

RESOLUTION NO. 16-_____

RESOLUTION OF THE BOARD OF HARBOR COMMISSIONERS OF THE CITY OF LOS ANGELES APPROVING THE EXECUTION OF CERTAIN DOCUMENTS IN CONNECTION WITH THE ISSUANCE BY THE ALAMEDA CORRIDOR TRANSPORTATION AUTHORITY OF ITS SUBORDINATE LIEN REVENUE REFUNDING BONDS AND SECOND SUBORDINATE LIEN REFUNDING REVENUE BONDS AND AUTHORIZING SUCH OTHER ACTIONS AS ARE NECESSARY TO ASSIST THE AUTHORITY IN THE ISSUANCE OF SUCH REFUNDING BONDS AND MAKING A DETERMINATION RELATING THERETO

WHEREAS, pursuant to the provisions of Chapter 5, Division 7, Title 1 of the Government Code of the State of California, as amended (the “*Joint Powers Act*”), the City of Los Angeles and the City of Long Beach (together, the “*Members*”) entered into that certain Amended and Restated Joint Exercise of Powers Agreement dated as of December 18, 1996 (the “*Agreement*”), creating the Alameda Corridor Transportation Authority (previously known as the Consolidated Transportation Corridor Joint Powers Authority) (the “*Authority*”), a public entity separate and apart from the Members; and

WHEREAS, the Authority previously issued its Alameda Corridor Transportation Authority Tax-Exempt Subordinate Lien Revenue Bonds, Series 2004A (the “*Series 2004A Bonds*”), consisting of capital appreciation bonds converted to current interest bonds (the “*Series 2004A Current Interest Bonds*”) and capital appreciation bonds (the “*Series 2004A Capital Appreciation Bonds*”); and

WHEREAS, as of December 31, 2015, the Series 2004A Current Interest Bonds were outstanding in the aggregate principal amount of \$428,390,000 and the Series 2004A Capital Appreciation Bonds were outstanding in the accreted value of \$282,629,782; and

WHEREAS, as of December 31, 2015, the Authority had outstanding \$2,058,137,978 aggregate principal amount or accreted value of its senior lien bonds and subordinate lien bonds, including the Series 2004A Bonds (collectively, the “*ACTA Obligations*”); and

WHEREAS, the City of Los Angeles (the “*City*”), acting by and through its Board of Harbor Commissioners (the “*Board*”), entered into the Alameda Corridor Use and Operating Agreement, dated as of October 12, 1998, as amended (the “*Use and Operating Agreement*”), by and among the Authority, the City, acting by and through the Board, the City of Long Beach, acting by and through its Board of Harbor Commissioners (the “*POLB*”), Union Pacific Railroad Company, and BNSF Railway Company (formerly known as The Burlington Northern and Santa Fe Railway Company); and

WHEREAS, the Use and Operating Agreement provides that if during any calendar year the debt service on the ACTA Obligations and certain other bond related amounts are not paid in full (the “*Required Annual Payment*”), the City, acting by and through the Board, and POLB will advance to the Authority, from any legally available source, funds (“*Shortfall Advances*”)

sufficient to pay a portion of the debt service on the ACTA Obligations and certain other bond related amounts to the extent the Authority's use fees and container charges are insufficient; and

WHEREAS, the contingent obligation of the Harbor Department of the City of Los Angeles (the "**Harbor Department**") to pay the Shortfall Advances in any calendar year is limited to paying 20% of the Required Annual Payment due each year; and

WHEREAS, the Authority currently projects that the Harbor Department will be required to pay Shortfall Advances under the Use and Operating Agreement in the future; and

WHEREAS, the Authority intends to issue its tax-exempt subordinate lien revenue refunding bonds and tax-exempt second subordinate lien revenue refunding bonds (collectively, the "**Refunding Bonds**") for the purpose of (i) refunding and defeasing all or a portion of the outstanding Series 2004A Bonds, and (ii) paying costs of issuing the Refunding Bonds, including any premiums with respect to bond insurance and/or a debt service reserve surety policy, if any, for the Refunding Bonds; and

WHEREAS, it is anticipated that the issuance of the Refunding Bonds may reduce the Harbor Department's exposure to paying Shortfall Advances in the future; and

WHEREAS, the Authority's plan of finance with respect to the Refunding Bonds includes the option of obtaining bond insurance on all or a portion of the Refunding Bonds, and the purchase of a debt service reserve surety policy, in lieu of using bond proceeds to fund a debt service reserve fund for the Refunding Bonds, from a surety provider with a credit rating of at least "A" or better from at least one nationally recognized rating agency, for the purpose of achieving present value debt service savings; and

WHEREAS, in order to assist the Authority with the issuance of the Refunding Bonds, there has been presented to this Board the following documents:

(a) a form of Continuing Disclosure Certificate (the "**Continuing Disclosure Certificate**") to be executed and delivered by the City, acting by and through the Board;

(b) a form of Letter of Representation (the "**Letter of Representation**") to be executed and delivered by the City, acting by and through the Board, which will set forth various representations of the Board covering various matters requested by the underwriters of the Refunding Bonds; and

(c) a form of the disclosure concerning the finances and operations of the Port of Los Angeles and the Harbor Department to be contained in the preliminary official statement and final official statement of the Authority, that will be prepared and distributed in connection with the issuance and sale of the Refunding Bonds; and

WHEREAS, neither the payment of the principal of the ACTA Obligations or the Refunding Bonds nor the interest thereon shall constitute a debt, liability, or obligation of the City, but shall constitute a limited contractual obligation of the City, acting by and through the Board, to pay such Shortfall Advances;

NOW, THEREFORE, be it resolved by the Board of Harbor Commissioners of the City of Los Angeles, as follows:

Section 1. Continuing Disclosure Certificate and the Letter of Representation.

The form, terms and provisions of the Continuing Disclosure Certificate and the Letter of Representation are in all respects approved, the Executive Director, the Deputy Executive Director, the Chief Financial Officer, and the Director of Debt and Treasury of the Department or any one or more thereof (each an “*Authorized Officer*”), or their respective designees, any one or more thereof, are hereby authorized, empowered and directed to execute, acknowledge and deliver the Continuing Disclosure Certificate and the Letter of Representation, including counterparts thereof, in the name and on behalf of the Board. The Continuing Disclosure Certificate and the Letter of Representation, as executed and delivered, shall be in substantially the forms now before this Board and hereby approved, with such changes and revisions therein as shall be approved by the Authorized Officer executing the same and the City Attorney of the City of Los Angeles, California (the “*City Attorney*”); the execution thereof by an Authorized Officer shall constitute conclusive evidence of the Board’s approval of any and all changes or revisions therein from the form of the Continuing Disclosure Certificate and the Letter of Representation now before this Board; and from and after the execution and delivery of the Continuing Disclosure Certificate, the officers, agents and employees of the Harbor Department are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Continuing Disclosure Certificate.

The Board hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate.

Section 2. Disclosure Relating to Port of Los Angeles and the Harbor Department.

The disclosure relating to the Port of Los Angeles and the Harbor Department to be contained in the preliminary official statement and the final official statement with respect to the Refunding Bonds in substantially the form now before this Board is hereby approved, with such changes thereto as the City Attorney and an Authorized Officer or an Authorized Officer’s designee may require or approve, and the execution of the Letter of Representation by an Authorized Officer shall constitute conclusive evidence of the Board’s approval of any all changes or revisions therein from the form of the disclosure now before this Board.

Section 3. Additional Authorizations.

Each Authorized Officer and all officers, agents and employees of the Harbor Department, for and on behalf of the Board, are hereby authorized and directed to do any and all things necessary to assist the Authority in the issuance of the Refunding Bonds. Each Authorized Officer and all other officers, agents and employees of the Harbor Department are further authorized and directed, for and on behalf of the Board, to execute all papers, documents and certificates that may be required in order to carry out the authority conferred by this Resolution, including, without limitation, entering into agreements and providing certificates which may be required by the provider of any bond insurance or debt service reserve surety policy for the Refunding Bonds (including, but not limited to, one or more non-assignment agreements, if one is required by the provider of any bond insurance or debt service reserve surety policy for the Refunding Bonds), provided any such agreement or certificate shall not impose any new financial obligations on the City or the Board. All actions

heretofore taken by each Authorized Officer and by all officers, agents and employees of the Harbor Department, for and on behalf of the Board, in connection with or related to the issuance and sale of the Refunding Bonds and in connection with the authorization, execution and delivery of, and performance of obligations under, the Use and Operating Agreement, and in connection with the authorization and performance of obligations under the Agreement, are hereby approved, confirmed and ratified.

Section 4. Severability of Invalid Provisions. If any one or more of the provisions contained in this Resolution shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Resolution and such invalidity, illegality or unenforceability shall not affect any other provision of this Resolution, and this Resolution shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein.

Section 5. Section Headings and References; Interpretation. The headings or titles of the several Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Resolution.

All references herein to “Sections” and other subdivisions are to the corresponding Sections or subdivisions of this Resolution; the words “herein,” “hereof,” “hereby,” “hereunder” and other words of similar import refer to this Resolution as a whole and not to any particular Section or subdivision hereof; and words of the masculine gender shall mean and include words of the feminine and neuter genders.

Section 6. Governing Law. This Resolution shall be construed and governed in accordance with the laws of the State of California.

Section 7. Effective Date. This Resolution shall take effect in the manner and at the time set forth in the Charter, including Section 11.28.5 of the City Administrative Code.

APPROVED AS TO FORM AND LEGALITY

_____, 2016
MICHAEL N. FEUER, City Attorney
Janna B. Sidley, General Counsel

By _____
John T. Driscoll, Deputy

CERTIFICATION

The undersigned, duly qualified and acting as Secretary of the Harbor Department, certifies that the foregoing is a true and correct copy of a Resolution adopted at a legally convened meeting of the Board of the Department held on _____, 2016.

By _____
Secretary, City of Los Angeles Board of
Harbor Commissioners

Dated: _____

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this “**Certificate**”) is executed and delivered, effective [DATE], by the Alameda Corridor Transportation Authority (the “**Authority**”); the City of Long Beach, acting by and through its Board of Harbor Commissioners (“**POLB**”); and the City of Los Angeles, acting by and through its Board of Harbor Commissioners (“**POLA**”), in connection with the issuance by the Authority of its Alameda Corridor Transportation Authority Tax-Exempt Subordinate Lien Revenue Refunding Bonds, Series 2016A (the “**Series 2016A Bonds**”) and its Alameda Corridor Transportation Authority Tax-Exempt Second Subordinate Lien Revenue Refunding Bonds, Series 2016B (the “**Series 2016B Bonds**” and together with the Series 2016A Bonds, the “**Bonds**”). The Series 2016A Bonds were issued pursuant to the terms of a Master Trust Indenture dated as of January 1, 1999, by and between the Authority and U.S. Bank National Association (formerly, U.S. Bank Trust National Association), as trustee (the “**Trustee**”), as previously amended and supplemented (the “**Master Indenture**”), and as further amended and supplemented by that certain Tenth Supplemental Trust Indenture dated as of [May 1, 2016] by and between the Authority and the Trustee (the “**Tenth Supplemental Trust Indenture**”). The Series 2016B Bonds were issued pursuant to the terms of the Master Trust Indenture, as further amended and supplemented by that certain Eleventh Supplemental Trust Indenture dated as of [May 1, 2016] by and between the Authority and the Trustee (the “**Eleventh Supplemental Trust Indenture**”, and together with the Tenth Supplemental Trust Indenture and the Master Indenture, the “**Indenture**”).

The Authority, POLB and POLA hereby covenant as follows:

SECTION 1. Purpose of the Certificate. This Certificate is being executed and delivered by the Authority, POLB and POLA for the benefit of the Owners and Beneficial Owners (as defined below) of the Bonds and in order to assist the Underwriters (as defined below) in complying with the Rule (as defined below).

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture and the Official Statement (as defined below), which apply to any capitalized terms used in this Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“**1999 Bonds**” means the Authority’s: (i) Alameda Corridor Transportation Authority Tax-Exempt Senior Lien Revenue Bonds, Series 1999A, (ii) Alameda Corridor Transportation Authority Tax-Exempt Subordinate Lien Revenue Bonds, Series 1999B, (iii) Alameda Corridor Transportation Authority Taxable Senior Lien Revenue Bonds, Series 1999C, and (iv) Alameda Corridor Transportation Authority Taxable Subordinate Lien Revenue Bonds, Series 1999D.

“**2004 Bonds**” means the Authority’s: (i) Alameda Corridor Transportation Authority Tax-Exempt Subordinate Lien Revenue Bonds, Series 2004A, and (ii) Alameda Corridor Transportation Authority Taxable Subordinate Lien Revenue Bonds, Series 2004B.

“**Annual Report**” means the annual report filed by the Authority pursuant to, and as described in, Sections 3 and 4 of this Certificate.

“**Beneficial Owner**” means any person who (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“**Commission**” means the Securities and Exchange Commission, or any successor body thereto.

“**Dissemination Agent**” means any person appointed in writing by the Authority to act as the Authority’s agent in complying with the filing requirements of the Rule. As of the date of this Certificate, the Authority has not appointed a Dissemination Agent.

“**EMMA**” means the Electronic Municipal Market Access system for municipal securities disclosure (<http://emma.msrb.org>) or any other dissemination agent or conduit required, designated or permitted by the Commission.

“**Exchange Act**” means the Securities Exchange Act of 1934, as amended.

“**Filing Date**” has the meaning given to it in Section 3(a) of this Certificate.

“**Listed Events**” means any of the events listed in Section 5 of this Certificate.

“**MSRB**” means the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the Exchange Act, or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule.

“**Official Statement**” means the final official statement dated [TBD], of the Authority relating to the Bonds.

“**Rule**” means Rule 15c2-12(b)(5) adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

“**Underwriters**” means the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds on the effective date of this Certificate.

SECTION 3. Provision of Annual Reports.

(a) The Authority, on behalf of itself and POLB and POLA, shall, or shall cause the Dissemination Agent to, not later than April 1 (or June 1, with respect to POLB’s obligations under this Certificate, on and after the date that the 1999 Bonds and the 2004 Bonds are no longer Outstanding) of each year in which any of the Bonds are outstanding (the “**Filing Date**”), commencing [TBD], with respect to the report for the fiscal year ending in [TBD], provide an Annual Report consistent with the requirements of Section 4 of this Certificate. Each Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Certificate; provided that the audited financial statements of the Authority, POLB and POLA may be submitted separately from the balance of such Annual Report and later than the date required above for the filing of such Annual Report if they are not available by that date.

(b) Not later than 15 Business Days prior to the Filing Date, the Authority shall provide such Annual Report to the Dissemination Agent (if one has been appointed). If the Authority is unable to file such Annual Report with the MSRB through EMMA by the Filing

Date, the Authority shall file a notice with the MSRB through EMMA in substantially the form of Exhibit A to this Certificate.

(c) POLB and POLA shall each provide to the Authority:

(1) Not later than March 1 (or May 1, with respect to POLB's obligations under this Certificate, on and after the date that the 1999 Bonds and the 2004 Bonds are no longer Outstanding) after the end of each of its respective fiscal years, commencing with the fiscal year ending in [TBD], the applicable information described in Section 4(b) and Section 4(c) of this Certificate.

(2) At any other time any information requested by the Authority with respect to other disclosure obligations.

(3) Prompt notice of any change in POLB's or POLA's, as applicable, fiscal year.

(4) Notice of each of the following, as applicable, in sufficient time for the Authority to meet its obligations under Section 5 of this Certificate: (i) any bankruptcy, insolvency, receivership or similar event of POLB or POLA, (ii) the consummation of any merger, consolidation or acquisition involving POLB or POLA, (iii) the sale of all or substantially all of the assets of POLB or POLA other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, and/or (iv) the appointment of a receiver, fiscal agent or similar officer for POLB or POLA in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of POLB or POLA, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision over substantially all of the assets or business of POLB or POLA.

(5) Prompt notice that the obligation of POLB or POLA, as the case may be, under this Certificate has been assumed in full by some other entity and evidence that such entity shall be responsible for compliance with this Certificate in the same manner as if it were POLB or POLA, as the case may be.

(d) If the Authority's fiscal year changes or the Authority receives notice from POLB or POLA that POLB's or POLA's fiscal year changed, the Authority shall give notice of such change in the same manner as for a Listed Event under Section 5 of this Certificate.

(e) The Dissemination Agent (if one has been appointed) shall (i) determine each year prior to the Filing Date and (ii) file a report with the Authority certifying that the Annual Report has been filed with the MSRB through EMMA pursuant to this Certificate, stating the date it was provided.

SECTION 4. Content of Annual Reports. The Annual Reports shall contain or include by reference the following [TBD]:

(a) Information Relating to the Authority.

(1) The audited financial statements of the Authority for the Fiscal Year most recently ended, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Authority's audited financial statements are not available by the Filing Date, the Annual Reports shall contain unaudited financial statements in a format similar to the financial statements contained in the final official statement relating to the Bonds, and the audited financial statements shall be filed in the same manner as the Annual Reports when they become available.

(2) To the extent not included in the audited financial statements of the Authority, the Annual Report shall contain or include by reference (i) for the most recently completed calendar year, as described in the Official Statement under the heading [TBD] "THE RAIL CORRIDOR AND RELATED PROJECTS - Maintenance and Operation of the Rail Corridor - M & O Charges," the Monthly Amount (as defined in the Official Statement) and the amount the Railroads (as defined in the Official Statement) paid for insurance premiums, and (ii) information for the most recently completed fiscal year or calendar year, as applicable, in form and substance substantially similar to the information in the following tables set forth in the Official Statement [TBD]:

(I) Table 1 – "Alameda Corridor Transportation Authority – Outstanding Senior Lien and First Subordinate Lien Bonds;"

(II) Table 4 – "Schedule of Use Fees;"

(III) Table 5 – "Use Fees and Container Charges;"

(IV) Table 6 – "Ports of Long Beach and Los Angeles and Authority Container Throughput" (providing only the Authority information for the most recently completed calendar year);

(V) Table 7 – "Ports of Long Beach and Los Angeles and Authority Container Throughput" (providing only the Authority information for the most recent completed Authority fiscal year);

(VI) Table 8 – "Alameda Corridor Transportation Authority – Container Charges and Use Fees;"

(VII) Table 9 – "Alameda Corridor Transportation Authority – Container Charge and Use Fee Revenue;"

(VIII) Table 10 – "Alameda Corridor Transportation Authority – Statements of Revenues, Expenses and Changes in Net Assets;"

(IX) Table 11 – "Historical Revenue Debt Service Coverage;"
and

(X) Table 12 – “Historical Debt Service Coverage.”

(b) Information Relating to POLB.

(1) The audited financial statements of POLB for the Fiscal Year most recently ended, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If POLB’s audited financial statements are not available by the Filing Date, the Annual Reports shall contain unaudited financial statements in a format similar to the financial statements contained in the final official statement relating to the Bonds, and the audited financial statements shall be filed in the same manner as the Annual Reports when they become available.

(2) To the extent not included in the audited financial statements of POLB, the Annual Report shall contain or include by reference (i) the outstanding principal amount of POLB’s Harbor Revenue Bonds [TBD] and (ii) information for the most recently completed fiscal year, calendar year or twelve month period, as applicable, in form and substance substantially similar to the information in the following tables set forth in the Official Statement [TBD]:

(I) Table C-1 – “Port of Long Beach Operating Revenues;”

(II) Table C-2 – “Port of Long Beach Leading Revenue Producers;”

(III) Table C-3 – “Port of Long Beach Revenue Tonnage Summary;”

(IV) Table C-5 – “Port of Long Beach Revenue Tonnage by Cargo Type;”

(V) Table C-8 – “Port of Long Beach Container Traffic” (providing only the information for the most recently completed calendar year);

(VI) Table C-9 – “Port of Long Beach Container Traffic” (providing only the information for the most recently completed twelve month period ended June 30); and

(VII) Table C-10 – “Port of Long Beach Comparative Summary Statements of Revenues and Expenses.”

(c) Information Relating to POLA.

(1) The audited financial statements of POLA for the Fiscal Year most recently ended, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If POLA’s audited financial statements are not available by the Filing Date, the Annual Reports shall contain unaudited financial statements in a format similar to the financial statements contained in the final official statement relating to the Bonds, and the audited financial statements shall be filed in the same manner as the Annual Reports when they become available.

(2) To the extent not included in the audited financial statements of POLA, the Annual Report shall contain or include by reference (i) the outstanding principal amount of POLA's Parity Obligations (as defined in the Official Statement) [TBD] and (ii) information for the most recently completed fiscal year or calendar year, as applicable, in form and substance substantially similar to the information in the following tables set forth in the Official Statement [TBD]:

(I) Table B-1 – “Port of Los Angeles Major Permittees (Tenants);”

(II) Table B-2 – “Port of Los Angeles Summary of Revenues, Expenses and Net Assets;”

(III) Table B-3 – “Port of Los Angeles Revenue Tonnage by Cargo Type;”

(IV) Table B-4 – “Port of Los Angeles Container Traffic” (providing only the information for the most recently completed calendar year);

(V) Table B-5 – “Port of Los Angeles Container Traffic” (providing only the information for the most recently completed POLA fiscal year); and

(VI) Table B-6 – “Port of Los Angeles Shipping Revenue Breakdown.”

Any or all of the items listed above may be included by specific reference to other documents, including official statements or other disclosure documents of debt issues of the Authority, POLB, POLB or related public entities, which have been filed with the MSRB through EMMA or the Commission. If the document included by reference is a final official statement, it must be available on EMMA. The Authority shall clearly identify each such other document so included by reference. The contents, presentation and format of the Annual Reports may be modified from time to time as determined in the judgment of the Authority to conform to changes in accounting or disclosure principles or practices and legal requirements followed by or applicable to the Authority, POLB or POLA or to reflect changes in the business, structure, operations, legal form of the Authority, POLB or POLA or any mergers, consolidations, acquisitions or dispositions made by or affecting the Authority, POLB or POLA; provided that any such modifications shall comply with the requirements of the Rule.

SECTION 5. Reporting of Listed Events. The Authority shall file, in a timely manner, but not more than ten (10) business days after its occurrence, with the MSRB through EMMA, notice of the occurrence of any of the following events with respect to the Bonds:

- (a) Principal and interest payment delinquencies;
- (b) Non-payment related defaults, if material;
- (c) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) Unscheduled draws on credit enhancements reflecting financial difficulties;

- (e) Substitution of credit or liquidity providers, or their failure to perform;
- (f) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (g) Modifications to rights of Bond Holders, if material;
- (h) Bond calls, if material, and tender offers;
- (i) Defeasances;
- (j) Release, substitution or sale of property securing repayment of the Bonds, if material;
- (k) Rating changes;
- (l) Bankruptcy, insolvency, receivership or similar event of the Authority, POLB or POLA;
- (m) The consummation of a merger, consolidation or acquisition involving the Authority, POLB or POLA or the sale of all or substantially all of the assets of the Authority, POLB or POLA, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; or
- (n) Appointment of a successor or additional trustee or change of name of a trustee, if material.

Note to subsection (l) of this Section 5: For the purposes of the event described in subsection (l) of this Section 5, the event is considered to occur when any of the following occurs: the appointment of a receiver, fiscal agent or similar officer for the Authority, POLB or POLA in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Authority, POLB or POLA, as applicable, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision over substantially all of the assets or business of the Authority, POLB or POLA, as applicable.

SECTION 6. Termination of Reporting Obligation. The Authority's, POLB's and POLA's obligations under this Certificate shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds or when the Authority, POLB or POLA, as the case may be, is otherwise no longer an obligated person within the meaning of the Rule with respect to the Bonds. If the Authority's, POLB's or POLA's, as the case may be, obligations under this Certificate are assumed in full by some other entity, such person shall be responsible for compliance with this Certificate in the same manner as if it were the Authority, POLB or POLA, as the case may be, and the Authority, POLB or POLA, as the case may be, shall have no further responsibility under this Certificate. The Authority shall provide timely notice to the MSRB of the termination of the Authority's, POLB's or POLA's, as the case may be, obligations under this Certificate pursuant to an assumption of its or their obligations under this Certificate.

SECTION 7. Dissemination Agent. The Authority may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign by providing sixty (60) days written notice to the Authority. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Authority pursuant to this Certificate.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Certificate, the Authority, POLB and POLA may amend this Certificate, and any provision of this Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Section 3(a), Section 4, or Section 5, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertakings, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

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

In the event of any amendment or waiver of a provision of this Certificate, the Authority shall describe such amendment in its next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Authority. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5, and (ii) the Annual Report for the year in which the change is made shall present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this certificate shall be deemed to prevent the Authority, POLB or POLA from disseminating any other information, including the information then contained in the Authority's, POLB's or POLA's official statements or other disclosure documents relating to debt issuance, using the means of dissemination set forth in this Certificate or any other means of communication, or including any other information in any Annual Report notice of occurrence of a Listed Event, in addition to that which is required by this Certificate. If the Authority, POLB or POLA chooses to include any information in any Annual Report or notice of occurrence of Listed Event in addition to that which is specifically required by this Certificate, neither the Authority, POLB nor POLA shall have any obligation under this Certificate to update such information or include it in any future Annual Report or notice of a Listed Event.

SECTION 10. Documents Provided to the MSRB. All documents provided to the MSRB shall be in electronic format and accompanied by identifying information, all as prescribed by the MSRB. Notice of the Listed Events described in Section 5 need not be given under this Section any earlier than the notice of the underlying event is given to Holders of the Bonds pursuant to the Indenture.

SECTION 11. Default. In the event of a failure of the Authority, POLB or POLA to comply with any provision of this Certificate, any Owner or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Authority, POLB or POLA, as the case may be, to comply with its obligations under this Certificate. A default under this Certificate shall not be deemed an Event of Default under the Indenture, and the sole and exclusive remedy under this Certificate in the event of any failure of the Authority, POLB or POLA to comply with this Certificate shall be an action to compel performance, and no person or entity shall be entitled to recover monetary damages under this Certificate.

SECTION 12. Duties, Immunities and Liabilities of the Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Certificate, and the Authority agrees, to the extent permitted by law, to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Authority under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 13. Beneficiaries. This Certificate shall inure solely to the benefit of the Authority, POLB, POLA, the Dissemination Agent, the Underwriters, the Owners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 14. Counterparts. This Certificate may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 15. Governing Law. This Certificate shall be governed by the laws of the State of California and the federal securities laws.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound, have caused this Continuing Disclosure Certificate to be executed as of the date first above written.

ALAMEDA CORRIDOR TRANSPORTATION
AUTHORITY

By: _____
John Doherty
Chief Executive Officer

ATTEST:
By: _____
Name: _____
Its: _____

The foregoing document is hereby approved as to form:

By: _____
Name: _____
Title: Co-General Counsel
Date: _____

CITY OF LONG BEACH, acting by and through its Board
of Harbor Commissioners

By: _____
Name: _____
Its: _____

The foregoing document is hereby approved as to form:

By: _____
Name: _____
Title: _____
Date: _____

CITY OF LOS ANGELES, acting by and through its Board
of Harbor Commissioners

By: _____
Name: _____
Its: _____

The foregoing document is hereby approved as to form:

By: _____
Name: _____
Title: _____
Date: _____

(SIGNATURE PAGE TO ACTA CONTINUING DISCLOSURE CERTIFICATE)

EXHIBIT A

**FORM OF NOTICE OF
FAILURE TO FILE ANNUAL REPORT**

Obligated Person: Alameda Corridor Transportation Authority

Name of Issue: Alameda Corridor Transportation Authority Tax-Exempt
Subordinate Lien Revenue Refunding Bonds, Series 2016A
Alameda Corridor Transportation Authority Tax-Exempt Second
Subordinate Lien Revenue Refunding Bonds, Series 2016B

Issuance Date: [TBD]

NOTICE IS HEREBY GIVEN that the ALAMEDA CORRIDOR TRANSPORTATION AUTHORITY (the “**Authority**”) has not provided an Annual Report with respect to the above named Bonds as required by Section 3 of the Continuing Disclosure Certificate dated as of [DATE], executed and delivered by the Authority; the City of Long Beach, acting by and through its Board of Harbor Commissioners; and the City of Los Angeles, acting by and through its Board of Harbor Commissioners. [The Authority anticipates that the Annual Report will be filed by _____.]

Dated: _____

ALAMEDA CORRIDOR TRANSPORTATION
AUTHORITY

By: _____
Title: _____

Letterhead of the Port of Los Angeles

LETTER OF REPRESENTATION

_____, 2016

Merrill Lynch, Pierce, Fenner & Smith Incorporated,
as Representative of the Underwriters
[ADDRESS]
[ADDRESS]

Alameda Corridor Transportation Authority
One Civic Plaza Drive, Suite 350
Carson, California 90745

Ladies and Gentlemen:

The Alameda Corridor Transportation Authority (the “Authority”) proposes to issue the \$_____ aggregate principal amount of Alameda Corridor Transportation Authority Subordinate Lien Revenue Refunding Bonds, Series 2016A (the “Series 2016A Bonds”), \$_____ aggregate principal amount of Alameda Corridor Transportation Authority Second Subordinate Lien Revenue Refunding Bonds, Series 2016B (the “Series 2016B Bonds” and together with the Series 2016A Bonds, the “Bonds”), pursuant to a Master Trust Indenture, dated as of January 1, 1999 (the “Master Indenture”), as supplemented and amended by the First Supplemental Trust Indenture, the Second Supplemental Trust Indenture, the Third Supplemental Trust Indenture and the Fourth Supplemental Trust Indenture, each dated as of January 1, 1999, the Fifth Supplemental Trust Indenture, dated as of June 1, 2003, the Sixth Supplemental Trust Indenture and the Seventh Supplemental Trust Indenture, each dated as of February 1, 2004, the Eighth Supplemental Trust Indenture, dated as of June 1, 2012, the Ninth Supplemental Trust Indenture, dated as of February 1, 2013 (collectively, the “Prior Supplemental Indentures”), and by the Tenth Supplemental Trust Indenture and the Eleventh Supplemental Trust Indenture, each to be dated as of _____, 2016 (the “Tenth Supplemental Indenture” and the “Eleventh Supplemental Indenture,” respectively, and the Master Indenture, as supplemented and amended by the Prior Supplemental Indentures and by the Tenth Supplemental Indenture and the Eleventh Supplemental Indenture, the “Indenture”), each between the Authority and U.S. Bank National Association, as trustee (the “Trustee”).

The Authority, BNSF Railway Company (“BNSF”), the Union Pacific Railroad Company (“Union Pacific” and together with BNSF, the “Railroads”), the City of Los Angeles, acting by and through its Board of Harbor Commissioners (the “Port of Los Angeles”), and the City of Long Beach, acting by and through its Board of Harbor Commissioners (the “Port of Long Beach” and together with the Port of Los Angeles, the “Ports”), have entered into the Alameda Corridor Use and Operating Agreement, dated as of October 12, 1998, as amended by

the First Amendment to Alameda Corridor Use and Operating Agreement, dated as of July 5, 2006 (collectively, the “Use and Operating Agreement”), pursuant to which the Railroads have agreed to pay certain fees and charges for the use of the Rail Corridor and the Ports have agreed to make certain Shortfall Advances on the terms and subject to the conditions set forth therein. Certain revenues and other moneys to be derived by the Authority in connection with the Use and Operating Agreement are being pledged to secure the payment of the principal of, premium, if any, and interest on the Bonds.

The Bonds are being sold pursuant to a Bond Purchase Agreement, dated _____, 2016 (the “Purchase Agreement”), between the Authority and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as representative (the “Representative”) of the Underwriters named therein.

Capitalized terms used but not defined herein shall have the meanings given such terms in the Purchase Agreement or in the Use and Operating Agreement.

1. To induce the Authority and the Representative to enter into the Purchase Agreement and the Underwriters to purchase and reoffer the Bonds as contemplated in the Purchase Agreement, the Port of Los Angeles hereby represents and agrees with each of you as follows:

(a) the information relating to the Port of Los Angeles in the Preliminary Official Statement relating to the Bonds, dated _____, 2016, of the Alameda Corridor Transportation Authority (collectively, the “Preliminary Official Statement”), and in the Official Statement relating to the Bonds, dated _____, 2016 (the “Official Statement”), under the headings “INTRODUCTION—The Ports,” “AUTHORITY REVENUES—Recent and Budgeted Cargo Throughput and Revenue Collections,” “THE PORTS” and “CONTINUING DISCLOSURE—The Authority and the Ports” and in Appendix B, has been provided to the Authority by the Port of Los Angeles for use in the Preliminary Official Statement and the Official Statement and is true and correct, and such information includes certain financial statements and other historical information with respect to the Port of Los Angeles, which fairly present the financial position of the Port of Los Angeles as of the dates indicated and the results of its operations, for the periods therein specified, and are in conformity with generally accepted accounting principles applicable to the Port of Los Angeles applied on a consistent basis, and there has been no material adverse change in the financial condition or results of operations of the Port of Los Angeles since the date thereof;

(b) since the date of the Port of Los Angeles’s audited financial statements included in the Preliminary Official Statement and in the Official Statement, the Port of Los Angeles has not sustained any material loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree, otherwise than as disclosed in the Preliminary Official Statement and in the Official Statement; and there has not been any material adverse change affecting the financial position or results of operations of Port of Los Angeles, otherwise than as disclosed in the Preliminary Official Statement and in the Official Statement;

(c) the City of Los Angeles has been duly incorporated and is a validly existing charter city under the laws of the State of California, with power and authority vested in its

Board of Harbor Commissioners to manage its properties, and to conduct its business as described in the Preliminary Official Statement and in the Official Statement;

(d) this Letter of Representation and the Continuing Disclosure Certificate have been duly authorized, executed and delivered by the Port of Los Angeles and, assuming the due execution and delivery thereof by the other parties thereto, as applicable, constitute the legal, valid and binding obligations of the Port of Los Angeles enforceable in accordance with their terms, except to the extent that enforceability is subject to bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights and remedies generally and to the application of equitable principles where equitable remedies are sought; and the Use and Operating Agreement and the Use Permit (collectively, the "Port Agreements") constitute legal, valid and binding obligations of the Port of Los Angeles enforceable in accordance with their terms, except to the extent that enforceability is subject to bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights and remedies generally and to the application of equitable principles where equitable remedies are sought;

(e) the execution and delivery by the Port of Los Angeles of this Letter of Representation and the Continuing Disclosure Certificate, the performance by the Port of Los Angeles of its obligations hereunder and under the Continuing Disclosure Certificate and the Port Agreements, and the consummation of the transactions herein and therein contemplated do not and will not (i) conflict with any of the terms, conditions or provisions of the Charter of the City of Los Angeles, or (ii) conflict with, result in a material breach of or constitute a material default under any of the terms or conditions of any indenture, mortgage, deed of trust, lease or other agreement or instrument to which the Port of Los Angeles is a party, or any laws, judgment, decree, rules or regulations applicable to Port of Los Angeles of any court or other governmental body or any other applicable requirement of law, except for conflicts, breaches or defaults which, individually or in the aggregate, would not materially and adversely affect the Port of Los Angeles's ability to perform its obligations under this Letter of Representation, the Continuing Disclosure Certificate and the Port Agreements; and no consent, approval, authorization, order, registration or qualification of or with any such court or governmental agency or body was or is required for the execution and delivery of, and performance by the Port of Los Angeles of its obligations under this Letter of Representation, the Continuing Disclosure Certificate and the Port Agreements or the consummation by the Port of Los Angeles of the transactions contemplated herein or therein;

(f) there are no legal or governmental proceedings pending to which the Port of Los Angeles is a party or of which any property of the Port of Los Angeles is the subject, which the Port of Los Angeles has reasonable cause to believe will, either individually or in the aggregate, have a material adverse effect on the current or future financial position or results of operations of the Port of Los Angeles; and, to the best of the Port of Los Angeles's knowledge, no such proceedings are threatened by governmental authorities or threatened by others;

(g) there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or, to the best of the Port of Los Angeles's knowledge, threatened against the Port of Los Angeles contesting or affecting the powers of the Port of Los Angeles with respect to, or the validity or enforceability

of, or any authority for, this Letter of Representation, the Continuing Disclosure Certificate and the Port Agreements;

(g) the Port of Los Angeles is not in material breach of or in material default under any of the Port Agreements, and to its knowledge, the Port of Los Angeles is not in material breach of or in material default under any loan agreement, note, bond, resolution, indenture, agreement or other instrument to which the Port of Los Angeles is, or on or after the date of the Closing will be, a party or to which the Port of Los Angeles or any of its properties or assets is otherwise subject, and no event has occurred and is continuing that constitutes or that, with the passage of time or the giving of notice, or both, would constitute a material breach of or material default or event of default under any such agreement, law, regulation or instrument.

2. The Port of Los Angeles will undertake, pursuant to the Use and Operating Agreement and the Continuing Disclosure Certificate, to provide certain annual financial and operating information and to provide notices upon the occurrence of certain enumerated events. The form of this undertaking is set forth in the Continuing Disclosure Certificate included as Appendix D in the Preliminary Official Statement and in the Official Statement. During the previous five years, the Port of Los Angeles has not failed to comply in any material respect with any of its previous undertakings under Rule 15c2-12.

3. The Port of Los Angeles hereby approves the Authority's obtaining of a debt service reserve surety policy, as permitted by the Indenture, in lieu of funding the Debt Service Reserve Account for the Bonds with bond proceeds, by obtaining a surety policy from a surety provider whose credit rating is at least "A" or better from at least one nationally recognized rating agency, for the purpose of achieving present value debt service savings, notwithstanding the provisions of Section 7.3(k) of the Use and Operating Agreement, or any other provision thereof.

4. The Port of Los Angeles acknowledges and agrees that (i) in connection with the purchase and sale of the Bonds and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriters are and have been acting solely as principals and not as the agents or fiduciaries of the Port of Los Angeles; (ii) the Underwriters have not assumed a fiduciary responsibility in favor of the Port of Los Angeles with respect to: (a) the offering of the Bonds or the process leading thereto (whether or not the Underwriters, or any affiliates of the Underwriters, have advised or are currently advising the Port of Los Angeles on other matters) or (b) any other obligation to the Port of Los Angeles except the obligations expressly set forth in the Bond Purchase Agreement and in this Letter of Representation; and (iii) the Port of Los Angeles has consulted its own legal, financial and other advisors to the extent it has deemed appropriate in connection with this transaction.

5. At the Closing, the Port of Los Angeles shall cause to be delivered to you the opinion of counsel to the Port of Los Angeles referred to in Paragraph [9(e)(x)] of the Purchase Agreement.

[Signature page follows]

6. No representation or covenant herein shall be deemed to be the representation or covenant of any official, officer, agent or employee of the Port of Los Angeles in his or her individual capacity.

Very truly yours,

**THE CITY OF LOS ANGELES,
BY ITS BOARD OF HARBOR
COMMISSIONERS**

By: _____
Title: _____

Accepted as of the date hereof:

**Merrill Lynch, Pierce, Fenner & Smith Incorporated
As Representative of the Underwriters**

By: _____
Name: [_____]
Title: [_____]

Alameda Corridor Transportation Authority

By: _____
Name: John Doherty
Title: Chief Executive Officer

THE PORT OF LOS ANGELES

POLA is obligated only to make certain payments required by the Operating Agreement and is not responsible for paying, and is not guaranteeing the payment of, the principal or accreted value of, premium, if any, or interest on the Bonds, including the Series 2016 Bonds. The Bonds are not secured by a lien on any properties or improvements of the City of Los Angeles or of POLA, or by a pledge of any revenues of POLA. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Limited Obligations.” Under certain circumstances, the Operating Agreement requires POLA to pay Shortfall Advances, the payment of which is a limited obligation, payable solely from POLA’s net revenues, after all of POLA’s other obligations, including operation and maintenance costs, are paid. See “AUTHORITY REVENUES—Shortfall Advances” and “BONDHOLDERS’ RISKS—Shortfall Advances are Limited, Subordinate Obligations of the Ports.” POLA has agreed that it will include in its budget Shortfall Advances of which it has notice, but POLA is not required to reserve or to set aside any funds, and the payment of Shortfall Advances by POLA is payable after all of POLA’s other obligations, including operation and maintenance costs, have been paid.

The information about POLA in this Official Statement was provided by POLA. The Authority makes no representation concerning such information.

General

The Harbor Department of the City of Los Angeles (the “LA Harbor Department”) is a proprietary, independent department of the City of Los Angeles similar to the Los Angeles Department of Water and Power and the Los Angeles Department of Airports. The LA Harbor Department operates POLA independently from the City of Los Angeles, using POLA’s own revenues, and administers and controls its fiscal activities, subject to oversight by the City Council of the City of Los Angeles. The City of Los Angeles holds in trust and the LA Harbor Department administers POLA’s facilities, located in San Pedro Bay, approximately 20 miles south of downtown Los Angeles. POLA’s facilities lie within the shelter of a nine-mile long breakwater constructed by the federal government in several stages, the first of which commenced in 1899. The breakwater encloses the largest man-made harbor in the Western Hemisphere.

POLA has three major continuing sources of revenue: shipping revenue, which is a function of cargo throughput; revenue from the rental of POLA’s land and buildings (i.e., revenue from permit and lease agreements); and the smallest component, fee and royalty revenue.

POLA operates as a landlord, issuing permits for the use of POLA land, docks, wharves, transit sheds, terminals and other facilities. POLA also is landlord to various shipyards, fish markets, ocean-related entities (i.e., fisheries and ship repair), railroads, restaurants and other similar operations. These arrangements are entered into under various lease and permit agreements. Under the permit agreements the occupants agree to pay tariffs or fees established by POLA. Permittees are generally shipping or terminal companies, agents or other private firms. POLA has no direct role in managing the daily movements of cargo. POLA also recovers its costs of providing services and improvements through tariff charges for shipping services.

Most of the property on which POLA’s land, docks, wharves, transit sheds, terminals and other facilities are located is owned by the City of Los Angeles and administered by POLA, subject to a trust created pursuant to certain tideland grants from the State. These tidelands were granted to the City of Los Angeles under the State Tidelands Trust Act by the California State Legislature in 1911 for the purpose of promoting commerce, navigation and fishery. Subsequent state legislative action 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 of Los Angeles'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 Los Angeles Harbor Revenue Fund are subject to the tidelands trust use restrictions. POLA does not expect that restrictions on the use of tidelands or with respect to tidelands funds will materially adversely affect POLA's operations or finances of POLA. Tideland grants and terms of the tidelands trusts are subject to amendment or revocation by the California Legislature, as grantor of the trust and as representative of the beneficiaries (the people of the State).

According to the American Association of Port Authorities, during calendar year 2014, POLA was the busiest container port in North America in terms of cargo volume, handling approximately 8.3 million TEUs. According to statistics compiled by the Journal of Commerce, during calendar year 2014, POLA and the Port of Long Beach ("POLB"), combined, ranked as the tenth busiest container port complex in the world in terms of TEUs handled. POLA handled approximately 8.2 million TEUs during calendar year 2015, as compared to approximately 8.3 million TEUs during calendar year 2014.

Physical Description and Geography

In terms of physical size, POLA covers approximately 7,500 acres (4,300 acres of land and 3,200 acres of water); 43 miles of waterfront berthing; and 27 passenger and cargo terminal facilities, including eight major container cargo terminals, four break-bulk facilities, seven petroleum/liquid bulk cargo terminals, three dry bulk facilities, two passenger cruise terminals, one vehicle handling facility and two multi-use facilities. POLA is served by the two Railroads and is at the terminus of two major highways within the Los Angeles area highway system. POLA also is linked by subsurface pipelines to many of the major refineries and petroleum distribution terminals within the Los Angeles basin. POLA is a deep-water port with a minimum depth of 45 feet below mean low water throughout the main channels and 53 feet at the bulkloader and supertanker channels. POLA recently completed the dredging of its main channel to the depth of 53 feet to accommodate the most modern container ships. POLA currently has the capability to handle modern, deeper-draft vessels. Because there is no significant source of river sand or silt in the POLA harbor, these channels do not require frequent dredging for maintenance purposes. Sand and silt deposits are typically restricted to storm drain outlets and the adjacent Dominguez Channel. Maintenance dredging typically occurs every three years to remove accumulations of deposits throughout the port complex.

Many of the container terminal operators located at POLA utilize the Intermodal Container Transfer Facility (the "ICTF"), a specialized rail yard for the transfer of containers to and from trucks and railcars, located five miles from POLA. The ICTF was financed and constructed by Southern Pacific Transportation Company and the Intermodal Container Transfer Facility Joint Powers Authority, a joint powers authority organized by the Ports. The ICTF is operated by Union Pacific under a long-term lease agreement.

POLA's major permittees (tenants) as of June 30, 2015 are listed in Table B-1 below.

TABLE B-1

**PORT OF LOS ANGELES
MAJOR PERMITTEES (TENANTS)
AS OF JUNE 30, 2015**

APM Terminals Pacific LTD/Maersk	SA Recycling/Hugo Neu-Proler Corp
China Shipping Holding Company, LTD	Shell Oil Company
Eagle Marine Services Ltd.	TraPac, Inc.
Everport Terminal Services Inc.	Ultramar Marine Inc.
Exxon-Mobil Oil Corporation	Union Pacific Railroad Company
Kinder Morgan/GATX Terminals Corporation	Vopak/Wilmington Liquid Bulk Terminal
Parking Concepts, Inc.	WWL Vehicle Services Americas/Distribution and Auto Services
Phillips 66 Company	Yang Ming Transport Ltd.
Ports America Cruise, Inc.	Yusen Terminal Inc./N.Y.K. (North America) Inc.
Rio Doce Pasha Terminal, L.P.	

Source: POLA

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

Source of Funds for Payment of Shortfall Advances

Pursuant to the Operating Agreement, POLA is obligated to include in its budget each fiscal year an amount equal to the amount of projected Shortfall Advances for such fiscal year that has been forecasted by the Authority and for which due notice thereof has been provided to POLA by the Authority. The payment of Shortfall Advances by POLA is payable after all of POLA’s other obligations, including operation and maintenance costs and POLA’s debt service, are paid. POLA has established a special reserve fund known as the “Emergency/ACTA Fund”, the purpose of which is to pay for any unexpected expense that may arise during a fiscal year, including, but not limited to, Shortfall Advances. As of the date of this Official Statement, approximately \$47.6 million is on deposit in the Emergency/ACTA Fund.

Financial and Operation Information

The Los Angeles Harbor Revenue Fund is a separate fund established by the Charter of the City of Los Angeles. All fees, charges, rentals and revenue from every source collected by POLA in connection with its possession, management and control of the Los Angeles Harbor District and Los Angeles Harbor Assets (as defined in the Charter of the City of Los Angeles) are deposited in the Harbor Revenue Fund. All such moneys and revenues deposited in the Los Angeles Harbor Revenue Fund are under the direction and control of the Los Angeles Board of Harbor Commissioners (the “POLA Board”). POLA expends moneys in the Los Angeles Harbor Revenue Fund, from time to time, to pay operating and maintenance expenses and debt service on its outstanding indebtedness. Remaining revenues constitute surplus revenues and may be used for any lawful purposes, including, among other things, payment of Shortfall Advances.

The following Table B-2 sets forth a breakdown of the Department's operating revenues, expenses and net assets for Fiscal Years 2011 through 2015.

TABLE B-2
PORT OF LOS ANGELES
SUMMARY OF REVENUES, EXPENSES AND NET ASSETS
FISCAL YEARS ENDED JUNE 30, 2011 THROUGH 2015
(in thousands of dollars)

	2011	2012	2013	2014	2015
REVENUES					
Shipping Services					
Wharfage	\$ 317,621	\$ 333,757	\$ 322,821	\$ 350,928	\$ 336,997
Dockage	5,848	4,813	4,689	4,930	6,097
Demurrage	238	230	228	223	329
Pilotage	7,417	7,131	6,954	7,540	7,110
Assignment Charges	12,374	11,785	13,184	13,592	14,365
Total Shipping Services	\$ 343,498	\$ 357,716	\$ 347,876	\$ 377,213	\$ 364,899
Rentals					
Land	\$ 42,693	\$ 40,127	\$ 38,856	\$ 38,189	\$ 45,255
Other	2,735	3,016	4,034	1,966	979
Total Rentals	\$ 45,428	\$ 43,143	\$ 42,890	\$ 40,156	\$ 46,233
Royalties, Fees and Other Operating Revenues	11,577	8,928	6,602	8,582	35,763
Total Operating Revenues	\$ 400,503	\$ 409,787	\$ 397,368 ⁽¹⁾	\$ 425,951	\$ 446,895
EXPENSES					
Operating and Administrative Expenses					
Salaries and Benefits	\$ 98,838	\$ 98,614	\$ 101,861	\$ 93,668	\$ 92,786
Pension Expenses Adjustment ⁽²⁾	--	--	--	18,385	19,002
City Services and Payments	29,964	32,014	31,074	33,633	34,749
Outside Services	29,367	27,660	29,690	26,331	28,983
Utilities	6,612	6,653	5,726	12,335	19,373
Materials and Supplies	6,249	6,314	5,989	6,883	6,257
Pollution Remediation Expenses	14,698	11,635	11,635	1,268	(211)
Marketing and Public Relations	2,912	3,177	2,877	2,711	2,771
Workers' Compensation, Claims and Settlement	4,633	7,507	3,550	1,959	2,503
Clean Truck Program Expenses	5,445	790	934	1,100	949
Travel and Entertainment	804	932	1,139	548	512
Other Operating Expenses	10,174	4,511	10,694	6,533	26,574
Total Operating and Administrative expenses	209,695	199,806	205,169	205,354	234,249
Income from Operations before Depreciation	190,808	209,981	192,199	220,597	212,646
Depreciation	90,468	100,485	108,037	124,221	137,384
Operating income	100,340	109,496	84,162	96,376	75,262
Nonoperating Revenues/(Expenses)					
Income From Investments in JPAs and Other Entities	(333)	1,851	2,049	2,129	2,811
Interest and Investment Income	6,436	9,486	826	4,654	5,039
Interest Expense	(3,704)	(10,538)	(2,473)	(1,530)	(330)
Other Income and Expenses, net	(6,667)	(8,359)	784	(27,364)	(2,226)
Net Nonoperating Revenues/(Expenses)	(4,268)	(7,560)	1,186	(22,111)	5,293
Income Before Capital Contributions	\$ 96,072	\$ 101,936	\$ 85,348	\$ 74,265	\$ 80,555
Capital Contributions	12,059	31,307	17,630	80,374	111,852
Special item	--	--	13,387	15,002	--
Changes in Net Assets	108,131	133,243	116,365	169,640	192,407
Total Net Assets – Beginning of Year	2,534,754	2,642,885	2,776,128	2,884,351	3,064,554
Net Adjustment for Prior Year Amortization of Bond Premium/Discount	--	--	--	10,562	--
Net Adjustment for Prior Year Pension Expense	--	--	--	--	(194,062) ⁽³⁾
Net Adjustment for Write-Off of Prior Period Bond Costs	--	--	(8,142)	--	--
Total Net Assets – End of Year	\$2,642,885	\$2,776,128	\$2,884,351	\$3,064,554	\$3,062,899

⁽¹⁾ In October 2012, Transpacific 8, a service route jointly operated by Mediterranean Shipping Co., Maersk Line and CMA CGM, transferred from POLA to POLB and initially it impacted both cargo volume and associated revenue at POLA. POLA has since recovered from the initial impact through ongoing capital investment to enhance capacity and recent favorable movement of alliance traffic.

⁽²⁾ Pension expenses incurred in fiscal years ended June 30, 2014 and 2015 have been reported separately from "Salaries and Benefits" expense as a result of the implementation of Governmental Accounting Standards Board ("GASB") "Statement No. 68, Accounting and Financial Reporting for Pensions" ("GASB 68") and GASB "Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measure Date" ("GASB 71"). Pension expenses incurred in fiscal years ended June 30, 2011 through 2013 have been reported within "Salaries and Benefits" expense.

⁽³⁾ One-time adjustment required by GASB 68 and GASB 71. Refer to Note 1(B) "Summary of Significant Accounting Policies—Restatement" in the Department's Comprehensive Annual Financial Report for the fiscal years ended June 30, 2015 and 2014 for more information.

Note: TEU = twenty foot equivalent units.

Source: POLA

The following Table B-3 provides a summary of the type and volume of cargo handled at POLA for the past ten Fiscal Years.

TABLE B-3
PORT OF LOS ANGELES
REVENUE TONNAGE BY CARGO TYPE⁽¹⁾
FISCAL YEARS 2006 THROUGH 2015
(in thousands of metric revenue tons)

Fiscal Year Ended June 30	General Cargo	Liquid Bulk⁽²⁾	Dry Bulk⁽³⁾	Total⁽⁴⁾	% Increase (Decrease) in Total Tonnage over Prior Year
2006	155,200	16,000	3,600	174,800	8.1%
2007	171,900	15,400	2,800	190,100	8.8
2008	161,900	6,200	1,900	170,000	(10.6) ⁽⁶⁾
2009	144,400	11,100	2,000	157,500	(7.4) ⁽⁶⁾
2010	145,800	10,700	1,300	157,800	0.2
2011 ⁽⁵⁾	149,100	10,600	1,200	160,900	2.0
2012 ⁽⁵⁾	163,900	9,900	1,100	174,900	8.7
2013	156,300	7,800	1,000	165,100	(5.6) ⁽⁷⁾
2014	165,000	10,500	900	176,400	6.8
2015	165,100	10,300	1,400	176,800	0.2

⁽¹⁾ Numbers are rounded.

⁽²⁾ For fiscal year ended June 30, 2007, the number includes 7,354,000 metric revenue tons, which represents a correcting entry for multiple prior years.

⁽³⁾ Dry bulk cargo includes steel slabs, sulfur, pipe, beams, scrap metal, coal, ores, cement, fertilizers and bauxite.

⁽⁴⁾ Computed on an accrual basis, adjusted for unverified amounts.

⁽⁵⁾ Tonnage changes due to post-close adjustments.

⁽⁶⁾ Due to the global economic downturn that began in December 2007, the Department experienced declines in total revenue tonnage in the fiscal years ended June 30, 2008 and June 30, 2009.

⁽⁷⁾ In October 2012, Transpacific 8, a service route jointly operated by Mediterranean Shipping Co., Maersk Line and CMA CGM, transferred from POLA to POLB and initially it impacted both cargo volume and associated revenue at POLA. POLA has since recovered from the initial impact through ongoing capital investment to enhance capacity and recent favorable movement of alliance traffic.

Source: POLA

TABLE B-4

**PORT OF LOS ANGELES
CONTAINER TRAFFIC
CALENDAR YEARS 2011-2015 (HISTORICAL); CALENDAR YEARS 2016 AND 2017 (FORECASTED)
(TEUs)**

	Historical					Forecasted	
	2011	2012	2013	2014	2015	2016	2017
Inbound⁽¹⁾	4,066,764	4,092,621	3,976,692	4,269,760	4,159,462		
Outbound⁽¹⁾	2,109,394	2,043,076	1,921,069	1,932,014	1,656,677		
Empties	1,764,353	1,942,017	1,970,822	2,138,291	2,344,319		
Total TEUs⁽²⁾	7,940,511	8,077,714	7,868,583	8,340,065	8,160,458		

⁽¹⁾ Fully loaded.

⁽²⁾ Totals may not sum due to rounding.

Source: POLA.

TABLE B-5

**PORT OF LOS ANGELES
CONTAINER TRAFFIC
FISCAL YEARS 2011-2015 (HISTORICAL); FISCAL YEARS 2016-2017 (FORECASTED)
(TEUs)**

	Historical					Forecasted	
	2011	2012⁽¹⁾	2013⁽¹⁾	2014	2015	2016	2017
Inbound⁽²⁾	4,043,089	4,172,744	3,936,484	4,178,641	4,187,443		
Outbound⁽²⁾	1,933,888	2,159,949	1,909,019	1,976,387	1,788,266		
Empties	1,958,454	1,852,814	1,931,957	2,054,828	2,216,251		
Total TEUs⁽³⁾	7,935,431	8,185,507	7,777,460	8,209,856	8,191,960		

⁽¹⁾ Restated.

⁽²⁾ Fully loaded.

⁽³⁾ Totals may not sum due to rounding.

Source: POLA.

The following Table B-6 shows the breakdown of shipping revenues by container and noncontainer for Fiscal years 2006 through 2015. Shipping revenues are comprised of wharfage, dockage, demurrage, cranes, pilotage, assignment charges, and storage

TABLE B-6
PORT OF LOS ANGELES
SHIPPING REVENUE BREAKDOWN⁽¹⁾
FISCAL YEARS ENDED JUNE 30, 2006-2015

Fiscal Year Ended June 30	Total Shipping Revenues (000)	Container Shipping Revenues (000)	TEUs (000)	Container Shipping Revenue Per TEU	Non-Container Shipping (000)	Non-Container Tons (000)	Non-Container Shipping Revenue Per Ton
2006	\$373,300	\$311,400	7,801	\$39.92	\$61,900	30,832	\$2.01
2007	375,500	324,200	8,650	37.48	51,300	21,731	2.36
2008	374,900	328,800	8,083	40.68	46,100	18,450	2.50
2009	329,300	293,100	7,262	40.36	36,200	14,518	2.49
2010	327,600	296,500	7,228	41.02	31,100	12,525	2.48
2011	343,500	306,300	7,935	38.60	37,200	14,896	2.50
2012	357,700	321,900	8,186	39.32	35,800	13,800	2.59
2013 ⁽²⁾	347,900	313,700	7,777	40.34	34,200	11,700	2.92
2014	377,200	335,700	8,210	40.89	41,500	14,900	2.79
2015	364,900	325,500	8,192	39.73	39,400	15,100	2.61

⁽¹⁾ Numbers are rounded.

⁽²⁾ In October 2012, Transpacific 8, a service route jointly operated by Mediterranean Shipping Co., Maersk Line and CMA CGM, transferred from POLA to POLB and initially it impacted both cargo volume and associated revenue at POLA. POLA has since recovered from the initial impact through ongoing capital investment to enhance capacity and recent favorable movement of alliance traffic.

Source: POLA.

The following Table B-7 shows a breakdown of total TEUs by country of origin for imports and country of destination for exports.

TABLE B-7
PORT OF LOS ANGELES
TEU COUNT BY COUNTRY
FISCAL YEAR ENDED JUNE 30, 2015

Exports Country	Export TEUs	% of Total	Imports Country	Import TEUs	% of Total
China	609,179	37.9%	China	2,366,581	58.7%
Japan	210,751	13.1	Japan	253,512	6.3
Taiwan	169,721	10.6	Vietnam	227,801	5.6
South Korea	155,960	9.7	Taiwan	217,241	5.4
Hong Kong	50,027	3.1	South Korea	190,170	4.7
Vietnam	46,542	2.9	Thailand	158,369	3.9
Indonesia	39,484	2.5	Hong Kong	106,946	2.7
Thailand	36,946	2.3	Indonesia	103,723	2.6
Singapore	35,832	2.2	Malaysia	70,222	1.7
Philippines	29,440	1.8	India	50,342	1.2
All Others	222,330	13.9	All Others	287,276	7.2
Total Exports	1,606,212	100.0	Total Imports	4,032,183	100.0

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

Security

POLA's port security program is designed to secure POLA through prevention and deterrence. POLA security operations are conducted by the Los Angeles Port Police. The POLA security program consists of operational security measures supported by advanced surveillance, communications, command and control and sensor systems. Additionally, POLA is engaged in development and implementation of national and international port and cargo security standards and regulations. The security program is closely coordinated with a number of federal, State and local agencies.

Since 2010, POLA has been awarded approximately \$8.6 million in grants to fund safety and security projects by federal and State government agencies, including the U.S. Department of Homeland Security, the Federal Emergency Management Agency, the Transportation Security Administration and the State Office of Homeland Security.

POLA has made significant progress on initiatives to improve security such as a Port-wide surveillance camera system, a fiber optic data network, a centralized Operations Center, implementation of the Transportation Workers Identification Credential security credentialing program and continued engagement with the Federal Government and overseas ports in improving the security of international supply chains. POLA continues to seek additional funding to support the security program from State and federal levels.

Capital Improvement Projects.

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

Expenditures for capital improvement projects in POLA's fiscal year 2015 were approximately \$255.6 million, comprised of: Terminal Projects (a total of approximately \$152.1 million), Transportation Projects (a total of approximately \$84.6 million), Security Projects (a total of approximately \$3.8 million), Public Access/Environmental Enhancement Projects (a total of approximately \$7.2 million), and Maritime Services Projects (a total of approximately \$7.9 million).

Table B-8 provides a summary of the total estimated project costs by category of POLA's capital improvement program for Fiscal Years 2016-2020.

TABLE B-8
PORT OF LOS ANGELES
CAPITAL IMPROVEMENT PROGRAM BY CATEGORY
FISCAL YEARS 2016-2020

Project Category	Estimated Total Cost (\$ millions)
Terminal Projects	\$416
Transportation Projects	56
Security Projects	1
Public Access/Environmental Enhancement Projects	168
Maritime Projects	<u>161</u>
Total	<u>\$803</u>

Source: POLA

Terminal Projects. Following are summaries of certain of POLA's major Terminal Projects.

TraPac Terminal Expansion. The TraPac terminal project (the "TraPac Terminal Project") includes expansion between Berths 136 and 147 on POLA's northwest perimeter to facilitate TraPac's expansion of cargo handling and to increase efficiency. POLA estimates that the TraPac Terminal Project will increase potential related TEU throughput by TraPac from 900,000 TEUs (baseline year 2003) to 2.4 million TEUs by 2025. The TraPac Terminal Project consists primarily of wharf and backland improvements, an intermodal container transfer facility, terminal buildings and installation of Alternative Maritime Power ("AMP") improvements (consists of plugging into shore-side electrical power while at dock). The facility spans 172 acres. The TraPac Terminal Project will be POLA's most advanced container terminal with advanced automation technology being implemented for the new backland and railyard areas. The TraPac Terminal Project has a budget of \$510 million (approximately \$85 million of which remains to be expended) and is expected to be completed in March 2017. Construction of the wharf improvements, the Phase 1A, 1B and 1C backland improvements, the new main gate and the terminal buildings have been completed. Construction of backland improvements in Phases 2, 3 and 4 and the on-dock rail facility are in progress. POLA intends to use proceeds from previously issued POLA bonds and cash from operations to finance costs of the TraPac Terminal Project. POLA's long-term contract with TraPac expires in 2039. See "Environmental and Regulatory Matters—Recent Developments Relating to TraPac EIR" below for recent developments with respect to the TraPac Terminal Project Environmental Impact Report ("EIR").

YTI Terminal Expansion. The Yusen Terminals Inc. ("YTI") container terminal redevelopment project (the "YTI Container Terminal Redevelopment Project") includes backland and wharf improvement and expansion of the intermodal container transfer facility located at the YTI terminal. The facility spans 183 acres. The backland improvement includes pavement repair and the construction of concrete runways. Wharf improvements include dredging at Berths 217-220 from an existing depth of 45 feet to 47 feet, dredging at Berths 214-216 from an existing depth of 45 feet to 53 feet, new landslide crane rail extension along Berths 217-220 and four AMP box relocations from Berths 214-216 to Berths 217-220. The EIR and the Environmental Impact Statement ("EIS") for the YTI Container Terminal Redevelopment Project was completed in November 2014. The YTI Container Terminal Redevelopment Project is estimated to cost approximately \$85 million (approximately \$[61.6] million of which remains to be expended) and is expected to be completed in September 2017. POLA intends to use proceeds from previously issued POLA bonds and cash from operations to finance costs of the YTI Container Terminal Redevelopment Project. POLA's long-term contract with YTI expires in 2026.

China Shipping Terminal Expansion. The China Shipping expansion project (the "China Shipping Project") provides for a long-term permit agreement with China Shipping and expands China Shipping's terminal capacity to accommodate an annual throughput of 1.5 million TEUs. The facility footprint is being expanded from an existing 73 acres to 132 acres of backland and 2,500 feet of wharf to be served by ten Postpanamax A-frame cranes. The three main phases of the China Shipping Project have been completed. Phase I was completed in December 2004 and consisted of construction of 1,200 feet of wharf at Berth 100, 73 acres of backland development and Access Bridge No. 1. Phase II was completed in December 2010 and consisted of construction of 925 feet of wharf at Berth 102, 18 acres of backland development and Access Bridge No. 2. Phase III was completed in November 2013 and consisted of construction of 375 feet of wharf and 41 acres of backland development. AMP improvements also were installed at the container wharves constructed in Phases I, II and III. Phases II and III also consisted of wharf expansion, backland development, a marine operations building, a crane maintenance building, relocation of the Catalina Express Terminal and installation of AMP improvements. POLA's long-term contract with China Shipping expires in 2030.

In addition to the three main phases of the project, the China Shipping Project includes construction of marine operations and a crane maintenance building. Costs of \$16.8 million related to the marine operations and crane maintenance building are included in POLA's capital improvement program for fiscal years 2016 through 2020. The China Shipping Project also includes several community beautification initiatives, including the redevelopment of an existing community park in San Pedro (Plaza Park), which is currently under

construction, and implementing a beautification plan along area corridors and landscaping along Front Street which runs parallel to the terminal perimeter. POLA intends to use cash from operations to finance costs of the remaining components of the China Shipping Project. See “Environmental and Regulatory Matters—Recent Developments Relating to China Shipping EIR” below for recent developments with respect to the China Shipping Project EIR.

Evergreen Redevelopment. Redevelopment at Berths 226 through 236 (the “Evergreen Redevelopment”) consists of various projects within the Evergreen Container Terminal. These projects include terminal improvements such as dredging Berths 226 through 229 to a depth of -53 feet and Berths 230 through 232 to a depth of -47 feet as well as developing 1.5 acres of new terminal backland. In addition, the Evergreen Redevelopment includes: AMP upgrades and retrofits, panzerbelt trench upgrades and the installation of a water leak detection system. In total, the Evergreen Redevelopment is expected to cost approximately \$60 million. As of June 2015, construction of AMP installations and associated infrastructure at Berths 230 through 232 had been completed. The design of additional AMP vaults at Berths 228 through 230 is currently underway with construction expected to begin in mid-2017. Environmental studies as well as design efforts related to the planned dredging activities and backland development are currently underway and are expected to be completed by late-2016 with construction work anticipated to begin in late-2017.

AltaSea at the Port of Los Angeles. In December 2013, the City Council approved a 50-year lease to transform a 100 year old pier on the LA Waterfront in San Pedro into an urban marine research and innovation center called “AltaSea at the Port of Los Angeles” (the “AltaSea Development”). The lease agreement is between POLA and AltaSea at the Port of Los Angeles (“AltaSea”), a California public benefit corporation established to develop and operate the AltaSea Development. The AltaSea Development involves approximately 35 acres of land and water at the POLA’s City Dock No. 1 site. The AltaSea Development will be developed through a private-public partnership comprised of POLA, AltaSea and regional public and private universities. Phase 1 of the AltaSea Development is estimated to cost \$217 million. As of the date of this Official Statement, funding commitments for Phase 1 of the AltaSea Development include \$58 million in site-related capital investment by POLA and a \$25 million gift by the Annenberg Foundation. The remaining funding for Phase 1 of the AltaSea Development are expected to come from private philanthropic donations, foundation and corporate grants, business sponsorships and other sources.

Marine Oil Terminal Engineering and Maintenance Standards Implementation. Built between 1919 and 1959, POLA has seven liquid bulk facilities (including storage tanks and underground pipeline networks) that handle various types of commodities for both import and export. Vessels calling at these facilities include tankers, barges and bulk carriers. Oil cargo operations within the State generally fall under the jurisdiction of the California State Lands Commission (the “State Lands Commission”). Effective February 2006, the State Lands Commission established the Marine Oil Terminal Engineering and Maintenance Standards (“MOTEMS”) which apply to all existing and new marine oil terminals in the State. One such standard required POLA’s oil terminal facilities to undergo an Initial Audit, the purpose of which was to determine “Fitness-for-Purpose” of all marine oil terminals. Initial Audits were performed at Berths 118-120, 148-151, 163, 164, 167-169, 187-191, and 238-239. As a result of these Initial Audits, Kinder Morgan’s operations at Berths 118-120 will be de-commissioned within five years.

Another MOTEMS requirement is that all liquid bulk wharves at the port be significantly upgraded or replaced. Through ongoing discussions with the State Lands Commission, POLA has agreed to upgrade or replace its liquid bulk wharves by Fiscal Year 2020. As of June 2015, aggregate costs of the upgrade or replacement of liquid bulk wharves are estimated to be approximately \$180 million. Any reimbursement of these costs to POLA will be negotiated with the marine oil terminal tenants as part of currently ongoing lease negotiations. As of the date of this Official Statement, POLA’s financial participation in the costs of these liquid bulk wharf upgrades or replacements are capped at \$7.5 million per berth (or \$60.0 million in the aggregate). POLA intends to use cash from operations to finance costs of the MOTEMS implementation.

A majority of the total remaining project costs related to the aforementioned Terminal Projects have been included in POLA's capital improvement program for Fiscal Years 2016 through 2020. POLA also is reviewing additional Terminal Projects related to the land and facilities currently utilized by cruise ship operators, Yang Ming and APL. However, POLA will not advance the design and construction of these facilities until it and the applicable tenants have reached agreement on, among other things, the scope and costs of the projects. Certain of these projects are described below.

Cruise Terminal. Since 2008, POLA has invested more than \$42 million in improvements to its World Cruise Center. The improvements include four new gangway systems, two complete AMP berths, new rooftop solar panels designed to generate approximately one megawatt of electricity, and other improvements, including new fenders, parking lot reconfigurations, painting, lighting and audio/video upgrades. POLA is planning to expand the current AMP system to allow greater flexibility to accommodate larger cruise ships. POLA also has approved an additional cruise ship terminal at Kaiser Point in the outer harbor terminal which would operate in conjunction with the existing World Cruise Center, enabling POLA to provide more berth space to simultaneously accommodate the larger Voyager class cruise ships and improved navigation for larger ships. Construction of the outer harbor cruise terminal will not be undertaken until such time as market conditions warrant an expansion of the current facilities.

Yang Ming Terminal Project. The Yang Ming terminal project (the "Yang Ming Terminal Project") represents a redevelopment program to upgrade a portion of existing container wharves at Berths 121 through 131 and expand the intermodal container transfer facility located at the Yang Ming terminal. As part of the currently planned container wharf upgrades, an existing 50-foot wharf and dike at Berths 127 through 129 is planned to be demolished and a new 1,260 linear foot wharf that can accommodate a typical 14,000 TEU vessel, approximately 6 to 10 additional cranes as well as AMP infrastructure will be constructed in its place. In addition, Berths 127 through 129 will be dredged to a depth of -53 feet. In addition to the aforementioned wharf upgrades, the Yang Ming Terminal Project is expected to include expansion of the intermodal container transfer facility with four additional loading tracks. In total, the Yang Ming Terminal Project is expected to cost approximately \$185 million, and, as of June 2015, approximately \$14 million has been spent to design and construct AMP installations and associated infrastructure at the Yang Ming terminal. As of June 2015, remaining design and construction work on this project has been put on hold while negotiations with the tenant take place.

APL Terminal Project. The APL terminal project (the "APL Terminal Project"; also known as the "Berths 302-306 Container Terminal Improvements") consists of multiple projects to expand the container terminal located at Berths 302-306 by approximately 50 acres and to modify some existing terminal elements. The expansion area improvements would include: approximately 1,250 linear feet of new wharf, AMP installations, dredging, approximately 41 acres developed for automated operations and approximately 6 acres redeveloped for container terminal operations. As part of the currently conceived project, the existing tenant would also redevelop 17 acres for an automated landside transfer facility as well as an outside truck holding area. The APL Terminal Project is currently estimated to cost approximately \$250 million. The EIR/EIS for the APL Terminal Project was completed in May 2012, and the construction of AMP installations and associated infrastructure at Berths 302 through 305 was completed in March 2014. Through June 2015, approximately \$45 million had been spent on AMP installation and other miscellaneous improvements. As of June 2015, the remaining design and construction work for this project had been put on hold while negotiations with the tenant take place.

Transportation and Other Projects. Following are summaries of certain of POLA's current Transportation Projects and certain other projects.

I-110 Connectors Improvement Program. The I-110 Connectors Improvement Program (the "ICIP") consists of several arterial street and freeway-to-freeway interchange improvements in the immediate vicinity of the intersection of SR 47 (Vincent Thomas Bridge) and I-110 freeway. The projects provided for under the ICIP are designed to improve freeway access to POLA facilities, eliminate traffic movement conflicts, improve

existing non-standard elements, and better accommodate existing and future traffic conditions for POLA and background traffic. POLA and the California Department of Transportation (“Caltrans”) are working in partnership on implementing the ICIP. The ICIP received environmental clearance in February and June of 2012, and construction began in November 2013, with completion expected to occur in the first quarter of calendar year 2017. It is estimated that the cost of the ICIP will be approximately \$104.1 million, of which POLA will be responsible for approximately \$64.0 million. POLA has used or intends to use cash from operations to finance its portion of the costs of the ICIP. The remaining \$40.1 million of funding for the ICIP, is expected to come from grants obtained from various authorities including: the Los Angeles County Metropolitan Transportation Authority, Proposition 1B, the California State Corridors Improvement Funds and the Federal Safe, Accountable, Flexible, Efficient Transportation for Equity Act: A Legacy for Users.

Security Projects. Over the last several years, POLA has implemented numerous initiatives to improve security at its facilities, including a Port-wide surveillance camera system, a fiber optic data network, a state-of-the-art Department Operations Center and the Transportation Workers Identification Credential secure access program.

Public Access/Environmental Enhancements. The LA Waterfront Program is an initiative to improve and enhance areas located along the waterfronts of Wilmington and San Pedro. The LA Waterfront Program is comprised of two segments, the Wilmington Segment and the San Pedro Segment. The Wilmington Segment includes two complementary projects, the Wilmington Waterfront Park Project (the “Wilmington Waterfront Park Project”) and the Wilmington Waterfront Project (the “Wilmington Waterfront Project”). The Wilmington Waterfront Park Project was completed in June 2011 and consists of a 30-acre park with walking trails, water features, plazas, public art and a pedestrian bridge. The EIR for the 94-acre Wilmington Waterfront Project was approved by the POLA Board in June 2009 and, project elements include a waterfront promenade, 11 acres of open green space, plazas, a 200-foot observation tower, Red Car museum, and commercial and light industrial development. The five-year total cost of the Wilmington Segment is estimated to be approximately \$67.6 million.

The San Pedro Segment is generally located along the west side of the Port’s main channel from the Vincent Thomas Bridge to Cabrillo Beach. The San Pedro Segment, the Wilmington Waterfront Park Project and the Wilmington Waterfront Project are all connected along existing roadways in the West Basin area of the Port. The EIR for the San Pedro Segment was approved by the POLA Board in September 2009. The project will transform over 400 acres of property currently operated by POLA. The San Pedro Segment involves development of a variety of land uses within the proposed project area, including, among other things, public waterfront and open space areas, expansion of cruise ship facilities, a continuous waterfront promenade that would extend throughout the proposed project area, upgrades to and expansion of retail and commercial uses, improved transportation infrastructure, and surface and structured parking to accommodate project development within the proposed project area. The five-year cost of the San Pedro Segment is estimated to be approximately \$52.9 million.

Maritime Services Projects. Maritime Services Projects at the Port consist of improvements to POLA’s administration building (“Harbor Administration Building”) and miscellaneous projects that are not classified under the Terminal, Transportation, Security or Public Access/Environmental Enhancement initiatives currently planned at the Port. These projects include the Harbor Administration Building drain line replacement, Liberty Hall Plaza Fire Life Safety System Replacement and Berth 161 Marine Ways Modifications. Other projects include a \$1.7 million upgrade to control systems for the Badger Avenue Railroad Bridge, a \$3.9 million retrofit to the wharf supporting the Maritime Museum at Berth 84 and numerous other projects throughout the Port. POLA intends to use cash from operations to finance costs of the Maritime Services Projects.

Environmental and Regulatory Matters

Environmental Compliance. POLA was the first port in the nation to have an Environmental Management Division. POLA’s Environmental Management Division provides full environmental services

related to water, soils and sediments, air and living resources affected by water, soils and sediments and air. In 2003, the LA Harbor Department adopted an environmental policy, which calls for continuous environmental improvement and the implementation of pollution prevention measures. POLA's Environmental Management System meets the specifications of the International Organization for Standardization Standard 14001 for environmental management systems.

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

In conforming to these laws and the implementing regulations, POLA has instituted a number of compliance programs and procedures to protect the environment, each of which are designed to, among other things, limit POLA's liabilities. In 2006, the Port and the Port of Long Beach (collectively, the "San Pedro Bay Ports") established the Clean Air Action Plan (the "CAAP"). See "Clean Air Action Plan" below. POLA's voluntary Vessel Speed Reduction Program has been in place since 2001 and has produced favorable results. POLA also has in place the Technology Advancement Program which evaluates and demonstrates new and emerging emissions treatment technologies. In 2008, POLA implemented the Clean Truck Program which essentially replaced older polluting trucks with newer clean trucks, thereby reducing truck emissions by over 90 percent at the port and the surrounding communities. In Fiscal Year 2010, POLA adopted its Water Resources Action Plan aimed at significantly reducing water pollution discharges from land, vessels and the watershed and removing contaminated sediments. All these programs are backed up by long-term monitoring of the applicable media.

Clean Air Action Plan. In 2006, POLA, together with the POLB, developed the CAAP with input from the U.S. Environmental Protection Agency, the California Air Resources Board, and the South Coast Air Quality Management District. The CAAP was updated and reauthorized in 2010. The CAAP is currently undergoing a second update, with final approval expected in late 2016. The CAAP is POLA's comprehensive plan to address air pollution emissions from port-related sources and contains aggressive long-term goals through 2023 to reduce health risk, diesel particulate matter, and nitrogen and sulfur oxides. Pursuant to the CAAP, POLA has undertaken several programs to lower air pollution levels at POLA. Emission sources targeted by the CAAP include ships, trains, cargo handling equipment, harbor craft and heavy duty trucks. Through implementation of the CAAP, since 2005, there has been an 80% reduction in diesel particulate matter, a 90% reduction in sulfur oxides and a 57% reduction in nitrogen oxides emissions from Port-related sources. The CAAP and its associated various measures have cost POLA and POLA's tenants approximately \$250 million to date and the CAAP will continue to require a significant investment by POLA, POLB and private sector businesses and will expedite the introduction of new and innovative methods of reducing emissions prior to any federal or State requirements being imposed on POLA and POLB. In Fiscal Year 2015, fees related to the Clean Truck Program amounted to approximately \$3.5 million. For Fiscal Year 2016, POLA has budgeted approximately \$2.0 million for fees related to the Clean Truck Program.

Recent Developments Relating to TraPac EIR. Three of 52 environmental mitigation measures set forth in the TraPac Container Terminal EIR were noted in a 2015 POLA self-audit as being delayed or not fully implemented. POLA was advised by TraPac that two of the measures will be completed in 2016 and the third measure, a road improvement project, has been funded and is in process on a timetable to be set by the City of

Los Angeles Bureau of Engineering. POLA's emission inventories have shown that the throughput and actual emissions at the TraPac Terminal have been well below projections in the EIR

Recent Developments Relating to China Shipping EIR. The EIR completed for the China Shipping Project (the "China Shipping EIR") includes 52 mitigation measures to reduce impacts to air quality, noise, and transportation. In 2008, at the time POLA adopted the China Shipping EIR, many of the mitigation measures set forth therein had never been attempted anywhere in the world. POLA believed, at that time, that these measures, although far-reaching, were realistic and could be accomplished within a reasonable timeframe, and the majority of the mitigation measures have been or will be accomplished. POLA is currently preparing a Supplemental Environmental Impact Report (the "China Shipping SEIR") with respect to the China Shipping Project that will analyze, through the public process under CEQA, eleven of the mitigation measures set forth in the China Shipping EIR that were noted in a 2015 POLA self-audit as being delayed or not fully implemented. The China Shipping SEIR will assess the environmental impacts of possible changes based upon the feasibility and availability of alternative technologies and other factors. POLA also is negotiating with China Shipping to amend its lease with POLA to incorporate the mitigation measures to be set forth in the China Shipping SEIR. Negotiations between POLA and China Shipping are progressing, however challenges remain because some of the mitigation measures may be infeasible due to the lack of technology, the cost of such measures and/or the operational challenges of such measures. POLA's emission inventories have shown that the throughput and actual emissions at the China Shipping Terminal had been at or below the projections set forth in the China Shipping EIR.

POLA has entered into a tolling and standstill agreement with Natural Resources Defense Council, San Pedro And Peninsula Homeowners' Coalition, San Pedro Peninsula Homeowners United, Inc. and Coalition For Clean Air, pursuant to which such parties are contending that POLA may be in violation of certain of the mitigation measures set forth in the China Shipping EIR. POLA also has received a request for a tolling agreement from the South Coast Air Quality Management District ("SCAQMD"), pursuant to which SCAQMD also is contending that POLA failed to timely implement certain of the mitigation measures set forth in the China Shipping EIR. Both agreements toll the statute of limitations for these alleged claims indefinitely, and may be terminated by any party on 60-days notice. POLA disagrees with, disputes and denies all of these claims. As of the date of this Official Statement, it is unknown whether these claims could ultimately lead to potential litigation. Any potential requested remedies are also unknown, but could include requests for injunctive relief. POLA does not currently expect any claims to involve monetary damages. The claims and any potential litigation may also be mooted out by the China Shipping SEIR.

Stevedoring and Cargo Handling

Arranging for cargo handling services is the responsibility of each shipping line. Cargo handling at the Port is provided pursuant to a contract between the Pacific Maritime Association (the "Association") and the International Longshore and Warehouse Union ("ILWU"). The Association represents most of the steamship lines, marine terminal operators, car loading bureaus and cargo companies on the Pacific Coast. Most ILWU employees work under contract with the Association. The current contract between the Association and the ILWU was entered into on May 21, 2015 and was ratified by the ILWU membership on May 22, 2015, retroactive to July 1, 2014. The current contract expires on June 30, 2019.

The previous contract between the Association and ILWU expired on June 30, 2014. The Association and the ILWU began negotiating a new contract in May 2014, but did not agree on a new contract until February 2015. The protracted negotiations had a compounding effect on congestion issues that had slowed down container cargo movement through the San Pedro Bay Ports since September 2014. POLA's revenues and container volumes at the port were temporarily impacted during Fiscal Year 2015 as a result of the slowdown and other congestion factors, but full-Fiscal Year revenues were not materially affected and container volumes decreased only slightly (0.23%).

Since 2002, there have been two other periods of prolonged labor unrest which led to an interruption of the normal course of business at the Port. In October 2002, after the Association and the ILWU failed to negotiate a new contract, the shipping lines instituted a lock out of the stevedoring companies, thereby shutting down all West Coast ports, including the Port, for ten days. Work resumed when then-President Bush ordered the ports to re-open pursuant to the Taft Hartley Act. Additionally, in November 2012, after the Harbor Employers Association (“HEA”) and ILWU Marine Clerks Association Local 63 Office Clerical Unit (“ILWU 63”) failed to negotiate a new contract, the approximately 600 clerical workers represented by ILWU 63 walked off the job. Although only about 450 clerical workers throughout both the Port and the Port of Long Beach participated in the strike, thousands of workers represented by a sister union refused to cross the picket lines. As a result, 10 out of the 14 terminals at the San Pedro Ports were shut down for eight days. Work resumed when the HEA and ILWU 63 reached a tentative agreement whereby ILWU 63 members received modest increases in wage and pension benefits, and the HEA promised to outsource no more than 14 jobs over a four-year period.

Other than the periods of unrest which occurred in 2002, 2012 and 2014/15, there has generally been a history of cooperative working relationships between the ILWU and the employer groups represented by the Association and HEA. The Department understands that the risk of a work slowdown is the greatest as negotiations get closer to the end of the current contract and until a new agreement is reached. Prolonged work slowdowns or stoppages, if they occur, could adversely affect Department revenues and its ability to pay any Shortfall Advances.

San Pedro Bay Port’s Cooperative Working Agreement

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

On April 23, 2015, POLA and the Port of Long Beach hosted a meeting of supply chain stakeholders to gather input, insights and solutions focused on improving the performance of the supply chain. On May 27, 2015, POLA and the Port of Long Beach announced the creation of issue-specific working groups focusing on peak operations and terminal optimization to develop ways to strengthen the competitiveness of the San Pedro Bay Ports.

Outstanding Indebtedness

As of December 31, 2015, POLA had approximately \$951 million in parity debt outstanding, comprised of long-term revenue bonds. The long-term revenue bonds mature on or before 2045 and bear interest at rates between 2.00% and 5.50%. POLA also is authorized to issue commercial paper notes (collectively with the long-term revenue bonds, the “POLA Parity Obligations”) from time to time in an aggregate principal amount not to exceed \$200,000,000 at any one time. As of the date of this Official Statement, POLA has no commercial paper notes outstanding. POLA’s commercial paper program is supported by a liquidity facility provided by Mizuho Bank Ltd., acting through its New York Branch, which has an expiration date of August 24, 2018.

POLA Parity Obligations are special, limited obligations of POLA payable solely from revenues of POLA, which are generally derived from ownership and operation of POLA and which include shipping revenue, rental revenue and fee and royalty revenue. Neither the full faith and credit nor the taxing power of the City of Los Angeles, the State of California or any political subdivision thereof is pledged to payment or principal of, premium, if any, or interest on the POLA Parity Obligations. POLA has no taxing power. The POLA Parity Obligations are senior in payment to POLA’s obligation to make Shortfall Advances.

Audited Financial Statements

The audited financial statements of POLA for the fiscal years ended June 30, 2015 and 2014 are included below in this Appendix B. Simpson & Simpson, the independent auditor, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements of POLA addressed in that report. Simpson & Simpson also has not performed any procedures relating to POLA's information included in this Official Statement.

