liquidity Advances. The Issuing and Paying Agent will provide immediate notice of any Immediate Termination Event to the holders of the Commercial Paper Notes.

(b) **Suspension.** During the pendency of an Event of Termination specified in subparagraph (c)(i) above under the subheading “—Events of Termination” (prior to the expiration of the 90-day grace period specified in subparagraph (c)(i) above under the subheading “—Events of Termination”) or subparagraph (d)(i) above under the subheading “—Events of Termination” (each, a “Suspension Event”), the Bank’s Commitment to make Liquidity Advances will be automatically and immediately suspended without notice or demand and thereafter the Bank will be under no obligation to make Liquidity Advances. Promptly upon such Bank obtaining knowledge of any Suspension Event, the Bank will give written notice of the same to the Issuing and Paying Agent and the Department; provided that, the Bank will incur no liability or responsibility whatsoever by reason of its failure to give such notice, and such failure will in no manner affect the suspension of the Bank’s Commitment and of the Bank’s obligation to make Liquidity Advances. The Issuing and Paying Agent will provide immediate notice of any Suspension Event to the holders of the Commercial Paper Notes. If (i) a final, non-appealable judgment of a court having jurisdiction in the premises will be entered declaring that (A) all contested provisions of all Bond Enabling Laws that impact the Department’s ability or obligation to collect Revenues or the validity or enforceability of any Payment and Collateral Obligation (as defined in the Credit Agreement), the Commercial Paper Notes, the Bank Note or any Liquidity Advance; (B) all contested provisions of any Payment and Collateral Obligation, the Commercial Paper Notes, the Bank Note or any Liquidity Advance or any provision of any Bond Enabling Law that impacts the Department’s ability or obligation to collect Revenues, and/or (C) the pledge of and lien on the Revenues to secure the payment of principal and interest on the Commercial Paper Notes, the Bank Note or the Liquidity Advances, as applicable, are upheld in their entirety; and/or (ii) the case or other proceeding described in subparagraph (c)(i) above under the subheading “—Events of Termination” is dismissed within 90 days, the Bank’s Commitment will be automatically reinstated and the terms of the Credit Agreement will continue

in full force and effect (unless the Credit Agreement will otherwise have terminated or been suspended by its terms). If a Suspension Event becomes an Immediate Termination Event (through expiration of the 90-day grace period specified above or otherwise) the provisions of subparagraph (a) above under this subheading “—Remedies” will apply.

(c) **Ramp Down.** In the case of any related Event of Termination, the Bank may (i) deliver a non-issuance instruction to the Issuing and Paying Agent in the form attached to the Credit Agreement (each, a “Non-Issuance Instruction”); and/or (ii) reduce the Commitment Amount (as defined in the Credit Agreement) to an amount equal to the sum of the principal amount of the Commercial Paper Notes then outstanding and the amount of interest that will be due and payable upon such outstanding Commercial Paper Notes at maturity.

(d) **Acceleration.** Except as provided in this subparagraph (d) under this subheading “—Remedies,” a Bank will not, upon the occurrence and continuance of a related Event of Termination, have the right or remedy to accelerate or declare any principal and interest under the Bank Note or any Liquidity Advance to be immediately due and payable. In the case of any Event of Termination that is also an “event of default” under any Parity Revenue Bond Indenture (as defined in the Credit Agreement), a Bank may by notice to the Department declare all amounts payable under the Credit Agreement and under the Fee Letter (including but not limited to principal of and interest on all Liquidity Advances) immediately due and payable, whereupon the same will become immediately due and payable without demand, notice of demand, presentment, protest, notice of protest, notice of dishonor, notice of non-payment or further notice of any kind, all of which are thereby expressly waived by the Department; provided, however, that upon the occurrence of any Event of Termination specified in subparagraphs (b) or (c) above under the subheading “—Events of Termination” that is also an “event of default” under any Parity Revenue Bond Indenture, all amounts payable under the Credit Agreement and under the Fee Letter (including but not limited to principal of and interest on all Liquidity Advances) will automatically and immediately become and be due and payable without demand, notice of demand, presentment, protest, notice of protest, notice of dishonor, notice of non-payment or further notice of any kind, all of which are thereby expressly waived by the Department.

(e) **Other Remedies.** In addition to, and not by way of limitation of, the rights and remedies set forth in subparagraphs (a), (b), (c) and (d) above under this subheading “—Remedies,” in the case of any Event of Termination, the Bank will have all the rights and remedies available to it at law or equity. The rights described in this subsection do not limit the exercise of the Bank’s remedies expressly provided for under any other subsection under this subheading “—Remedies.”

Substitution of Liquidity Facility

The Department has covenanted in the Issuing and Paying Agent Agreement that for so long as any Commercial Paper Note remains outstanding, it will at all times maintain in effect the Credit Agreement or another liquidity facility or combination of liquidity facilities; provided that the combined Principal Components (as defined in the Issuing and Paying Agent Agreement) under the Liquidity Facilities in effect at any one time will not exceed \$250,000,000; and provided further that the provisions described below will have been met in connection with any liquidity facility substitution. As of the date of this Offering Memorandum, the Credit Agreement is the only Liquidity Facility, and under the Credit Agreement, the Principal Component is limited to \$200,000,000.

The Department may obtain one or more Substitute Liquidity Facilities to replace one or more Liquidity Facilities then in effect under the Issuing and Paying Agent Agreement, or any portion thereof,

so long as the combined Principal Components of said Substitute Liquidity Facility or Facilities does not exceed the aggregate principal amount of Commercial Paper Notes maturing on the substitution date, plus the aggregate principal amount of Commercial Paper Notes authorized but not then Outstanding under the Issuing and Paying Agent Agreement. At no time will a Substitute Liquidity Facility replace one or more Liquidity Facilities then in effect with respect to Commercial Paper Notes that were Outstanding prior to such replacement and that will remain Outstanding following such replacement. Said Substitute Liquidity Facility will go into effect at least one Business Day prior to the termination of the Liquidity Facility (or portion thereof) it replaces. Each Substitute Liquidity Facility will have a commitment at least as great as the Principal Component thereunder plus interest thereon at the Maximum Rate for a period of 270 days. The following are further conditions to the Issuing and Paying Agent's ability to accept each Substitute Liquidity Facility:

(a) the Department will deliver written notice of the proposed substitution to the Issuing and Paying Agent, the Bank (or other provider of the Liquidity Facility) and each commercial paper dealer appointed by the Department from time to time for the Commercial Paper Notes not less than 20 days prior to the substitution date;

(b) there will be delivered to the Department and the Issuing and Paying Agent written evidence from each rating agency then maintaining a rating on the Commercial Paper Notes at the request of the Department, that the substitution of the Liquidity Facilities then in effect will not, in and of itself, result in any rating then assigned to the Commercial Paper Notes being suspended, reduced or withdrawn;

(c) the Issuing and Paying Agent will deliver written notice as provided in the Issuing and Paying Agent Agreement to the holders of the Commercial Paper Notes at least 15 days prior to the substitution date;

(d) an opinion or opinions of counsel to any successor bank or banks will be delivered to the effect that the Substitute Liquidity Facility is a legal, valid and binding obligation of the issuing bank or banks and is enforceable against the bank or banks in accordance with its terms;

(e) an opinion or opinions of Note Counsel will be delivered to the effect that the substitution of the Liquidity Facilities is authorized under the Issuing and Paying Agent Agreement and will not, in and of itself, adversely affect the exclusion from gross income for federal income tax purposes of interest on the Series A-1 Notes and the Series C-1 Notes; and

(f) each provider of a Substitute Liquidity Facility will be rated "A" or better by each rating agency then maintaining a rating on the Commercial Paper Notes.

THE BANK

The statements and information in this section and incorporated by reference have been furnished by the Bank expressly for inclusion in this Offering Memorandum. The Department cannot and does not make any representation as to the accuracy or completeness of such information, or as to the information incorporated herein by reference, or the absence of material adverse changes in such information as of the date hereof or as of any subsequent date and assumes no responsibility therefor. The Department urges prospective investors in the Commercial Paper Notes to review the most recent information regarding the business operations and financial condition of the Bank as provided below.

Certain Information Concerning Mizuho Bank, Ltd.

The information under this heading has been provided solely by Mizuho and is believed to be reliable. This information has not been verified independently by the Department or the Dealers. The Department and the Dealers make no representation whatsoever as to the accuracy, adequacy or completeness of such information.

[Update to come]

Mizuho Corporate Bank, Ltd. (“Mizuho”) is a wholly owned subsidiary of Mizuho Financial Group, Inc. (“MHFG”), a corporation organized under the laws of Japan.

MHFG is one of the largest financial institutions in the world, offering a broad range of financial services including banking, securities, trust and asset management, credit card, private banking, and venture capital through its group companies. MHFG’s principal banking subsidiaries include Mizuho, Mizuho Bank, Ltd., and Mizuho Trust & Banking Co., Ltd. Mizuho was established on April 1, 2002, following a split and merger process of The Dai Ichi Kangyo Bank, Limited, The Fuji Bank, Limited and The Industrial Bank of Japan, Limited.

Mizuho’s New York branch (the “New York Branch”) is licensed by the Banking Department of the State of New York as a branch to transact banking business in New York. The New York Branch is subject to supervision, examination and regulation by the New York State Banking Department and the Federal Reserve Board.

The long-term credit ratings of Mizuho by Moody’s, Standard & Poor’s and Fitch are “A1,” “A+” and “A,” respectively, and the short-term credit ratings of Mizuho by Moody’s, Standard & Poor’s, and Fitch are “P-1,” “A-1” and “F1,” respectively.

A security rating is not a recommendation to buy, sell or hold securities and should be evaluated independently of any other rating. The rating is subject to revision or withdrawal at any time by the assigning rating organization

Additional information, including the most recent publically issued financial reports of MHFG, and additional annual, quarterly and current reports filed with or furnished to the SEC, may be obtained without charge by each person to whom this supplement to the official statement is delivered upon the written request of any such person to Mizuho Bank, Ltd., 1251 Avenue of the Americas, New York, New York 10020. This information is also available at www.mizuho-fg.co.jp/english/ and at the SEC’s website at www.sec.gov.

THE CREDIT AGREEMENT IS AN OBLIGATION OF MIZUHO AND IS NOT AN OBLIGATION OF MHFG. NO SUBSIDIARY OR AFFILIATE CONTROLLED BY MHFG, EXCEPT MIZUHO, IS OBLIGATED TO MAKE PAYMENTS UNDER THE CREDIT AGREEMENT.

THE PORT AND THE DEPARTMENT

The Port is located in San Pedro Bay approximately 20 miles south of downtown Los Angeles. 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 City Charter, the Department is a proprietary or independent department of the City similar to the Department of Water and Power and Department of Airports.

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 manmade harbor in the Western Hemisphere. The Port encompasses approximately 7,500 acres of land and water. According to the World Shipping Council, during calendar 2013 (the latest information available) the Port and the Port of Long Beach combined, ranked as the ninth busiest container port in the world in terms of TEUs handled.

The Port is held in trust by the City for the people of the State pursuant to a series of tideland grants. 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 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.

The Department is governed by a five-member Board. Commissioners are appointed to staggered five-year terms by the Mayor, subject to confirmation by the City Council. The Board makes policy for the Department, controls all Department funds, adopts the budget and sets rates in connection with permit agreements for the Department's land facilities and services, subject, in some instances, to City Council review. The management and operations of the Department are under the direction of the Executive Director. Four Deputy Directors oversee and manage the following divisions: Development, Finance and Administration, Operations and Business Development.

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); and the smallest revenue component, fee and royalty revenue. 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 expenditures, outside services, Port security and environmental initiatives.

The Department operates the Port as a landlord, issuing permits to Port occupants for the use of Port land, docks, wharves, transit sheds, terminals and other facilities. The Department is also 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 permit agreements, which are similar in form to lease 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. It currently provides facilities for approximately 80 shipping companies and agents which include 27 terminal facilities, including eight major container cargo terminals, four break-bulk facilities, three dry bulk facilities, seven liquid bulk cargo terminals, two passenger cruise terminals and one vehicle handling facility and 43 miles of waterfront berthing. The inbound cargo handled at the Port and the nearby Port of Long Beach, which is adjacent to and east of the Port, is distributed throughout the Southern California region and the rest of the nation. For the purpose of

establishing a comprehensive transportation corridor which facilitates a continuous movement of intermodal cargo, the San Pedro Bay Ports cooperatively established the Alameda Corridor Transportation Authority (“ACTA”), an independent joint powers authority under California law. The Port of Long Beach is a financially separate entity governed by its own Board of Harbor Commissioners and is part of the City of Long Beach.

During Fiscal Year 2013-14, the Port handled approximately 8,210,000 TEUs. According to statistics compiled by the World Shipping Council, during calendar 2013 (the latest information available) the Port was the busiest container port in the United States and the [] busiest container port in the world. Additionally, according to statistics compiled by the United States Department of Commerce, in calendar year 2014, the Port was the number one port in the United States in terms of the value of waterborne cargo shipped (exports and imports combined). The Port’s major trading partners are the “Pacific Rim” countries, including China, Japan, Taiwan, Thailand and South Korea. China alone was the destination for approximately 37.8% of the Port’s Fiscal Year 2013-14 exports, and approximately 55.0% of the Port’s Fiscal Year 2013-14 imports.

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 over 380 separate permit agreements, and provides further stabilization of the Department’s revenue stream.

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.

INFORMATION INCORPORATED BY REFERENCE

Pursuant to Rule 15c2-12 (“Rule 15c2-12”) promulgated by the SEC, the Department has entered into undertakings, for the benefit of the holders of certain series of the Department’s revenues bonds, to provide specified disclosure information from time to time. This disclosure information consists of: (a) a report (an “Annual Report”) containing specified updated disclosure information to be filed not later than 181 days after the end of the Department’s fiscal year (which currently ends June 30) with the Municipal Securities Rulemaking Board (the “MSRB”), through its Electronic Municipal Market Access system (“EMMA”); and (b) a notice of each occurrence of certain enumerated events, to be filed with EMMA.

The Department hereby incorporates by specific reference into this Offering Memorandum the following information:

- (a) The Department’s Annual Report dated November 20, 2014, which is made available through EMMA at the following Internet address:

<http://emma.msrb.org/ER816750-ER635763-ER1037371.pdf>

(b) The Department's Comprehensive Annual Financial Report for Fiscal Year 2014, which includes the Department's audited basic financial statements as of and for the fiscal year ended June 30, 2014, and which is made available through EMMA at the following Internet address:

<http://emma.msrb.org/ER817222-EA516011-EA912191.pdf>

(c) The following sections from the Official Statement with respect the Department's Revenue Bonds and Refunding Revenue Bonds, 2014 Series A (AMT), Refunding Revenue Bonds, 2014 Series B (Exempt Facility Non-AMT) and the Revenue Bonds, 2014 Series C (Governmental Non-AMT):

(i) "THE PORT AND THE DEPARTMENT";

(ii) "FINANCIAL INFORMATION CONCERNING THE DEPARTMENT";

(iii) "CERTAIN INVESTMENT CONSIDERATIONS"; and

(iv) "APPENDIX B—CERTAIN INFORMATION REGARDING THE CITY OF LOS ANGELES"

The Department also hereby incorporates by specific reference into this Offering Memorandum any future Annual Report or Comprehensive Annual Financial Report, or similar sections of any future Official Statement, in each case made available through EMMA.

The Department also maintains a website on which it posts various financial and operating information about the Port and the Department. Investors can access this website at the following Internet address: http://www.portoflosangeles.org/idx_fmance.asp.

THE DEALERS

The Department has entered into separate dealer agreements (the "Dealer Agreements" and each, a "Dealer Agreement") with Samuel A Ramirez & Company ("Ramirez"), and U.S. Bancorp Investments, Inc. (collectively, the "Dealers" and individually a "Dealer").

The Department may terminate each Dealer Agreement upon 30 days' notice to the applicable dealer. Each of the Dealers may terminate their respective Dealer Agreement upon 60 days' notice to the Department.

In the event that a Dealer delivers a notice of termination under its Dealer Agreement, the Department is required under the Dealer Agreements to use its reasonable efforts to provide for a commercial paper dealer (other than the other commercial paper dealers then serving as dealers for the Commercial Paper Notes) which is reasonably satisfactory to the Bank to assume the obligations of such Dealer under such Dealer Agreement.

NO CONTINUING DISCLOSURE

The offering and sale of the Commercial Paper Notes is exempt from the rules of the SEC relating to the continuing disclosure of annual financial and operating information and certain material

events, and the Department does not intend to enter into any undertaking to provide updated disclosure information to holders of the Commercial Paper Notes.

Pursuant to continuing disclosure undertakings of the Department in connection with certain of its outstanding revenue bonds, the Department is obligated to provide certain financial information, operating data relating to the Department and the Port, including audited financial statements and notice of certain enumerated events, as provided by the Rule 15c2-12, by not later than 181 days following the end of each Fiscal Year (presently June 30) of the Department. Since July 1, 2009 such filings have been made with the Municipal Securities Rulemaking Board through EMMA, available at www.emma.msrb.org. Except for information included by specific reference, nothing contained on that website is incorporated in this Offering Memorandum. See “INFORMATION INCORPORATED BY REFERENCE.”

RATINGS

The following table sets forth (a) the ratings assigned to the Commercial Paper Notes based on the support of the Credit Agreement; and (b) the underlying/unenhanced ratings assigned to the Department’s outstanding revenue bonds by Moody’s Investors Service (“Moody’s”), Standard & Poor’s Ratings Services (“S&P”), and Fitch Ratings (“Fitch”).

	Moody’s	S&P	Fitch
Commercial Paper Notes	[P-1]	[A-1]	[F1]
Department Revenue Bonds ¹	AA2	AA	AA

¹ The Department’s revenue bonds are Parity Obligations.

Such ratings reflect only the views of such organizations and an explanation of the significance of such ratings may be obtained only from the respective rating agencies. In connection with the issuance of the Commercial Paper Notes, the Department furnished to such rating agencies certain information regarding the Commercial Paper Notes, the Department and the Port. In addition, the Bank furnished certain information to such rating agencies regarding the Bank and the Credit Agreement. Generally, rating agencies base their ratings on the information and materials furnished to them and on their own investigations, studies and assumptions. There is no assurance such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by the rating agencies, if in the judgment of such rating agencies, circumstances so warrant. Any such change in or withdrawal of such ratings could have an adverse effect on the market price of the Commercial Paper Notes. The Department undertakes no responsibility to oppose any such change or withdrawal. The above ratings are not recommendations to buy, sell or hold the Commercial Paper Notes.

FORWARD-LOOKING STATEMENTS

The statements contained in this Offering Memorandum and in the Appendices hereto, and in any other information provided by the Department, that are not purely historical, are forward-looking statements, including statements regarding the Department’s expectations, hopes, intentions or strategies regarding the future. Prospective investors should not place undue reliance on forward-looking statements. All forward-looking statements included in this Offering Memorandum are based on the expectations, hopes, intentions or strategies considered and assumed by the Department as of the date hereof, and the Department assumes no obligation to update any such forward-looking statements. It is important to note that the Department’s actual results could differ materially from those in such forward-looking statements.

TAX MATTERS

Tax-Exempt Notes (Series A-1 Notes and Series C-1 Notes)

General. In the opinion of Kutak Rock LLP, Note Counsel to the Department (“Note Counsel”), based upon an analysis of existing laws, regulations, rulings and judicial decisions, interest on the Series A-1 Notes, when issued in accordance with the Resolutions, the Issuing and Paying Agent Agreement and the Tax Certificates, will be excluded from gross income for federal income tax purposes, except for interest on any Series A-1 Note for any period during which such Series A-1 Note is held by a “substantial user” of the facilities financed or refinanced by the Series A-1 Notes or by a “related person” within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended (the “Code”). Note Counsel is further of the opinion that interest on the Series A-1 Notes will be a specific preference item for purposes of the federal alternative minimum tax imposed on individuals and corporations. The opinions described in the preceding sentences assume the accuracy of certain representations of the Department and compliance by the Department with covenants designed to satisfy the requirements of the Code that must be met subsequent to the issuance of the Series A-1 Notes. Failure to comply with such requirements could cause interest on the Series A-1 Notes to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series A-1 Notes. The Department has covenanted to comply with such requirements. Note Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Series A-1 Notes.

In the opinion of Note Counsel, based upon an analysis of existing laws, regulations, rulings and judicial decisions, interest on the Series C-1 Notes, when issued in accordance with the Resolutions, the Issuing and Paying Agent Agreement and the Tax Certificates, will be excluded from gross income for federal income tax purposes and will not be a specific preference item for purposes of the federal alternative minimum tax imposed on individuals and corporations. The opinion described in the preceding sentence assumes the accuracy of certain representations of the Department and compliance by the Department with covenants designed to satisfy the requirements of the Code that must be met subsequent to the issuance of the Series C-1 Notes. Failure to comply with such requirements could cause interest on the Series C-1 Notes to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series C-1 Notes. The Department has covenanted to comply with such requirements. Note Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Series C-1 Notes.

Notwithstanding Note Counsel’s opinion that interest on the Series C-1 Notes will not be a specific preference item for purposes of the federal alternative minimum tax, such interest will be included in adjusted current earnings of certain corporations, and such corporations will be required to include in the calculation of federal alternative minimum taxable income 75% of the excess of such corporations’ adjusted current earnings over their federal alternative minimum taxable income (determined without regard to such adjustment and prior to reduction for certain net operating losses).

In the opinion of Note Counsel, based upon an analysis of existing laws, regulations, rulings and judicial decisions, interest on the Series A-1 Notes and the Series C-1 Notes (the “*Tax-Exempt Notes*”), when issued in accordance with the Issuing and Paying Agent Agreement and the Tax Certificate, will be exempt from State of California personal income taxes.

The accrual or receipt of interest on the Tax-Exempt Notes may otherwise affect the federal income tax liability of the owners of the Tax-Exempt Notes. The extent of these other tax consequences will depend upon such owner’s particular tax status and other items of income or deduction. Note Counsel expresses no opinion regarding any such consequences. Purchasers of the Tax-Exempt Notes, particularly purchasers that are corporations (including S corporations and foreign corporations operating

branches in the United States), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers otherwise entitled to claim the earned income credit, or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Tax-Exempt Notes.

Backup Withholding. As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on tax-exempt obligations such as the Tax-Exempt Notes is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments made after March 31, 2007 to any bondholder who fails to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Code. The new reporting requirement does not in and of itself affect or alter the excludability of interest on the Tax-Exempt Notes from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

Changes to Federal and State Tax Laws. From time to time, there are legislative proposals in the Congress and in the various state legislatures that, if enacted, could alter or amend federal and state tax matters referred to above or adversely affect the market value of the Tax-Exempt Notes. An example is the American Jobs Act of 2011, proposed by President Obama on September 12, 2011 and introduced in the United States Senate on September 13, 2011. If enacted as introduced, a provision of the American Jobs Act of 2011 would limit the amount of exclusions (including tax-exempt interest) and deductions available to certain high income taxpayers for taxable years after 2012, and as a result could affect the market price or marketability of the Tax-Exempt Notes. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment.

In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Tax-Exempt Notes. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Tax-Exempt Notes or the market value thereof would be impacted thereby. Purchasers of the Tax-Exempt Notes should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation.

Federal Tax Matters of the Series D-1 Notes

Holders of the Series D-1 Notes should be aware that: (a) the discussion in this Offering Memorandum with respect to U.S. federal income tax consequences of owning the Series D-1 Notes is not intended or written to be used, and cannot be used, by any taxpayer for the purpose of avoiding penalties that may be imposed on the taxpayer; (b) such discussion was written in connection with the promotion or marketing (within the meaning of IRS Circular 230) of the transactions or matters addressed by such discussion; and (c) each taxpayer should seek advice based on its particular circumstances from an independent tax advisor.

General. The following is a general discussion of certain federal income tax consequences of the purchase, ownership and disposition of the Series D-1 Notes. This discussion is based on the Code, as well as final, temporary and proposed Treasury Regulations (the “*Regulations*”) and administrative and judicial decisions as of the date of this Offering Memorandum, all of which are subject to change or possible differing interpretation. This summary does not purport to address all aspects of federal income taxation that may affect particular investors in light of their individual circumstances including certain

types of investors subject to special treatment under the federal income tax laws. Moreover, except as expressly indicated, this summary addresses initial purchasers of the Series D-1 Notes that (a) purchase at a price equal to the first price to the public at which a substantial amount of the Series D-1 Notes is sold; and (b) hold their Series D-1 Notes as capital assets within the meaning of Section 1221 of the Code. This summary does not address owners that may be subject to special tax rules, such as banks, insurance companies, dealers in securities or currencies, purchasers that hold Series D-1 Notes (or foreign currency) as a hedge against currency risks or as part of a straddle with other investments or as part of a “synthetic security” or other integrated investment (including a “conversion transaction”) comprised of a Series D-1 Note and one or more other investments, or purchasers that have a “functional currency” other than the U.S. dollar. Except to the extent discussed below under “—Non-United States Holders,” this summary is not applicable to non-United States persons not subject to federal income tax on their worldwide income. Investors should consult their own tax advisors to determine the federal, state, local and other tax consequences of the purchase, ownership and disposition of the Series D-1 Notes. Prospective investors should note that no rulings have been or will be sought from the Internal Revenue Service (the “*Service*”) with respect to any of the federal income tax consequences discussed below, and no assurance can be given that the Service will not take contrary positions. The following discussion assumes that the Series D-1 Notes are characterized as short-term obligations under Section 1283(a) of the Code.

Persons considering the purchase of Series D-1 Notes should consult their own tax advisors concerning the Federal income tax consequences to them in light of their particular situations as well as any consequences to them under the laws of any other taxing jurisdiction.

United States Holders.

(a) Payments of Interest. In general, interest on a Series D-1 Note (including any acquisition discount properly allocable to certain of the Series D-1 Notes) will be taxable to an owner who or which is (i) a citizen or resident of the United States, (ii) a corporation created or organized under the laws of the United States or any state (including the District of Columbia) or (iii) a person otherwise subject to federal income taxation on its worldwide income (a “*United States holder*”) as ordinary income at the time it is received or accrued, depending on the holder’s method of accounting for tax purposes. For cash basis owners, such payments will be included in income when received (or when made available for receipt, if earlier). For accrual basis owners, such payments will be included in income when all events necessary to establish the right to receive such payments have occurred.

(b) Series D-1 Notes Purchased with Acquisition Discount. A Series D-1 Note will be subject to the “acquisition discount” rules. In general, acquisition discount is the excess of the stated redemption price at maturity of a Series D-1 Note less the holder’s basis in a Series D-1 Note. Thus, acquisition discount generally will occur where a holder acquires a Series D-1 Note for an amount that is less than the Series D-1 Note’s principal amount.

If acquisition discount exists, then, in general, the owner of a Series D-1 Note using the accrual method of accounting, and certain owners of partnerships, S corporations, trusts and other pass-through entities, will be required to include such discount in gross income as it accrues in advance of the receipt of the cash attributable to such discount income. Acquisition discount accrues on a straight line basis based on the number of days to maturity unless the United States holder elects to accrue such discount on a constant interest accrual method using daily compounding. That election is applicable only to the acquisition discount obligation with respect to which it is made and is irrevocable. A United States holder of an acquisition discount note that is not required to include acquisition discount in income currently generally may be required to defer deductions for interest on borrowings allocable to the note in an amount not exceeding the accrued acquisition discount on such note until the maturity or disposition of the note.

(c) Purchase, Sale, Exchange and Retirement of the Series D-1 Notes. A United States holder's tax basis in a Series D-1 Note generally will equal its cost, increased by any acquisition discount included in the United States holder's income with respect to the Series D-1 Note. A United States holder generally will recognize gain or loss on the sale, exchange or retirement of a Series D-1 Note equal to the difference between the amount realized on the sale or retirement, except to the extent attributable to accrued but unpaid stated interest, and the United States holder's tax basis in the Series D-1 Note. Except to the extent that a United States holder of an acquisition discount note is not required to include acquisition discount in income currently, see above under "—Series D-1 Notes Purchased with Acquisition Discount," gain or loss recognized on the sale, exchange or retirement of a Series D-1 Note will be short-term capital gain or loss, respectively. To the extent that a United States holder of an acquisition discount note is not required to include acquisition discount in current income, gain recognized on the sale, exchange or retirement of a Series D-1 Note will be treated as ordinary income to the extent that such gain does not exceed the amount that would have accrued as acquisition discount on such note had the accrual rules applied.

Non-United States Holders. The following is a general discussion of certain United States federal income tax consequences resulting from the beneficial ownership of Series D-1 Notes by a person other than a United States holder (a "***non-United States holder***").

An owner of a Series D-1 Note that is a non-United States holder and is not subject to federal income tax as a result of any direct or indirect connection to the United States of America in addition to its ownership of a Series D-1 Note will generally not be subject to United States income or withholding tax in respect of a payment on a Series D-1 Note, provided such income is treated as portfolio interest. Interest will be treated as portfolio interest if (a) the owner complies to the extent necessary with certain identification requirements (including delivery of a statement, signed by the owner under penalties of perjury, certifying that such owner is not a United States person and providing the name and address of such owner); (b) such interest is treated as not effectively connected with the owner's United States trade or business; (c) interest payments are not made to a person within a foreign country which the Service has included on a list of countries having provisions inadequate to prevent United States tax evasion; (d) interest payable with respect to the Series D-1 Notes is not deemed contingent interest within the meaning of the portfolio debt provision; and (e) the owner claiming the portfolio interest exemption is not deemed to be a foreign bank that acquired the Series D-1 Notes pursuant to an extension of credit entered into in the ordinary course of its banking business.

Except as explained in the preceding paragraph and subject to the provisions of any applicable tax treaty, a United States withholding tax, at the applicable rate determined by statute, will apply to interest paid and acquisition discount accruing with respect to Series D-1 Notes owned by non-United States holders. In those instances in which payments of interest with respect to the Series D-1 Notes continue to be subject to withholding, special rules apply with respect to the withholding of tax on payments of interest with respect to, or the sale or exchange of Series D-1 Notes having acquisition discount and held by non-United States holders.

Purchasers of Series D-1 Notes that are non-United States holders should consult their own tax advisors with respect to the possible applicability of United States withholding and other taxes upon income realized in respect of the Series D-1 Notes.

Backup Withholding. Payments of interest (including acquisition discount) with respect to the Series D-1 Notes may be subject to the "backup withholding tax" under Section 3406 of the Code, at the applicable rate determined by statute, if a recipient of such payments: (a) fails to furnish to the payer its taxpayer identification number; (b) furnishes an incorrect taxpayer identification number; (c) fails to report properly interest, dividends or other "reportable payments" as defined in the Code; or (d) under

certain circumstances, fails to provide a certified statement, signed under penalty of perjury, that the taxpayer identification number provided is its correct number and that the holder is not subject to backup withholding. Backup withholding will not apply, however, with respect to certain payments made to Series D-1 Note owners, including payments to certain exempt recipients (such as certain exempt organizations) and to non-United States holders, provided they establish their entitlement to this exemption. Any amounts deducted and withheld from a payment to a recipient would be allowed as a credit against the federal income tax of such recipient. Owners of the Series D-1 Notes should consult their tax advisors regarding their qualification for such exemption from withholding and the procedure for obtaining such an exemption.

State Tax Matters of the Series D-1 Notes

In the opinion of Note Counsel, based upon an analysis of existing laws, regulations, rulings and judicial decisions, interest on the Series D-1 Notes, when issued in accordance with the Issuing and Paying Agent Agreement and the Tax Certificate, will be exempt from State of California personal income taxes.

Note Counsel has expressed no opinion regarding any other state tax consequences relating to the ownership or disposition of, or the accrual or receipt of interest on, the Series D-1 Notes.

CERTAIN LEGAL MATTERS

The form of approving legal opinion to be delivered by Kutak Rock LLP, Note Counsel, when Commercial Paper Notes are issued is set forth in Appendix A hereto. The approving legal opinion that Kutak Rock LLP, Note Counsel, will actually deliver at the time of the issuance of any Commercial Paper Notes will only include provisions that apply to the Series of Commercial Paper Notes being issued at the time of the delivery of the opinion. See also "TAX MATTERS." Certain legal matters in connection with the Commercial Paper Notes will be passed upon for the Department by the City Attorney and for the Bank by Chapman and Cutler LLP.

LITIGATION REGARDING THE COMMERCIAL PAPER NOTES

No Litigation Relating to the Commercial Paper Notes

There is no action, suit or proceeding known to be presently pending or threatened restraining or enjoining the execution, issuance or delivery of the Commercial Paper Notes or any of the documents related thereto or in any way contesting or affecting the validity of the foregoing or the actions 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 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 principal of or interest on the maturing Commercial Paper Notes.

FINANCIAL ADVISOR

Frasca & Associates, LLC (the "Financial Advisor") has assisted the Department with various matters relating to the planning, structuring and delivery of the Commercial Paper Notes. The Financial Advisor has not been engaged, nor has it undertaken, to make an independent verification or assume responsibility for the accuracy, completeness or fairness of the information contained in this Offering

Memorandum. The Financial Advisor is an independent financial advisory firm and is not engaged in the business of underwriting or distributing municipal securities or other public securities.

MISCELLANEOUS

The covenants and agreements of the Department for the benefit of the Owners of the Commercial Paper Notes are set forth in the Issuing and Paying Agent Agreement and reference is made to the Issuing and Paying Agent Agreement for a statement of the rights of the Owners of the Commercial Paper Notes and the covenants and obligations of the Department. All references to the Commercial Paper Notes are qualified in their entirety to the definitive form thereof and the information with respect thereto included in the Issuing and Paying Agent Agreement.

Neither this Offering Memorandum, 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 Commercial Paper Notes.

The Board of Harbor Commissioners has authorized the execution and delivery of this Offering Memorandum by its Executive Director.

By _____
Executive Director, Harbor Department of the
City of Los Angeles

APPENDIX A
FORM OF OPINION OF NOTE COUNSEL

APPENDIX B
SUMMARY OF CERTAIN LEGAL DOCUMENTS

APPENDIX C

DTC BOOK-ENTRY SYSTEM

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

The DTC, New York, New York, will act as securities depository for the Commercial Paper Notes. The Commercial Paper Notes 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 note certificate will be issued for each issue of the Commercial Paper Notes, each in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC National Securities Clearing Corporation, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com; however, nothing contained in such website is incorporated into this Offering Memorandum.

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

To facilitate subsequent transfers, all Commercial Paper Notes 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 Commercial Paper Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Commercial Paper Notes: DTC records reflect only the identity of the Direct Participants to whose accounts such Commercial Paper Notes 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. Beneficial Owners of Commercial Paper Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Commercial Paper Notes, such as redemptions, tenders, defaults, and proposed amendments to the related documents. For example, Beneficial Owners of Commercial Paper Notes may wish to ascertain that the nominee holding the Commercial Paper Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

Principal and interest payments on the Commercial Paper Notes 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 or the Issuing and Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Issuing and Paying Agent or the Department, subject to any statutory, or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Department or the Issuing and Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Commercial Paper Notes at any time by giving reasonable notice to the Department or the Issuing and Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Commercial Paper Note certificates 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, Commercial Paper Note certificates will be printed and delivered to DTC.

THE DEPARTMENT AND THE ISSUING AND PAYING AGENT WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DTC PARTICIPANT, ANY BENEFICIAL OWNER OR ANY OTHER PERSON CLAIMING A BENEFICIAL OWNERSHIP INTEREST IN THE

COMMERCIAL PAPER NOTES UNDER OR THROUGH DTC OR ANY DTC PARTICIPANT, OR ANY OTHER PERSON WHICH IS NOT SHOWN ON THE REGISTRATION BOOKS OF THE ISSUING AND PAYING AGENT AS BEING AN OWNER, WITH RESPECT TO THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT, THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OF ANY AMOUNT IN RESPECT OF THE PRINCIPAL OF OR INTEREST ON THE COMMERCIAL PAPER NOTES; ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO OWNERS; ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS AN OWNER; OR ANY OTHER PROCEDURES OR OBLIGATIONS OF DTC UNDER THE BOOK-ENTRY SYSTEM.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE COMMERCIAL PAPER NOTES, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE HOLDERS OR OWNERS OR REGISTERED HOLDERS OR REGISTERED OWNERS OF THE COMMERCIAL PAPER NOTES WILL MEAN CEDE & CO., AS AFORESAID, AND WILL NOT MEAN THE BENEFICIAL OWNERS OF THE COMMERCIAL PAPER NOTES.