

THE PORT OF LOS ANGELES

[Subject to update]

Port of Los Angeles (“POLA”) is obligated to make certain payments required by the Operating Agreement (as defined in the front part of this Official Statement) and is not responsible for paying, and is not guaranteeing the payment of, the principal or accreted value of (as applicable), premium, if any, or interest on the Bonds (including, the Series [2024] Bonds) (as such terms are defined in the front part of this Official Statement). 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”] in the front part of this Official Statement. Under certain circumstances and as described in the front part of this Official Statement under the headings captioned [“AUTHORITY REVENUES—Shortfall Advances and Other Port Advances”] and [“BONDHOLDERS’ RISKS—Shortfall Advances are Limited, Subordinate Obligations of the Ports”], the Operating Agreement requires POLA and POLB (as defined herein), severally and not jointly, to make Shortfall Advances (as defined in the front part of this Official Statement), the payment of which is a limited obligation payable equally by POLA and POLB and each port is not required to make Shortfall Advances that should have been paid by the other port. Pursuant to the Operating Agreement, 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 by and through the Los Angeles Board of Harbor Commissioners (the “POLA Board”), 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 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 (as defined below) 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 [____], during calendar year 2023, POLA was the busiest container port in North America in terms of cargo volume, handling approximately [__] million TEUs. A "TEU" is a unit of cargo capacity often used to describe the capacity of container ships and container terminals and is based on the volume of a 20-foot long shipping container, a standard sized metal box which can be easily transferred between different modes of transportation, such as ships, trains and trucks. According to the Pacific Merchant Shipping Association (the "PMSA"), POLA and the Port of Long Beach ("POLB"), combined, handled approximately [__] million TEUs during calendar year 2023, as compared to approximately [19.0] million TEUs during calendar year 2022.

Physical Description and Geography

POLA is located in the 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 operates primarily as a landlord, as opposed to an operating port. POLA's docks, wharves, transit sheds, and terminals are leased to shipping or terminal companies, agents, and to other private firms. Although POLA owns these facilities, it has no direct hand in managing the daily movement of cargo. POLA is a landlord to close to [300] entities. In addition to major terminal operators, other tenants include marinas, commercial fishing operations, cruise operations, restaurants, and recreational facilities. The major sources of income for POLA are from shipping services (wharfage, dockage, pilotage, space assignment charges, [etc.]), rentals, fees, concessions, and royalties. It currently serves approximately [80] shipping companies and agents with facilities that include [270] berthing facilities along 43 miles of waterfront. In terms of its size and volume, POLA is one of the world's largest and busiest ports. POLA encompasses approximately 7,500 acres (4,300 acres of land and 3,200 acres of water). POLA is a deep-water port with a depth of 53 feet in its main channel and at the bulk loader and supertanker channels. Two major railroads serve POLA (Union Pacific Railroad Company ("Union Pacific") and BNSF Railway Company). POLA lies at or near the terminus of two major interstate freeways, the I-110 and the I-710, within the Los Angeles area freeway system. Subsurface pipelines link POLA to major refineries and petroleum distribution terminals within the Los Angeles Basin. POLA handles the largest volume of containerized cargo of all United States ports, and additionally ranks as number one in cargo value for United States waterborne foreign traffic. POLA's major trading partners, concentrated along the Pacific Rim, include [China/Hong Kong, Japan, South Korea, Taiwan, and Vietnam]. Cargo to and from these countries represents the bulk of the total value of all cargo shipped through POLA. POLA currently has the capability to handle modern, deeper-draft vessels. POLA's

channels have moderate maintenance requirements because there is no major river source of sand or silt coming into the harbor.

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 POLA and POLB. The ICTF is operated by Union Pacific under a long-term lease agreement.

POLA’s major permittees (tenants) as of June 30, 2023 are listed in Table B-1 below.

TABLE B-1

**MAJOR PERMITTEES (TENANTS) OF THE PORT OF LOS ANGELES
(In Alphabetical Order)
(As of June 30, 2023)**

* Eagle Marine Services, Ltd. was rebranded to Fenix Marine Services, Ltd. in late 2018.

** The Yang Ming Marine Transport Corporation / Yang Ming Transport LTD. permit expired October 10, 2021.

Effective October 11, 2021, a successor permit was awarded to Everglades Company Terminal, Inc.

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. However, the ports cooperate in setting tariff rates through membership in the California Association of Port Authorities (“CAPA”). One of CAPA’s goals is to establish and maintain reasonable and, as far as practicable, uniform terminal rates, charges, classifications, rules and regulations for the handling and movement of domestic and foreign waterborne cargo. These tariff provisions cover, among other things, space assignments at marine terminal facilities, as well as other miscellaneous terminal charges necessary for the orderly movement of cargo. 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

As discussed herein and in the front part of this Official Statement, 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 June 30, 2023, approximately \$[] 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 (the “Los Angeles Harbor Revenue Fund”). 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 such terms are defined in the Charter of the City of Los Angeles) are deposited in the Los Angeles Harbor Revenue Fund. All such moneys and revenues deposited in the Los Angeles Harbor Revenue Fund are under the direction and control of 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 POLA's operating revenues, expenses and net assets for fiscal years ended June 30, 2019 through 2023.

TABLE B-2

PORT OF LOS ANGELES					
SUMMARY OF REVENUES, EXPENSES AND NET ASSETS					
FISCAL YEARS ENDED JUNE 30, 2019 THROUGH JUNE 30, 2023					
(in thousands of dollars)					
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<u>Revenues</u>					
Shipping Services					
Wharfage	\$ 383,549	\$ 345,195	\$ 435,513	\$ 441,966	\$
Dockage	4,348	4,257	4,509	5,914	
Demurrage	202	200	207	133	
Pilotage	10,985	9,495	10,682	13,432	
Assignment Charges	<u>11,244</u>	<u>10,418</u>	<u>12,938</u>	<u>24,397</u>	
Total Shipping Services⁽¹⁾	\$ 410,328	\$ 369,565	\$ 463,849	\$ 485,842	\$
Rentals					
Land	\$ 65,291	\$ 72,099	\$ 76,475	\$ 85,092	\$
Other Rentals	<u>674</u>	<u>1,004</u>	<u>1,706</u>	<u>1,745</u>	
Total Rentals	\$ 65,965	\$ 73,103	\$ 78,181	\$ 86,837	\$
Royalties, Fees and Other Operating Revenues	<u>30,134</u>	<u>24,998</u>	<u>27,683</u>	<u>55,163</u>	
Total Operating Revenues	\$ 506,427	\$ 467,666	\$ 569,713	\$ 627,842	\$
<u>Expenses</u>					
Operating and Administrative Expenses					
Salaries and Benefits	\$ 98,062	\$ 113,342	\$ 108,646	\$ 109,778	\$
Pension Expense Adjustment	20,913	28,805	33,086	14,840	
OPEB expense ⁽²⁾	4,083	3,679	4,468	(2,208)	
City Services and Payments	45,223	48,366	45,876	45,531	
Outside Services	33,418	31,815	26,219	28,596	
Utilities	19,946	18,443	23,241	33,708	
Materials and Supplies	6,593	5,672	4,517	5,106	
Pollution Remediation Expenses	(4,106)	89	924	--	
Marketing and Public Relations	2,510	2,388	1,372	2,101	
Workers' Compensation, Claims and Settlement	193	3,272	14,255	1,712	
Clean Truck Program Expenses	3,120	1,014	752	2,613	
Travel ⁽³⁾	733	508	71	281	
Other Operating Expenses	<u>9,739</u>	<u>16,177</u>	<u>9,556</u>	<u>12,574</u>	
Total Operating and Administrative Expenses	\$ 240,427	\$ 273,570	\$ 272,983	\$ 254,632	\$
Income from Operations before Depreciation	\$ 266,000	\$ 194,096	\$ 296,730	\$ 373,210	\$
Depreciation	<u>161,977</u>	<u>158,613</u>	<u>154,295</u>	<u>147,272</u>	
Operating Income	\$ 104,023	\$ 35,483	\$ 142,435	\$ 225,938	\$
Nonoperating Revenues / (Expenses)					
Income from Investments in JPAs and Other Entities	\$ 2,596	\$ 2,461	\$ 2,243	\$ 1,513	\$
Interest and Investment Income	32,804	39,643	(2,656)	(47,744)	
Interest Expense	(1,290)	(24,707)	(21,773)	(18,962)	
Other Income and Expenses, net	<u>27,151</u>	<u>2,025</u>	<u>9,240</u>	<u>(5,125)</u>	
Net Nonoperating Revenues/(Expenses)	\$ 61,261	\$ 19,422	\$ (12,946)	\$ (70,318)	\$
Income Before Capital Contributions	\$ 165,283	\$ 54,905	\$ 129,489	\$ 155,620	\$
Capital Contributions	<u>3,523</u>	<u>3,440</u>	<u>7,116</u>	<u>11,906</u>	
Changes in Net Assets	\$ 168,807	\$ 58,345	\$ 136,605	\$ 167,526	\$
Total Net Assets - Beginning of Year	\$3,334,871	\$3,503,678	\$3,562,023	\$3,698,628	\$
Cumulative effect of change in accounting principle ⁽²⁾	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Total Net Assets - End of Year	\$3,503,678	\$3,562,023	\$3,698,628	\$3,866,154	\$

See next page for footnotes.

⁽¹⁾ For the fiscal year ended June 30, 2021, increase in shipping services revenues is, in part, attributed to the worldwide COVID-19 pandemic.

⁽²⁾ GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" ("GASB 75") establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources and expenses/expenditures. POLA implemented GASB 75 in fiscal year ended June 30, 2018. OPEB expenses incurred in prior fiscal years were recorded within "Salaries and Benefits" expense. The net position at July 1, 2017 was restated by \$23.9 million to adjust for the cumulative change in accounting principle as a result of GASB 75.

⁽³⁾ This line-item was previously named "Travel and Entertainment". For fiscal year ended June 30, 2021, decrease in "Travel" expenses is due to the worldwide COVID-19 pandemic.

⁽⁴⁾ GASB Statement No. 87, "Leases" ("GASB 87") establishes standards for the recognition of certain leased assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. The financial statements as of and for the year ended June 30, 2021 were restated as a result of the implementation of GASB 87. The beginning net position at July 1, 2020 was not restated due to the information to restate those amounts was not readily available and impractical to do so.

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 fiscal years ended June 30, 2013 through 2023.

TABLE B-3

**PORT OF LOS ANGELES
REVENUE TONNAGE BY CARGO TYPE⁽¹⁾
FISCAL YEARS 2013 THROUGH 2023
(in thousands of metric revenue tons)**

Fiscal Year Ended June 30	General Cargo⁽²⁾	Liquid Bulk	Dry Bulk⁽³⁾	Total⁽⁴⁾	% Increase (Decrease) in Total Tonnage over Prior Year
2013	156,300	7,800	1,000	165,100	(5.6)% ⁽⁵⁾
2014	165,000	10,500	900	176,400	6.8
2015	165,100	10,300	1,400	176,800	0.2
2016	167,300	14,300	1,200	182,800	3.4
2017	184,300	13,200	600	198,100	8.4
2018	178,000	15,500	1,000	194,500	(1.8) ⁽⁶⁾
2019	193,000	13,400	900	207,300	6.6
2020 ⁽⁷⁾	170,000	12,300	700	183,000	(11.7) ⁽⁸⁾
2021	211,900	9,300	800	222,000	21.3 ⁽⁹⁾
2022	207,000	10,700	1,000	218,700	(1.5) ⁽¹⁰⁾
2023					

⁽¹⁾ Numbers are rounded.

⁽²⁾ General Cargo tonnage comprised of both TEU tonnage and non-TEU tonnage.

⁽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⁾ 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.

⁽⁶⁾ Decline is attributed to realignment and consolidation of vessel services among the shipping alliances.

⁽⁷⁾ Tonnage rounding for liquid bulk (previously rounded to 12,200) and dry bulk (previously rounded to 800) has been corrected.

⁽⁸⁾ Decline in tonnage is, in part, attributed to the economic closures related to the worldwide COVID-19 pandemic.

⁽⁹⁾ Increase in tonnage is, in part, attributed to the worldwide COVID-19 pandemic.

⁽¹⁰⁾ Decline in tonnage is, primarily attributed to stagnation after the significant increase in tonnage in the fiscal year ended June 30, 2021 attributed to the worldwide COVID-19 pandemic.

Source: POLA

The following Tables B-4 and B-5 provide information about the container traffic at POLA for calendar years 2019 through 2023 and for fiscal years ended June 30, 2019 through 2023.

TABLE B-4

**PORT OF LOS ANGELES
CONTAINER TRAFFIC
CALENDAR YEARS 2019-2023
(TEUs⁽¹⁾)**

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Inbound⁽²⁾	4,714,266	4,827,040	5,513,286	4,975,735	
Outbound⁽²⁾	1,756,177	1,531,406	1,184,145	1,187,085	
Empties	<u>2,867,190</u>	<u>2,854,950</u>	<u>3,980,179</u>	<u>3,748,339</u>	
Total TEUs⁽³⁾	9,337,632	9,213,396	10,677,610	9,911,159	

⁽¹⁾ TEU counts are subject to adjustment which may occur throughout the year.

⁽²⁾ Full containers.

⁽³⁾ Totals may not sum due to rounding.

Source: POLA

TABLE B-5

**PORT OF LOS ANGELES
CONTAINER TRAFFIC
FISCAL YEARS 2019-2023
(TEUs⁽¹⁾)**

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Inbound⁽²⁾	4,910,807	4,404,634	5,710,620	5,426,860	
Outbound⁽²⁾	1,860,452	1,595,607	1,447,132	1,147,140	
Empties	<u>2,916,993</u>	<u>2,560,642</u>	<u>3,721,631</u>	<u>4,089,637</u>	
Total TEUs⁽³⁾	9,688,252	8,560,882	10,879,383	10,663,637	

⁽¹⁾ TEU counts are subject to adjustment which may occur throughout the year.

⁽²⁾ Full containers.

⁽³⁾ Totals may not sum due to rounding.

Source: POLA

The following Table B-6 shows the breakdown of shipping revenues by container and non-container for the fiscal years ended June 30, 2014 through 2023. 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, 2014-2023

Fiscal Year Ended June 30	Total Shipping Revenues (000s)	Container Shipping Revenues (000s)	TEUs (000s)	Container Shipping Revenue Per TEU	Non-Container Shipping (000s)	Non-Container Tons (000s)	Non-Container Shipping Revenue Per Ton
2014	\$377,200	\$335,700	8,210	\$ 40.89	\$ 41,500	14,900	\$ 2.79
2015	364,900	325,500	8,191	39.74	39,400	15,100	2.61
2016	368,500	324,100	8,391	38.62	44,400	18,500	2.40
2017	398,300	351,800	9,206	38.21	46,500	17,300	2.69
2018 ⁽²⁾	405,300	353,600	9,170	38.56	51,700	19,500	2.65
2019	410,300	358,800	9,688	37.04	51,500	17,000	3.03
2020	369,600	323,300	8,560	37.77	46,300	14,500	3.19
2021 ⁽³⁾	463,800	421,400	10,879	38.74	42,400	12,800	3.31
2022 ⁽³⁾	485,800	422,300	10,664	39.60	63,500	13,700	4.64
2023							

⁽¹⁾ Numbers are rounded.

⁽²⁾ Non-Container Shipping Revenue was previously recorded as \$51,800 (in thousands) and stated as such in POLA's previous annual continuing disclosure reports (the "Prior Reports"). As a result, Non-Container Shipping Revenue Per Ton was adjusted from \$2.66 (in the Prior Reports) to \$2.65.

⁽³⁾ Increase in shipping revenues is, in part, attributed to the worldwide COVID-19 pandemic.

Note: TEU = twenty-foot equivalent units.

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 for the fiscal year ended June 30, 2023.

TABLE B-7

**PORT OF LOS ANGELES
TEU COUNT BY COUNTRY*
FISCAL YEAR ENDED JUNE 30, 2023**

Exports			Imports		
Country	TEUs	% of Total	Country	TEUs	% of Total
		%			%
<u>All Others</u>			<u>All Others</u>		
<u>Total Exports</u>		100.0%	<u>Total Imports</u>		100.0%

* TEU = twenty-foot equivalent units.

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

Security

POLA's security program is structured to secure POLA through deterrence and prevention. Security operations are conducted by the Los Angeles Port Police in collaboration with federal, state and local agencies. Sworn and civilian personnel conduct patrols, inspections and investigations both on land and on the water. These operations are supported by advanced surveillance and communications systems. Security for the supply chain and of the cargo entering POLA is accomplished through national and international cargo security standards and regulations. The associated operational measures are principally conducted by U.S. Customs and Border Protection. POLA was extensively involved in the development of these measures. Additionally, POLA's port security program places great emphasis on the security of key Port infrastructure including railways, roadways and bridges within the port complex. In the years following the terrorist attacks of September 11, 2001, POLA was awarded numerous grants to fund security projects and equipment purchases by federal and state agencies including the U.S. Department of Homeland Security and the State of California Office of Homeland Security. POLA continues to receive port security grant funds which are used to maintain security systems and to make system upgrades as the technology advances.

The Maritime Transportation Security Act (MTSA) of 2002 required the development of security regulations for U.S seaports and for the ships that call on these ports. The associated regulations were developed and implemented by the U.S. Coast Guard. These security regulations focus on the sectors of the maritime industry that have a higher risk of involvement in a transportation security incident, including tank vessels, passenger vessels, and port facilities that handle passengers and certain kinds of dangerous cargos. These regulations require, among other things, that port and vessels owners assess their

vulnerabilities and develop plans that may include implementing vehicle, container and baggage screening procedures, accessing control measures and/or installing surveillance systems.

In 2014, POLA established its Cybersecurity Operations Center (the “Center”), operated by a dedicated cybersecurity team, as a centralized location to monitor network traffic in order to prevent, detect and respond to cyber incidents under POLA’s control. The Center prevents approximately 20 million cyber-intrusion attempts per month. Since 2015, POLA also continues to maintain its ISO 27001 certification for the Center. ISO 27001 certification demonstrates that POLA is following information security best practice and delivers an independent, expert assessment of whether POLA’s information security management system complies with this international cybersecurity standard.

In April 2019, POLA determined to form a cross-sector Cyber Resilience Center (the “CRC”) in order to further reduce the risks of cybersecurity threats that could disrupt the flow of cargo at POLA. The CRC will expand the scope of stakeholder engagement to encompass the key parties operating in the POLA complex: shipping lines, marine terminal operators, railroad companies, labor and representatives from the trucking industry. The CRC will enable key stakeholders to share cyber threat indicators and take defensive measures with each other as a means to reduce the potential of a cyber-incident experienced by any one of POLA’s stakeholders to disrupt multiple operations within POLA.

Capital Improvement Projects.

[Discuss whether this section has the latest updates]

POLA’s capital improvement projects are categorized into five types of projects: (i) Terminal [and Infrastructure] Projects, (ii) Transportation Projects, (iii) Security Projects, (iv) Public Access/Environmental Enhancement[/Zero Emissions] Projects, and (v) Maritime [Services] Projects. [Confirm correct CIP terminology as to be consistent throughout Appendix]

POLA’s expenditures for capital improvement projects for the fiscal year ended June 30, 2023 were approximately \$[114.3] million, comprised of: Terminal Projects (a total of approximately \$[69.1] million), Transportation Projects (a total of approximately \$[7.2] million), Security Projects (a total of approximately \$[2.6] million), Public Access/Environmental Enhancement Projects (a total of approximately \$[22.9] million), and Maritime [Services] Projects (a total of approximately \$[12.4] million).

Table B-8 provides a summary of the total estimated project costs by category of POLA’s capital improvement program for fiscal years ending June 30, 2023 through 2027.

TABLE B-8
PORT OF LOS ANGELES
CAPITAL IMPROVEMENT PROGRAM BY CATEGORY
FISCAL YEARS 2023-2027

Project Category	Estimated Total Cost (\$ millions)
Terminal [and Infrastructure] Projects	\$ 757
Transportation Projects	198
Security Projects	15
Public Access/Environmental Enhancement[/Zero Emissions] Projects	284
Maritime [Services] Projects	240
Total	\$1,493

Source: Harbor Department of the City of Los Angeles

Terminal [and Infrastructure] Projects. Following are summaries of certain of POLA’s major Terminal [and Infrastructure] Projects.

Berths 167-169, MOTEMS-Shell. POLA is constructing a new marine oil platform at the Shell Oil Terminal. The primary goal of the \$44.8 million project is to comply with the Marine Oil Terminal Engineering and Maintenance Standards (MOTEMS) to protect public health, safety, and the environment. The project scope is expected to include demolition of the timber wharves and construction and operation of a new MOTEMS-compliant wharf at Bert 168, with minor infrastructure improvements to connect the new loading platform to the existing landside pipelines and utilities. The project includes a new 30-year lease. Construction started in July 2021 and the first phase is expected to be completed in late 2023, with project completion expected in 2025. POLA has used or intends to use [] to finance costs of the project.

Berths 177-182 Wharf Restoration. POLA is finalizing design to construct approximately 382 linear feet of concrete wharf (62-feet-wide). The wharf will be upgraded to include additional seismic analysis to comply with POLA’s seismic code. The existing wharf will be demolished and a new, higher capacity rectangular wharf will be constructed that will provide more utility. The project scope includes response spectra for three earthquake levels such that []. Project scope also includes slope erosion repair and bollard upgrades. The total estimated project cost is \$23.1 million and construction is expected to start October 2023, with project completion expected in []. POLA has used or intends to use [] to finance costs of the project.

Berths 238-239, MOTEMS-PBF Energy. POLA is finalizing design of a new marine oil platform at the PBF Energy Oil Terminal. The primary goal of the proposed \$35 million project is to comply with the MOTEMS to protect public health, safety and the environment. The project provides for a new marine oil terminal at Berth 238 to comply with the MOTEMS regulations. The new terminal will consist of a new 125 feet by 58 feet unloading platform at Berth 238, berthing dolphins, mooring dolphins, catwalks, and access ramp. The project will also require the demolition of the two existing unloading platforms located at Berth 238 and 239, and other existing mooring and berthing dolphins. The proposed project would also

include a new 30-year lease. Construction is expected to start in 2024, with project completion expected in [____]. POLA has used or intends to use [____] to finance costs of the project.

Berth 302-305, Rail Mounted Gantry Crane Rail and Foundation. POLA is in design to construct 2,500 lineal feet of 145-foot gage crane rail (total of approximately 5,000 feet of crane rail), continuous grade beam foundation on piles, contaminated soil remediation, electrical infrastructure to operate five 145-foot wide span rail mounted gantry (“RMG”) cranes in the north railyard, safety fencing, protection barriers, and miscellaneous site improvements. The RMG cranes will be used to load and unload trains in the north railyard of the Berths 302-305 On-Dock Railyard Expansion project (discussed below). The total estimated project cost is \$38.7 million and construction is expected to start in 2025, with project completion expected in [____]. POLA intends to use [____] to finance costs of the project.

Berths 302-305, On-Dock Railyard Expansion. An expansion of the existing railyard at Berths 302-305 is in design to add approximately 16,200 linear feet of railroad track in five new loading tracks and one tail track. This project will improve the capacity of the existing overall on-dock railyard while also constructing infrastructure improvements including rail signal improvements, storm drain and low impact development, waterline relocation, and electrical improvement including relocation of high mast poles. The total estimated project cost is \$52.3 million, of which POLA is responsible for approximately \$[____] million (a federal grant in the amount of \$18.2 million awarded by the United States Maritime Administration ([USDOT MARAD]) and a federal grant generated by the State of California Trade Corridor Enhancement Program in the amount of \$19.2 million will also fund the project costs). Construction is expected to start in 2025, with project completion expected in [____]. POLA intends to use [____] to finance its portion of the costs of the project.

Pier 400 Corridor Storage Tracks Expansion Project. The existing Pier 400 rail storage yard is in need of expansion in order to accommodate future rail volumes on Terminal Island. Construction of the Pier 400 Storage Tracks Expansion Project is currently underway to address these issues. The project scope includes a concrete rail bridge with lighting, six new railroad storage tracks, an asphalt access roadway, new crossovers and switches, as well as modifications to the existing compressed air system of the Pier 400 Rail Storage Yard and Bridge. The project scope also includes the relocation of a portion of the Pier 400 lead track onto POLA’s property, realignment of the track connection to the existing rail storage yard, modifications to Reeves Avenue, and relocation of the existing at-grade crossing at Nimitz Avenue to Reeves Avenue. The total estimated project cost is currently budgeted at \$73.2 million, of which POLA is responsible for approximately \$[____] million. POLA intends to use [____] to finance its portion of the costs of the project and a federal grant generated by the State of California Trade Corridor Enhancement Program in the amount of approximately \$21.6 million will also be used to fund projects costs. Construction is expected to finish in 2024.

Port of Los Angeles and Port of Long Beach Goods Movement Workforce Training Facility. The Joint Ports Goods Movement Workforce Training Facility will be the first training center in the United States dedicated to the goods movement industry. The project will be a joint effort between POLA and POLB with a total project cost of \$150 million. The facility will replicate goods movement environments, such as marine cargo terminals, providing a safe training environment for workers. In addition, the facility will provide the region’s workforce with skills to succeed in careers that utilize newer and cleaner human operated technologies. POLA and POLB will fund project costs and project funding will also be supplemented with State of California funding in the amount of \$110 million. The project is targeted to begin design in late 2023, with construction expected to start in 2025, and project completion expected in [____].

Berth 306 Wharf Expansion. POLA is finalizing design to construct 1,250 lineal feet of 100 gage concrete wharf, retrofit 300 lineal feet of wharf and dredge Berth 305 to a depth of -55 feet, AMP

[upgrades][installation, which is shore side electrical power, also referred to as “Alternative Maritime Power”], including 5 vaults, 2.2 acres of container terminal backland, high voltage electrical infrastructure for 24 ship-to-shore cranes from Berths 301-306. This project will allow Fenix Marine Services, Ltd., one of Port’s tenants, to accommodate increased capacity. The total estimated project cost is \$256 million, and construction is expected to start by the end of 2024, with project completion expected in [____]. POLA intends to use [____] to finance costs of the project.

Terminal Island Maritime Support Facility (TIMSF). [POLA is in the planning stage for the design and construction of approximately 70 – 80 acres, including grading, paving, power, lighting, fire protection, perimeter fencing, utilities, roadability canopy, longshore restrooms, guard booths, and roadway connecting to the future Maritime Support Facility Access/Terminal Island Rail System Grade Separation (discussed below – Something appears to missing in this sentence, please clarify)]. This project would serve as a chassis support facility. The total project cost is approximately \$194.63 million. This project was awarded a \$149.3 million grant from California State Transportation Agency. Construction is expected to start in 2025, with project completion expected in [____]. POLA has used or intends to use [____] to finance its portion of the costs of the project.

Transportation Projects. Following are summaries of certain of POLA’s current Transportation Projects.

State Route 47 (SR-47)/Vincent Thomas Bridge & Front Street/Harbor Blvd Interchange Reconfiguration. This interchange is an important transportation facility providing access to the LA Waterfront, residential community of San Pedro, Terminal Island, and West Basin Container Terminal. The project would improve traffic safety and operational deficiencies at the interchange. The \$110 million improvements, which includes \$73.0 million in grant funding, will include replacing the existing westbound off-ramp from the Vincent Thomas Bridge currently located on the south side of [____] with a new off-ramp located on the north side of [____]. Additional improvements include realigning the existing westbound on-ramp onto SR-47 and I-110 connector; modifying the westbound off- ramp onto Harbor Boulevard; and modifying the eastbound on-ramp onto the Vincent Thomas Bridge toward Terminal Island. Project design was completed in 2023 and construction is expected to start in early 2024, with project completion expected in [____]. POLA has used or intends to use [____] to finance its portion of the costs of the project.

Maritime Support Facility Access/Terminal Island Rail System Grade Separation. POLA is in the design stage for the design and construction of a four-lane, rail-roadway grade separation. This project would eliminate significant truck access impediment into the proposed Terminal Island Maritime Support Facility (the “TIMSF”), and connect the TIMSF to Terminal Way, Ferry Street, and Pier 300. The total project cost is approximately \$39.23 million. This project was selected to receive \$20 million of United States Department of Transportation FY 2022 RAISE grant funding and a federal grant generated by State of California Trade Corridor Enhancement Program in the amount of approximately \$15 million. POLA has used or intends to use [____] to finance the remaining portion of the costs of the project. Construction is expected to start in late 2025, with project competition expected in [____].

Navy Way and Seaside Avenue Interchange Improvements. POLA is in the planning stage for the design and construction of modifications to the intersection of Navy Way and Seaside Avenue to improve traffic operations and safety. The project would eliminate left turns and improve the geometry to reduce collision potential at this intersection. Project improvements include an auxiliary lane for westbound traffic, elimination of a traffic signal at the intersection, new eastbound collector-distributor road, widening of the north side highway bridge over both Ports’ rail tracks. Project costs are currently budget at \$65.7 million and construction is expected to start in 2026, with project completion expected in [____]. The project was awarded \$41.8 million in grant funding by the California State Transportation Agency. POLA has used or intends to use [____] to finance the remaining portion of the costs of the project.

Public Access/Environmental Enhancement/Zero Emissions Projects. Following are summaries of certain of POLA’s current Public Access/Environmental Enhancement/Zero Emissions Projects.

West Harbor Development. The West Harbor Development is a commercial development along the LA Waterfront which will include 42 acres of outdoor space for restaurants, retail, fresh markets, office space, waterside activities, and an open-air amphitheater for live entertainment. The first phase of construction are City improvements comprised of the San Pedro Promenade and Town Square project [add more detail here? How many phases? Project costs?]. The developers, The Ratkovich Company and Jerico Development, are expected to invest approximately \$100 million in this redevelopment. Project construction began in December 2022 and project completion is expected in 2025. Project costs are being or will be funded by [_____].

San Pedro Waterfront Promenade Phase II. A continuation of San Pedro Promenade and Town Square project which completed construction in 2021 for a total project cost of \$53.7 million, this San Pedro Waterfront Promenade Phase II project will continue the new public promenade to the southerly end of the new West Harbor Development. This new public promenade will run parallel to the Los Angeles Main Channel. The promenade will include such amenities as public seating, landscaping, hardscape, signage, and architectural finishes. Total project cost is estimated \$23.7 million and project costs have been and will be funded by [_____]. Construction began in 2023 and project completion is expected in 2025.

Wilmington Waterfront Promenade. Creating a “window on the waterfront” for the Wilmington community, the promenade project includes the realignment of Water Street parallel to the existing railroad tracks and construction of a community park adjacent to the Banning’s Landing Community Center, along with a waterfront promenade, public pier, public dock, public restrooms with a green roof, playground, and parking lots. Project improvements along Water Street includes utilities, street work, grading, paving, striping, lighting, and landscaping. Other project improvements to the nine-acre site include irrigation, signage, and furnishings such as public seating, bike racks, and drinking fountains. Total project cost is estimated at \$77.3 million and project costs will be funded by [_____]. Construction started in November 2020 and is expected to be completed in 2023 [status?].

Avalon Promenade Bridge and Gateway Project. The Avalon Promenade Bridge and Gateway Project is a companion piece to the Wilmington Waterfront Promenade project, and includes a signature pedestrian bridge along Avalon Boulevard that is currently in the design phase [update?]. This bridge will link the Wilmington Waterfront Promenade that is currently under construction [update?] to the future Avalon Promenade and Gateway. Design of the Avalon Promenade and Gateway project was resumed in late 2022 and will be constructed with the pedestrian bridge in 2024. Avalon Promenade Bridge and Gateway will consist of a pedestrian bridge over the railroad tracks and Water Street, entry plaza, landscaping, hardscape, parking, restrooms, and architectural finishes with a total estimated project cost of \$65 million. The pedestrian bridge element was awarded Measure M grant funds in the amount of \$10.2 million from Metro/South Bay COG and \$42.1 million from California State Transportation Agency. The remaining project costs will be funded by [_____].

208 East 22nd Street Parking Lot Improvements. POLA is currently in the design phase for development and redevelopment of 17.5 acres at the 208 East 22nd Street parking lot, creating up to 1,900 parking stalls. Project improvements include grading, paving, drainage, lighting, security fencing, additional entrances, and pay stations. The total project budget is estimated at \$20.8 million and construction is expected to start in 2025, with project completion expected in [_____]. POLA expects to use [_____] to fund project costs.

Zero Emissions Port Electrification and Operations Program. POLA is in the planning stages of a \$299 million program to support the future power demand requirement throughout POLA for zero-emission operations, as set by the 2017 San Pedro Bay Ports Clean Air Action Plan (the “CAAP”) goal to achieve a 100-percent zero-emission cargo harbor equipment fleet by 2030. The program consists of four major components: construction of a fourth rack at the Los Angeles Department of Water and Power (“LADWP”) power receiving station in Wilmington (thr “RS-Q”), and separate projects to construct distribution lines and other electrical infrastructure from the RS-Q to the Outer Harbor, West Basin, and Terminal Island. Design and construction work is anticipated to be done by LADWP, in close coordination with POLA’s Engineering Division. POLA expects to use [_____] to fund project costs. [Timing for program?]

Maritime [Services] Projects. Following are summaries of certain of POLA’s major Maritime [Services] Projects.

Harbor Administration Building - HVAC Replacement. The project consists of the redesign and replacement of the heating, ventilation, and air conditioning (the “HVAC”) system at POLA’s administration building with an electric system in response to the City of Los Angeles policies and commitment for zero carbon in major renovation of buildings. The total project budget is estimated at \$14 million and construction is expected to start in 2025, with project completion expected in [_____]. POLA expects to use [_____] to fund project costs.

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 associated living resources, as well as environmental assessment documentation. In 2003, POLA 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. Environmental assessments are conducted in accordance with the federal National Environmental Policy Act (“NEPA”) and the California Environmental Quality Act (“CEQA”). These two laws require consideration and disclosure of environmental impacts of development projects. Other federal environmental laws applicable to 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, the U.S. Army Corps of Engineers, the California Regional Water Quality Control Board, the California Air Resource Board, the South Coast Air Quality Management District, and the California Department of Toxic Substances Control. POLA is also required to conform to provisions of a number of other State environmental and health safety laws.

In addition to these laws and the implementing regulations, POLA has instituted additional programs and procedures to protect the environment, each of which are designed to, among other things, limit POLA’s liabilities. In 2006, POLA and POLB established the Clean Air Action Plan (the “CAAP”). See “Clean Air Action Plan” below. In 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. These programs are backed up by long-term monitoring of the applicable media.

Clean Air Action Plan. [Any other Updates?] In 2006, POLA, together with 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 and again in 2017. 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, nitrogen and sulfur oxides, and greenhouse gases. 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. POLA’s voluntary Vessel Speed Reduction Program has been included as part of the CAAP and it has produced notable reductions in ship emissions as they approach and depart POLA. The CAAP also includes a Technology Advancement Program that evaluates and demonstrates new and emerging emissions treatment technologies. In 2008, the CAAP Clean Truck Program (the “Clean Truck Program”) was implemented, which essentially replaced older polluting trucks with newer clean trucks, thereby reducing truck emissions by over 90% at POLA and the surrounding communities. According to the POLA Inventory of Air Emissions 2022, through implementation of the CAAP, since 2005, there has been an 88% reduction in diesel particulate matter, a 97% reduction in sulfur oxides, a 62% reduction in nitrogen oxides emissions, and a 4% reduction for greenhouse gases from Port-related sources. The CAAP and its associated various measures have cost POLA over \$[300] million to date. As a result of continuing initiatives as well as zero-emission truck and cargo-handling equipment goals outlined in the CAAP 2017 Update, the CAAP will continue to require a significant investment by POLA, POLB and private sector businesses to expedite the introduction of new and innovative methods of reducing emissions prior to any federal or State requirements being imposed on POLA and POLB. Since April 1, 2022, POLA and POLB have charged a Clean Truck Fund (“CTF”) rate on all loaded containers entering/exiting POLA and POLB. The purpose of the CTF rate is to generate funds to accelerate the deployment of clean trucks, in support of achieving the goal of zero-emission trucks by 2035. The CTF rate is \$10 per loaded 20-foot equivalent unit (TEU) or \$20 for containers longer than 20 feet. To date, the CTF rate has generated approximately \$[] million for POLA and POLB since implementation. Zero-emissions trucks are permanently exempt from the CTF rate and certain trucks that are placed into service by a specified date and certain qualified low nitrogen oxides emissions trucks receive an exemption from the CTF rate through a specified date. Collected CTF rates will be used to facilitate the purchase of zero-emission trucks and associated infrastructure that services POLA and POLB.

[Discuss what disclosure POLA would prefer regarding ISR]

Stevedoring and Cargo Handling

Arranging for cargo handling services is the responsibility of each shipping line. Cargo handling at POLA is provided pursuant to a contract between the Pacific Maritime Association (the “PMA”) and the International Longshore and Warehouse Union (“ILWU”). The PMA represents most of the steamship lines, marine terminal operators, car loading bureaus and cargo companies on the Pacific Coast. Most of the ILWU members work under contract with the PMA. The current contract between the PMA and the ILWU was entered into on June 14, 2023 and was ratified on August 31, 2023, as a six year contract, retroactive to July 1, 2022.

This agreement was reached after a contract negotiation process that took 13 months to complete, which included the ILWU membership working without a contract for nearly a year after their prior agreement expired on June 30, 2022.

Since 2002, there have been two other periods of prolonged labor unrest which led to an interruption of the normal course of business at POLA. In October 2002, after the PMA and the ILWU failed to negotiate a new contract, there was a lock out by the stevedoring companies, thereby shutting down all

West Coast ports, including POLA, 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, Local 63 OCU”) failed to negotiate a new contract, the approximately 600 clerical workers represented by ILWU, Local 63 OCU walked off the job. Although only about 450 clerical workers throughout both Ports 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 POLA and POLB were shut down for eight days. Work resumed when the HEA and ILWU, Local 63 OCU reached a tentative agreement whereby ILWU, Local 63 OCU members received modest increases in wage and pension benefits, and the HEA promised to outsource no more than 14 jobs over a four-year period.

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

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 POLB. 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 POLB 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 POLB announced the creation of issue-specific working groups focusing on peak operations and terminal optimization to develop ways to strengthen the competitiveness of POLA and POLB.

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

Outstanding Indebtedness

As of December [], 2023, POLA had approximately \$[] 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 3.00% and 5.00% [Confirm]. POLA has established a Commercial Paper (“CP”) Program supported by bank credit lines to issue commercial paper notes to provide interim financing primarily for the construction, maintenance and replacement of POLA’s structures, facilities and equipment

needs. POLA is authorized to issue its CP notes from time to time for up to \$375 million, so long as adequate liquidity support for the CP notes is in place, to finance a portion of its capital improvement program on a short-term basis. POLA's liquidity support for its CP program expired in August 2018 and was not subsequently renewed. As a more economical alternative, in June 2019, POLA secured a revolving line of credit, in which it was able to issue and to have outstanding, from time to time, up to \$150 million aggregate principal amount of its Harbor Department of the City of Los Angeles Revenue Revolving Obligations. However, such revolving line of credit was never utilized, expired in June 2022, and was not subsequently renewed.

[POLA's Parity Obligations [(as such term is defined in the front part of the Official Statement)/(as such term is defined below)] 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 fees 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 POLA's Parity Obligations. POLA has no taxing power. POLA's Parity Obligations are senior in payment to POLA's obligation to make Shortfall Advances.] [Subject to update/removal]

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

["*Parity Obligations*"] means all revenue bonds, revolving obligations and related bank notes, or notes of POLA authorized, executed, issued and delivered by POLA, and all contracts of POLA authorized and executed by POLA, the payments of which are on a parity with each other, and which are secured by a pledge of and lien on the Revenues.] [Subject to update/removal]

Audited Financial Statements

The audited financial statements of POLA for the fiscal years ended June 30, 2023 and 2022, and the report of the auditor dated December [], 2023, are included below as Appendix B-1. Moss Adams LLP, 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. Moss Adams LLP also has not performed any procedures relating to POLA's information included in this Official Statement.

APPENDIX B-1

**AUDITED FINANCIAL STATEMENTS OF
PORT OF LOS ANGELES
(HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES)
FOR FISCAL YEARS ENDED JUNE 30, 2023 AND 2022**