

4/26/2011

**HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES
REFUNDING REVENUE BONDS, 2011 SERIES A (AMT)
REFUNDING REVENUE BONDS, 2011 SERIES B (Non-AMT)**

BOND PURCHASE AGREEMENT

June __, 2011

Harbor Department of the City of Los Angeles
The Port of Los Angeles
425 South Palos Verdes Street
San Pedro, California 90731

Ladies and Gentlemen:

The undersigned, Morgan Stanley & Co. Incorporated, (the "Representative"), on our own behalf and on behalf of E. J. De La Rosa & Co., Inc. and Siebert Brandford Shank & Co. LLC and (together with the Representative, the "Underwriters"), offers to enter into this Bond Purchase Agreement (the "Purchase Agreement") with the Harbor Department of the City of Los Angeles (the "Department") which, upon the Department's acceptance of this offer, will be binding upon the Department and the Underwriters. The offer made hereby is subject to receipt by the Underwriters of the documents referred to in Paragraph 5 hereof and to acceptance by the Department by execution and delivery of this Purchase Agreement to the Representative at or prior to 5:00 P.M., Los Angeles time, on the date first above written, and if not so accepted will be subject to withdrawal by the Underwriters upon notice delivered to the Department at any time prior to the acceptance hereof by the Department.

The Representative represents and warrants that (i) it has been duly authorized by itself and the other Underwriters to execute this Purchase Agreement and (ii) it has been duly authorized by the Underwriters to act hereunder by and on behalf of itself and the other Underwriters and, as the Representative, to take all actions, and waive any condition or requirement, required or permitted to be taken or waived hereunder by the Representative or the Underwriters. The Underwriters shall not designate any other representative except upon the approval of the Department (which approval shall not be unreasonably withheld).

1. Purchase and Sale. Upon the terms and conditions and upon the basis of the representations, warranties, covenants and agreements hereinafter set forth, the Underwriters hereby agree, jointly and severally, to purchase from the Department for offering to the public, and the Department hereby agrees to sell to the Underwriters for such purpose, all (but not less than all) of the \$_____ principal amount of the Harbor Department of the City of Los Angeles Refunding Revenue Bonds, 2011 Series A (AMT) (the "2011A Bonds") and the \$_____ principal amount of the Harbor Department of the City of Los Angeles Refunding Revenue Bonds, 2011 Series B (Non-AMT) (the "2011B Bonds" and, together with the Series A Bonds, the "Bonds"), to be dated their date of delivery. The Bonds shall be issued in fully registered form without coupons in denominations of \$5,000 or any integral multiple thereof. The Bonds shall mature on August 1 in each of the years and in the amounts set forth in Appendix A hereto. The Bonds shall bear interest on each February 1 and August 1 of each year commencing August 1, 2011 and be subject to redemption as provided in the Official Statement

hereinafter mentioned. The aggregate purchase price for the 2011A Bonds shall be \$_____ (representing the aggregate principal amount of the Bonds, [plus net original issue premium] of \$_____, and less an Underwriters' discount of \$_____). The aggregate purchase price for the 2011B Bonds shall be \$_____ (representing the aggregate principal amount of the Bonds, [less net original issue discount] of \$_____, and less an Underwriters' discount of \$_____).

2. The Bonds. (a) The Bonds shall be issued in accordance with the Charter of the City of Los Angeles, effective on July 1, 2000, as the same may be amended or supplemented from time to time (the "Charter") and that certain Charter implementation ordinance related to the procedures for issuance and sale of revenue bonds and other obligations by the Department, and amending Sections 11.28.1 through 11.28.9 of Division 11, Chapter 1, Article 6.5 of the Los Angeles Administrative Code to conform the procedures to Charter Sections 609(a) and 610 (the "Procedural Ordinance" and, together with the Charter, the "Act"), as such have been amended and supplemented, a resolution of the Board of Harbor Commissioners of the City of Los Angeles (the "Board") relating to the Bonds adopted on May __, 2011 (the "Resolution"), and the Indenture of Trust (the "Indenture"), dated as of _____, 2011, by and between the Department and U.S. Bank National Association, a national banking association organized and existing under the laws of the United States of America, as trustee thereunder (the "Trustee"). Capitalized terms in this Purchase Agreement that are not otherwise defined herein shall have the meanings given to such terms in the Indenture.

3. Purpose of Bonds. The Department will use proceeds of the Bonds, together with other funds of the Department which may be required therefor, to: (i) current refund and defease \$36,180,000 aggregate principal amount of the Department's outstanding Harbor Department of the City of Los Angeles Refunding Revenue Bonds, 2001 Series A and \$64,925,000 aggregate principal amount of the Department's outstanding Harbor Department of the City of Los Angeles Refunding Revenue Bonds, 2001 Series B (AMT) (collectively, the "Refunded Bonds"), (ii) provide for the funding of a debt service reserve fund with respect to the Bonds and (iii) pay the costs incidental to such refunding and to the issuance of the Bonds.

4. Offering. It shall be a condition to the Department's obligations to sell and to deliver the Bonds to the Underwriters and to the Underwriters' obligations to purchase, to accept delivery of and to pay for the Bonds that the entire aggregate principal amount of the Bonds referred to in Paragraph 1 shall be issued, sold and delivered by the Department and purchased, accepted and paid for by the Underwriters at the Closing (as defined herein). The Underwriters agree to make a bona fide public offering of all the Bonds, at prices not in excess of the initial public offering prices or yields for the respective series of Bonds as set forth in the Official Statement; provided that the Bonds may be offered and sold to certain dealers, unit investment trusts and money market funds, certain of which may be sponsored or managed by the Underwriters, at prices lower than such public offering prices and may effect transactions that stabilize or maintain the market price of the Bonds. The Department hereby authorizes the use by the Underwriters of the Resolution, the Indenture, the Escrow Agreement, the Continuing Disclosure Certificate (as defined herein) and the Official Statement, and any supplements or amendments thereto, and the information contained in each of such documents, in connection with the public offering and sale of the Bonds.

5. Official Statement. Upon the Department's acceptance of this offer, it shall be deemed to have ratified, approved and confirmed the Preliminary Official Statement of the Department with respect to the Bonds, dated _____, 2011 (the "Preliminary Official Statement"). The Department shall, as soon as practicable, but not later than seven (7) business days from the date hereof, deliver to the Representative on behalf of the Underwriters 150 printed, conformed copies of the Official Statement, or such greater quantity as the Underwriters (as the Department shall be informed by the Representative) shall reasonably require to comply with Securities and Exchange Commission Rule 15c2-12(b)(4) and the rules of the Municipal Securities Rulemaking Board (the "MSRB"). The Official Statement shall be substantially in the form of the Preliminary Official Statement, with only such changes as are necessary to reflect the principal amount, interest rates, maturity dates, and redemption provisions relating to the Bonds (said document, including its cover page, inside front cover page and Appendices, as the same may be amended and supplemented in accordance with this Purchase Agreement and as disseminated in its printed physical form or in electronic form in all respects materially consistent with such physical form, the "Official Statement").

6. Representations, Warranties and Agreements of the Department. The Department represents and warrants to and agrees with the Underwriters that, as of the date hereof and as of the date of the Closing:

(a) the Department is a proprietary department of the City of Los Angeles duly organized and validly existing under the Charter and the laws of the State of California;

(b) the Department has full legal right, power and authority to enter into this Purchase Agreement, to adopt the Resolution, and to enter into and observe, perform and consummate the covenants, agreements and transactions contemplated by this Purchase Agreement, the Resolution, the Indenture, the Escrow Agreement, the Continuing Disclosure Certificate and the Official Statement and to issue, sell and deliver the Bonds to the Underwriters as provided herein; and, by all necessary official action, the Board has authorized and approved the Preliminary Official Statement and the Official Statement, has ratified and approved the distribution of the Preliminary Official Statement by the Underwriters to any potential purchasers of the Bonds and has authorized and approved the distribution of the Official Statement by the Underwriters to any purchasers of the Bonds;

(c) by all necessary official action, the Department has duly adopted the Resolution, has duly approved the Preliminary Official Statement and the delivery thereof to the Underwriters, has duly authorized and approved the Official Statement and the delivery thereof to the Underwriters, has duly authorized and approved the execution and delivery of, and the performance by the Department of the obligations in connection with the issuance of the Bonds on its part contained in this Purchase Agreement, the Resolution, the Indenture, the Escrow Agreement, the Bonds, the Continuing Disclosure Certificate and the Official Statement and the consummation by it of all other transactions contemplated by such documents in connection with the issuance of the Bonds; and the Indenture, the Escrow Agreement, the Bonds, the Continuing Disclosure Certificate and the Official Statement (upon their execution and delivery) and this Purchase Agreement constitute the legal, valid and binding obligations of the Department, enforceable in accordance with their respective terms, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally and subject, as to enforceability,

to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law);

(d) the Department is not in material breach of or default under any applicable constitutional provision, law or administrative regulation of the State of California or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Department is a party or to which the Department or any of its property or assets is otherwise subject, and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute a material default or event of default under any such instrument; and the execution and delivery of this Purchase Agreement, the Indenture, the Escrow Agreement, the Bonds, the Continuing Disclosure Certificate and the Official Statement and the adoption of the Resolution and compliance with the provisions on the Department's part contained therein, will not conflict with or constitute a breach of or default under any constitutional provision, law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Department is a party or to which the Department or any of its property or assets is otherwise subject, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Department or under the terms of any such law, regulation or instrument, except as provided by the Bonds, the Indenture, the Escrow Agreement and this Purchase Agreement;

(e) all authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter which are required for the due authorization of, which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by the Department of its obligations in connection with the issuance, sale and delivery of the Bonds under this Purchase Agreement and the Indenture have been duly obtained, except for such approvals, consents and orders as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the Bonds; and, except as described in or contemplated by the Official Statement, all authorizations, approvals, licenses, permits, consents and orders of any governmental authority, board, agency or commission having jurisdiction in the matter which are required for the due authorization of, which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by the Department of its respective obligations under this Purchase Agreement, the Resolution, the Indenture, the Escrow Agreement, the Bonds, the Continuing Disclosure Certificate and the Official Statement have been duly obtained;

(f) the Bonds, if and when issued, will be issued in accordance with the Indenture, and the Bonds and the Indenture will conform in all material respects to the descriptions thereof contained in the Official Statement under the captions "Description of the Bonds," "Security and Sources of Payment for the Bonds," and "Tax Matters" in, and "Summary of Certain Provisions of the Indenture" in Appendix D to the Official Statement; and the Continuing Disclosure Certificate conforms to the summary thereof contained in the Official Statement under the caption "Continuing Disclosure";

(g) the Bonds, if and when issued, authenticated and delivered in accordance with the Indenture and sold to the Underwriters as provided herein, will be validly issued and outstanding obligations of the Department, entitled to the benefits of the Indenture; and upon such issuance, authentication and delivery the Indenture will provide, for the benefit of the holders from time to time of the Bonds, a legally valid and binding pledge of and lien on the Revenues (as defined in the Indenture) and the funds and accounts pledged under the Indenture, subject only to the provisions of the Indenture permitting the application thereof on the terms and conditions set forth in the Indenture;

(h) as of the date hereof, 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 knowledge of the Department executing this Purchase Agreement, threatened against the Department, affecting the corporate existence of the Department or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the issuance or delivery of the Bonds or the collection of the Revenues of the Department pledged or to be pledged to pay the principal of and interest on the Bonds, or the pledge of and lien on the Revenues, funds and accounts pursuant to the Indenture, or contesting or affecting as to the Department the validity or enforceability of the Act, this Purchase Agreement, the Indenture, the Escrow Agreement, the Bonds, the Continuing Disclosure Certificate, or contesting the tax-exempt status of interest on the Bonds, or contesting the completeness or accuracy of the Official Statement or any supplement or amendment thereto, or contesting the powers of the Department or any authority for the issuance of the Bonds, the adoption of the Resolution, or the execution and delivery by the Department of this Purchase Agreement, the Indenture, the Escrow Agreement, the Bonds, the Continuing Disclosure Certificate and the Official Statement nor, to the best knowledge of the officer of the Department executing this Purchase Agreement, is there any basis for any such action, suit, proceeding, inquiry or investigation, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Act as to the Department, the Los Angeles Administrative Code and other applicable law or the authorization, execution, delivery or performance by the Department of the Bonds, the Resolution, this Purchase Agreement, the Indenture, the Escrow Agreement or the Continuing Disclosure Certificate;

(i) the Preliminary Official Statement was, with the exception of information relating to the final sizing and the pricing and sale of the Bonds, The Depository Trust Company, New York, New York and its book-entry system contained therein, final as of its date pursuant to Rule 15c2-12 of the Securities and Exchange Commission under the Securities Exchange Act of 1934 (the "Rule");

(j) as of the date thereof, the Preliminary Official Statement did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(k) the Department will undertake, pursuant to the continuing disclosure certificate (the "Continuing Disclosure Certificate") substantially in the form attached to the Official Statement as Appendix E, to provide certain annual financial information and to provide notices upon the occurrence of certain events, if material. The Department has never failed to

comply with its previous undertakings with regard to the Rule to provide annual reports and notices of material events;

(l) At the time of the Department's acceptance hereof, the Official Statement did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein in light of the circumstances in which they were made, not misleading, and if the Official Statement is supplemented or amended pursuant to subparagraph 6(m) hereof, at the time of each supplement or amendment thereto, the Official Statement, as so supplemented or amended, will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(m) each party hereto agrees that it will notify the other parties hereto if, within the period from the date of this Purchase Agreement to and including the date which is 25 days following the End of the Underwriting Period (as hereinafter defined), such party discovers any pre-existing or subsequent fact or becomes aware of the occurrence of any event, in any such case which might cause the Official Statement (as the same may have been theretofore supplemented or amended) to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. If, in the written opinion of the Department or counsel to the Underwriters, the preparation and publication of a supplement or amendment to the Official Statement is, as a result of such fact or event (or any other event which becomes known to the Department or any Underwriter during such period), necessary so that the Official Statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the Department will, at its expense, supplement or amend the Official Statement in such a manner so that the Official Statement, as so supplemented or amended, does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and furnish copies of such supplement or amendment to the Underwriters in such numbers as the Representative may reasonably request. The Department, the Underwriters and the Representative agree that they will cooperate in the preparation of any such amendment or supplement. As used herein, the term "End of the Underwriting Period" means the later of such time as (i) the Department delivers the Bonds to the Underwriters, or (ii) the Underwriters do not retain, directly or as a member of an underwriting syndicate, an unsold balance of the Bonds for sale to the public. Unless the Representative gives notice to the contrary, the "End of the Underwriting Period" shall be deemed to be the Closing Date. Any notice delivered pursuant to this provision shall be written notice delivered to the Department at or prior to the Closing Date, and shall specify a date (other than the Closing Date) to be deemed the End of the Underwriting Period;

(n) when executed, issued, delivered and paid for, as specified herein and in the Indenture, the Bonds will be duly authorized, executed, issued and delivered and will constitute valid and binding obligations of the Department enforceable in accordance with their terms and the terms of the Indenture, except as may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws, judicial decisions or principles of equity relating to or

affecting the enforcement of creditors' rights or contractual obligations generally and limitations on judicial remedies available against public agencies;

(o) the Department will apply the proceeds from the sale of the Bonds for the purposes specified in the Resolution and the Indenture;

(p) between the date hereof and the Closing, except as contemplated by the Official Statement, the Department will not, without prior written notice to the Underwriters, offer or issue any bonds, notes or other obligations for borrowed money, or incur any material liabilities, direct or contingent, other than in the ordinary course of its business;

(q) the Department will furnish such information, execute such instruments and take such other action not inconsistent with law in cooperation with the Underwriters as may be requested to (i) qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States of America as may be designated by the Underwriters, and (ii) determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions, and will use its best efforts to continue such qualifications in effect so long as required for the distribution of the Bonds; provided, however, that the Department shall not be required to pay the cost or expense of any such qualification or determination or to execute a general or special consent to service of process or qualify to do business in connection with any such qualification or determination in any jurisdiction;

(r) the financial statements of, and other financial information regarding, the Department set forth in the Preliminary Official Statement and the Official Statement fairly present the financial position and results of the operations of the Department as of the dates and for the periods therein set forth, and, to the best of the Department's knowledge, (i) the audited financial statements have been prepared in accordance with generally accepted accounting principles consistently applied, and (ii) the other historical financial information has been determined on a basis substantially consistent with that of the Department's audited financial statements included in the Preliminary Official Statement; and, except as disclosed in the Official Statement, there has not been any material adverse change in the financial condition of the Department since June 30, 2010 and there has been no occurrence, circumstance or combination thereof which is reasonably expected to result in any such material adverse change;

(s) any certificate signed by any official of the Department and delivered to the Representative or the Underwriters shall be deemed to be a representation and warranty by the Department hereunder to each of the Underwriters as to the statements made therein;

(t) the Net Revenues for a consecutive twelve calendar month period during the eighteen calendar month period preceding the date of adoption by the Board of the Resolution has produced a sum equal to at least one hundred twenty-five percent (125%) of the Debt Service (and any amounts required to be paid to the provider of any Common Reserve Fund Security Device or Reserve Fund Security Device) due and payable during such twelve calendar month period, as evidenced by a special report prepared by an Independent Certified Public Accountant or Independent Financial Consultant on file with the Department; and

(u) the Department has not defaulted in the payment of principal of or interest on any of its debt obligations (“debt obligations” shall not include any industrial development bonds or private activity bonds the Department has issued on behalf of any other person and as to which the Department has no direct or indirect financial responsibility).

7. Closing. At 8:00 a.m., Los Angeles time, on June __, 2011, or at such other date and time as shall have been mutually agreed upon by the Department and the Representative, the Department will deliver or cause to be delivered to The Depository Trust Company (“DTC”) as described below, the Bonds in definitive form duly executed by the Department and authenticated by the Trustee, together with the other documents hereinafter mentioned; and the Underwriters will accept such delivery to DTC and pay the purchase price of the Bonds of each series as set forth in Paragraph 1 hereof in federal or other immediately available funds, in an aggregate amount equal to such aggregate purchase price as set forth in Paragraph 1. Payment for the delivery of the Bonds as aforesaid shall be made at the offices of Nixon Peabody LLP, Los Angeles, California, or at such other place as shall have been mutually agreed upon by the Department and the Representative. Such payment and delivery is herein called the “Closing.” The Underwriters shall order a CUSIP identification number and the Department shall cause such CUSIP identification number to be printed on the Bonds, but neither the failure to print such number on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the Underwriters to accept delivery of and pay for the Bonds in accordance with the terms of this Purchase Agreement. The Bonds shall be prepared and delivered at least one business day prior to the date of the Closing to the offices of, or otherwise at the direction of, DTC in the form of one certificate for each series and maturity, fully registered in the name of Cede & Co., as nominee of DTC.

8. Closing Conditions. The Underwriters have entered into this Purchase Agreement in reliance upon the representations and warranties of the Department contained herein, and in reliance upon the representations and warranties to be contained in the documents and instruments to be delivered at the Closing, and upon the performance by the Department of its respective obligations hereunder, both as of the date hereof and as of the date of the Closing. Accordingly, the Underwriters’ obligations under this Purchase Agreement to purchase, to accept delivery of and to pay for the Bonds shall be conditioned upon the performance by the Department of its obligations to be performed hereunder and the delivery of the documents and instruments required to be delivered hereby at or prior to the Closing, and shall also be subject to the following additional conditions:

(a) the representations and warranties of the Department contained or incorporated herein shall be true, complete and correct in all material respects at the date hereof and on and as of the date of the Closing as if made on the date of Closing;

(b) at the time of the Closing, (i) the Resolution, the Escrow Agreement and the Indenture shall be in full force and effect and shall not have been amended, modified or supplemented after the date thereof except as shall have been agreed to in writing by the Representative; and (ii) the Department shall have performed its obligations required under or specified in this Purchase Agreement, the Resolution, the Escrow Agreement and the Indenture to be performed at or prior to the Closing;

(c) at the time of the Closing, all official actions of the Department relating to this Purchase Agreement, the Indenture, the Escrow Agreement, the Bonds, the Continuing Disclosure Certificate and the Official Statement shall be in full force and effect in accordance with their respective terms and shall not have been amended, modified or supplemented in any material respect from the date hereof except as may have been agreed to in writing by the Representative;

(d) At the time of the Closing, the Official Statement (as amended and supplemented) shall be true and correct in all material respects, and shall not omit any statement or information necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(e) at or prior to the Closing, the Underwriters shall receive the following documents, in each case reasonably satisfactory in form and substance to the Representative and to Underwriters' counsel, The Gibbs Law Group, P.C.:

(i) the Official Statement and each supplement or amendment thereto, if any, executed on behalf of the Department by the Department's Executive Director, Chief Financial Officer or Treasurer;

(ii) certified copies of the resolution relating to the Bonds adopted on May __, 2011, certified by the Secretary of the Board as having been duly adopted by the Department and as being in effect, with such supplements or amendments as may have been agreed to by the Representative, together with a certificate of an Authorized Officer stating that the Resolution is in effect in the form existing on the date hereof and has not been amended except as shall have been agreed to by the Representative;

(iii) an executed copy of the Indenture;

(iv) the approving legal opinion of Nixon Peabody LLP, Bond Counsel, dated the date of Closing and addressed to the Department in substantially the form set forth in Appendix E to the Official Statement, together with a letter of such counsel, dated the date of the Closing and addressed to the Underwriters, to the effect that the foregoing letter addressed to the Department may be relied upon by the Underwriters to the same extent as if such letter were addressed to them;

(v) a supplemental opinion of Bond Counsel with respect to the Bonds, dated the date of the Closing and addressed to the Underwriters, to the effect that:

(A) this Purchase Agreement, the Escrow Agreement and the Continuing Disclosure Certificate have been duly authorized, executed and delivered by, and constitute legal, valid and binding agreements of, the Department in accordance with their terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to creditors' rights generally;

(B) the Bonds are exempt from registration pursuant to the Securities Act of 1933, as amended, and the Indenture is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended; and

(C) the statements contained in the Official Statement under the captions “Description of the Bonds,” “Security and Sources of Payment for the Bonds”, and “Tax Matters” and in “Summary of Certain Provisions of the Indenture” in Appendix D and in Appendix E - “Form of Bond Counsel Opinion” to the Official Statement insofar as the statements contained under such captions purport to summarize certain provisions of the Bonds, this Purchase Agreement, the Resolution, the Indenture and said firm’s final legal opinion concerning certain tax matters relating to the Bonds, are accurate in all material respects;

(vi) an opinion, dated the date of Closing and addressed to the Underwriters, of the Los Angeles City Attorney, as general counsel to the Department, to the effect that:

(A) the Department is a proprietary department of the City of Los Angeles duly organized and validly existing under the Charter of the City of Los Angeles, effective on July 1, 2000, as the same may be amended or supplemented from time to time (the “Charter”) and the laws of the State of California, and has full legal right, power and authority to execute and deliver, and to perform its obligations under, this Purchase Agreement, the Resolution, the Indenture, the Bonds, the Continuing Disclosure Certificate and the Official Statement;

(B) The resolution of the Board adopted on May ____, 2011 was duly adopted at a meeting of the Board which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout;

(C) the Department has full legal right, power and authority (A) to enter into this Purchase Agreement, the Indenture, the Escrow Agreement, the Bonds and the Continuing Disclosure Certificate, (B) to adopt the Resolution, (C) to issue, sell and deliver the Bonds to the Underwriters as provided herein, (D) to authorize the distribution of the Preliminary Official Statement and the execution and distribution the Official Statement, and (E) to carry out and consummate all other commercial transactions contemplated by this Purchase Agreement, the Indenture, the Escrow Agreement the Bonds and the Continuing Disclosure Certificate;

(D) by official action of the Department prior to or concurrently with the acceptance hereof, the Department (A) has duly authorized and approved the execution and delivery and adoption of, and the performance by the Department of its obligations contained in, this Purchase

Agreement, the Indenture, the Escrow Agreement, the Bonds and the Continuing Disclosure Certificate, (B) has duly authorized the execution of the Official Statement and has duly ratified and authorized the distribution by the Underwriters of the Preliminary Official Statement and the Official Statement to potential purchasers of the Bonds, and (C) has duly authorized and approved the consummation by the Department of all transactions contemplated by this Purchase Agreement, the Indenture, the Escrow Agreement, the Bonds and the Continuing Disclosure Certificate;

(E) this Purchase Agreement, the Resolution, the Indenture, the Escrow Agreement, the Bonds, the Continuing Disclosure Certificate and the Official Statement have been duly authorized, executed and delivered by the Department, and the Purchase Agreement constitutes, and, upon due execution and delivery, the Indenture, the Escrow Agreement, the Bonds and the Continuing Disclosure Certificate will constitute, the legal, valid and binding obligations of the Department, enforceable against the Department in accordance with their respective terms.

(F) to the best of the City Attorney's knowledge after reasonable inquiry, the Department has complied with, and is not in material breach of or material default under, the Act, this Purchase Agreement, the Indenture, the Escrow Agreement, the Bonds or the Continuing Disclosure Certificate or any applicable constitutional provision, law or administrative regulation of the State of California or the United States or any agency or instrumentality of either, or any applicable judgment or decree, or any loan agreement, note, bond, resolution, indenture, agreement or other instrument known to the City Attorney after reasonable inquiry to which the Department is, or will on or after the date of Closing be, a party or to which the Department or any of its property or assets otherwise is or will be subject, and, to the best of the City Attorney's knowledge after reasonable inquiry, no event has occurred and is continuing which 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 instrument; and the execution, delivery and adoption by the Department of this Purchase Agreement, the Resolution, the Indenture, the Escrow Agreement, the Bonds, the Continuing Disclosure Certificate and the Official Statement, and the issuance, sale and delivery of the Bonds, and compliance by the Department with the respective provisions contained in this Purchase Agreement, the Resolution, the Indenture, the Escrow Agreement, the Bonds and the Continuing Disclosure Certificate, does not and will not conflict with or constitute a material breach of or material default or event of default under any constitutional provision, law, administrative regulation, judgment, decree, loan agreement, note, bond, resolution, indenture, agreement or other instrument known to the City Attorney after reasonable inquiry to which the Department is a party or to which the Department or any of its property or assets otherwise is or will be subject; nor will any such

execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or security interest or encumbrance of any nature whatsoever upon any of the revenues, property or assets of the Department or under the terms of any such law, regulation or instrument, except as expressly provided by the Bonds and the Resolution and the Indenture;

(G) to the best knowledge of the City Attorney after reasonable inquiry, 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 threatened against the Department affecting the existence of the Department or the titles of its officers to their respective offices or affecting or seeking to prohibit, restrain or enjoin the issuance, sale or delivery of the Bonds or the collection of Revenues or assets of the Department pledged or to be pledged to pay the principal of and interest on the Bonds or the pledge of and lien on the Revenues, funds or accounts pursuant to the Indenture, or contesting or affecting the validity or enforceability of the Act as to the Department, this Purchase Agreement, the Resolution, the Escrow Agreement, the Indenture, the Bonds or, the Continuing Disclosure Certificate, or contesting the tax-exempt status of interest on the Bonds or contesting the completeness or accuracy of the Official Statement or any supplement or amendment thereto, or contesting the powers of the Department or any authority for the issuance of the Bonds, the adoption of the Resolution, or the execution and delivery by the Department of this Purchase Agreement, the Resolution, the Indenture, the Escrow Agreement, the Bonds, the Continuing Disclosure Certificate or the Official Statement or the consummation of the transactions contemplated thereby nor, to the best knowledge of the City Attorney, is there any basis for any such action, suit, proceeding, inquiry or investigation wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Act as to the Department or the authorization, execution, delivery or performance by the Department of this Purchase Agreement, the Resolution, the Indenture, the Escrow Agreement, the Bonds, the Continuing Disclosure Certificate or the Official Statement; and

(H) based upon the City Attorney's participation in the preparation of the Official Statement as counsel to the Department and without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Official Statement, as of the date hereof, nothing has come to our attention which causes us to believe that (A) the Official Statement, as of its date, contained any untrue statement of a material fact or omitted to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (except for the statements contained in the Official Statement and the Appendices thereto relating to the book-entry-only system, The Depository Trust Company,

the discussions contained therein relating to permits, licenses and approvals required for the construction and operation of the facilities or projects of the Department and the status thereof, all engineering, financial and statistical data or forecasts, numbers, charts, estimates, projections, assumptions or expressions of opinion, as to all of which the City Attorney need express no view or opinion) or (B) the Official Statement as of the date hereof contains any untrue statement of material fact or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (except as aforesaid);

(vii) the opinion of Kutak Rock LLP, as disclosure counsel to the Department, addressed to the Department and the Underwriters, dated the Closing Date, to the effect that based upon the participation of the attorneys involved in the preparation of the Official Statement and without having undertaken to determine independently the accuracy and completeness of the statements contained in the Official Statement, nothing has come to the attention of such counsel which would lead them to believe that the Official Statement (except for information under the caption "TAX MATTERS" and Appendices A, B, C, D, E and F, any financial, statistical, economic or demographic data or forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions, expressions of opinion, all engineering, financial and statistical data or forecasts, the Appendices thereto, information relating to The Depository Trust Company, New York, New York and its book-entry system contained therein and incorporated therein by reference, as to which no view need be expressed) as of its date contained, or that the Official Statement as the same may have been amended or supplemented to the date of the Closing (except as aforesaid) as of the date of the Closing contains, any untrue statement of a material fact or that the Official Statement omitted as of its date, or that the Official Statement as so amended or supplemented omits as of the date of the Closing, to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were or are made, not misleading;

(viii) an opinion of The Gibbs Law Group, P.C. Underwriters' Counsel, dated the Closing Date, addressed to the Underwriters, substantially to the effect that:

(A) the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Indenture is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended; and

(B) in such counsel's capacity as counsel to the Underwriters, to assist the Underwriters in part of their responsibility with respect to the Official Statement, such counsel participated in conferences with representatives of the Underwriters and representatives of the Department, its counsel, its financial advisors, Nixon Peabody LLP, as Bond Counsel, Kutak Rock LLP, as disclosure counsel to the Department, and others, during which the contents of the Official Statement and related matters were discussed and that based upon the participation of such

Underwriters' Counsel in the above-mentioned conferences, and in reliance thereon and on the records, documents, certificates and opinions mentioned in such letter, during the course of their representation of the Underwriters on this matter, no facts have come to the attention of the attorneys in their firm rendering legal services in connection with such representation which causes them to believe that the Official Statement (except for any financial, statistical, economic, demographic data or forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion, Appendices A, B, C, D, E and F to the Official Statement or any information about book-entry, tax exemption, DTC, or the financial advisors included or referred to therein, which such counsel to the Underwriters may expressly exclude from the scope of such letter and as to all of which such counsel need express no opinion or view), as of its date or as of the Closing Date, contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(ix) a certificate of an Authorized Officer of the Department, dated the date of the Closing and signed by such Authorized Officer to the effect that:

(A) the representations and warranties of the Department contained herein are true and correct in all material respects on and as of the date of the Closing as if made on the date of the Closing, except that all references therein to the Preliminary Official Statement shall be deemed to be references to the Official Statement;

(B) except as may be stated to the contrary in the Official Statement, no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, is pending or, to the best of his/her knowledge, threatened against the Department, affecting the existence of the Department or the titles of its officers to their respective offices or affecting or seeking to prohibit, restrain or enjoin the issuance, sale or delivery of the Bonds or the collection of Revenues pledged to pay the principal of, premium, if any, and interest on the Bonds, or the pledge of and lien on the Revenues and funds and accounts pursuant to the Indenture, or in any way contesting or affecting the validity or enforceability of the Act as to the Department, the Bonds, the Resolution, the Indenture, the Escrow Agreement, the Continuing Disclosure Certificate or this Purchase Agreement, or contesting in any way the tax exempt status of the Bonds or the completeness or accuracy of the Preliminary Official Statement or the Official Statement as the same may be supplemented or amended; or contesting the powers of the Department or any authority for the issuance of the Bonds, the adoption of the Resolution or the authorization, execution and delivery of this Purchase Agreement, the Indenture, the Escrow Agreement, the Bonds, the Continuing Disclosure Certificate or

the Official Statement except as set forth in the Official Statement, nor, to the best of his/her knowledge, is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Act as to the Department, or the authorization, execution, delivery or performance by the Department of the Bonds, the Resolution, the Indenture, the Escrow Agreement, the Continuing Disclosure Certificate or this Purchase Agreement; and

(C) to the best of his or her knowledge, no event affecting the Department has occurred since the date of the Official Statement which should be disclosed in the Official Statement, as the same may be supplemented or amended, in order that the Official Statement not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein, or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(x) a certificate of the Trustee, dated the Closing Date, to the effect that:

(A) the Trustee is duly organized and existing as a national banking association organized and existing under the laws of the United States of America, having the full power and authority to enter into and perform its duties under the Indenture and the Continuing Disclosure Certificate and to authenticate the Bonds;

(B) the Trustee is duly authorized to enter into the Indenture and the Continuing Disclosure Certificate, and, when the Indenture is duly authorized, executed and delivered by the other respective parties thereto, to authenticate and deliver the Bonds to the Underwriters pursuant to the terms of the Indenture;

(C) the execution and delivery by the Trustee of the Indenture, and compliance with the terms thereof, will not conflict with, or result in a violation or breach of, or constitute a default under, any loan agreement, indenture, bond, note, resolution or any other agreement or instrument to which the Trustee is a party or by which it is bound, or, to its best knowledge, any law or any rule, regulation, order or decree of any court or governmental agency or body having jurisdiction over the Trustee or any of its activities or properties (except that no representation, warranty or agreement is made by the Trustee with respect to any federal or state securities or blue sky laws or regulations);

(D) there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or, to the best of the knowledge of the Trustee, threatened against or affecting the existence of the Trustee or in any way contesting or affecting the validity

or enforceability of the Bonds or the Indenture, or contesting the powers of the Trustee or its authority to enter into and perform its obligations under any of the foregoing, or wherein an unfavorable decision, ruling or finding would adversely affect the Trustee or the transactions contemplated in connection with the issuance and sale of the Bonds, or which, in any way, would adversely affect the validity of the Bonds or the Indenture or any agreement or instrument to which the Trustee is a party and which is used or contemplated for use in the Indenture, or the consummation of the transactions contemplated in connection with the issuance and sale of the Bonds; and

(E) subject to the provisions of the Indenture, the Trustee will apply the proceeds from the Bonds to the purposes specified in the Indenture;

(xi) the opinion of counsel to the Trustee, dated the date of Closing, addressed to the Department and the Underwriters to the effect that:

(A) the Trustee is a national banking association organized and existing under the laws of the United States of America, having full power and being qualified to enter, accept and administer the trust created under the Indenture, to authenticate and deliver the Bonds;

(B) the Bonds have been duly authenticated by the Trustee in accordance with the Indenture, and the Indenture and the Continuing Disclosure Certificate have been duly authorized, executed and delivered by the Trustee and, assuming due authorization, execution and delivery thereof by the other respective parties thereto, constitute the legal, valid and binding obligations of the Trustee enforceable in accordance with their respective terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, or other laws affecting the enforcement of creditors' rights generally and by the application of equitable principles if equitable remedies are sought; and

(C) no authorization, approval, consent or order of any governmental agency or any other person is required for the valid authorization, execution and delivery of the Indenture or the Continuing Disclosure Certificate by the Trustee or the authentication of the Bonds by the Trustee;

(xii) A certificate, satisfactory in form and substance to the Representative and the Department, signed by one or more authorized officers of the Escrow Agent, dated the Closing Date, as to the due authorization and execution of the Escrow Agreement and acceptance of the duties of the Escrow Agreement for the benefit of the owners of the Refunded Bonds;

(xiii) the opinion of counsel to the Escrow Agent, dated the date of Closing, in a form reasonably satisfactory to the Representative and the Department;

(xiv) The Verification Report from the [Verification Agent] with respect to the defeasance of the Refunded Bonds;

(xv) A defeasance opinion from Nixon Peabody LLP with respect to the Refunded Bonds, addressed to the Department and the Underwriters;

(xvi) a report of an Independent Certified Public Accountant or Independent Financial Consultant to the effect that the Net Revenues for a consecutive twelve calendar month period during the eighteen calendar month period preceding the date of adoption by the Board of the Resolution produced a sum equal to at least one hundred twenty-five percent (125%) of the Debt Service (and any amounts required to be paid to the provider of any Common Reserve Fund Security Device or Reserve Fund Security Device) due and payable during such twelve calendar month period;

(xvii) the executed copy of Continuing Disclosure Certificate of the Department, in substantially the form attached to the Preliminary Official Statement;

(xviii) evidence satisfactory to the Representative (i) that the Department's long-term senior lien indebtedness has been rated at least “___” by Standard & Poor's Ratings Group (“S&P”) and at least “___” by Moody's Investors Service (“Moody's”) and (ii) that such ratings remain in effect and have not been suspended, withdrawn or downgraded as of the date of the Closing;

(xix) the Letter of Representations or evidence of other appropriate arrangements with DTC; and

(xx) such additional legal opinions, certificates, instruments and other documents as the Representative may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the date of the Closing, of the Department's representations and warranties contained herein and of the statements and information contained in the Official Statement, as the same may be supplemented or amended, and the due performance and satisfaction by the Department at or prior to the date of the Closing of all agreements then to be performed and all conditions then to be satisfied by the Department and to evidence the exclusion from gross income for federal income tax purposes of the interest of the Bonds.

9. Termination. The Underwriters may terminate this Purchase Agreement, without liability therefor, by notification to the Department if at any time subsequent to the date of this Purchase Agreement and at or prior to the Closing:

(a) there shall occur any change or any development involving a prospective change, in or affecting the business, properties or financial condition of the Department which, in the reasonable opinion of the Representative, materially impairs the investment quality, the marketability or the market price of the Bonds;

(b) legislation shall have been enacted by the Congress of the United States, or introduced by amendment or otherwise in or passed by either House of the Congress, or recommended or endorsed to the Congress for passage by the President of the United States, or favorably reported for passage to either House of the Congress of the United States by any committee of such House to which such legislation has been referred for consideration, or recommended or endorsed for passage or presented for consideration by any member of any such committee or by the Treasury Department of the United States, the Internal Revenue Service, or the staff of the Joint Committee on Taxation of the Congress, or a decision shall have been rendered by a court of the United States, or the United States Tax Court, or an order, ruling, regulation (final, temporary or proposed) or official statement shall have been made by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency of appropriate jurisdiction, with respect to federal taxation of interest received on securities of the general character of the Bonds or which would have the effect of changing, directly or indirectly, the federal tax consequences of receipt of interest on securities of the general character of the Bonds in the hands of the owners thereof, which in the reasonable opinion of the Representative would materially adversely affect the market price of the Bonds or the ability to enforce contracts for the sale of the Bonds;

(c) there shall have occurred a declaration of war by the United States, any new outbreak of hostilities or any escalation in existing hostilities, or any other national or international calamity or crisis or an actual or imminent default or moratorium in respect of payment of any United States Treasury bills, bonds or notes, the effect of which, in the reasonable opinion of the Representative, would materially and adversely affect the ability of the Underwriters to market the Bonds or to enforce contracts for the sale of the Bonds;

(d) there shall have occurred the declaration of a general banking moratorium by any authority of the United States or the State of New York or the State of California;

(e) there shall be in force a general suspension of trading or other material restrictions not in force as of the date hereof on the New York Stock Exchange or other national securities exchange;

(f) any rating of bonds, notes or other obligations of the Department (including, without limitation, the Bonds) shall have been downgraded, suspended or withdrawn, or the possibility of such a downgrading, suspension or withdrawal shall have been publicly announced, by Moody's, S&P or Fitch and such action, in the reasonable opinion of the Representative, will materially adversely affect the marketability or the market price of the Bonds;

(g) an event, fact or condition described in subparagraph 6(m) hereof shall have occurred or become known which, in the reasonable opinion of the Representative, would materially and adversely affect the ability of the Underwriters to market the Bonds or to enforce contracts for the sale of the Bonds and requires the preparation and publication of a supplement or amendment to the form of the Official Statement;

(h) any legislation, ordinance, rule or regulation shall be introduced in or enacted by any governmental body, board, department or agency of the State of California or the

United States, or a decision by any court of competent jurisdiction within the State of California or any court of the United States shall be rendered, affecting the Department, which, in the reasonable opinion of the Representative, will materially adversely affect the marketability or the market price of the Bonds or the ability to enforce contracts for the sale of the Bonds; or

(i) legislation shall be enacted, or a decision of a court of the United States shall be rendered or any action shall be taken by, or on behalf of, the Securities and Exchange Commission or any other governmental agency having jurisdiction in the subject matter which, in the opinion of Counsel to the Underwriters, has the effect of requiring the contemplated distribution of the Bonds to be registered under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, or the Indenture to be qualified under the Trust Indenture Act of 1939, as amended or that would make the reoffering and sale of the Bonds illegal.

10. Expenses. (a) The Underwriters shall be under no obligation to pay and the Department shall pay or cause to be paid the expenses incident to the performance of its obligations hereunder including but not limited to (i) the cost of preparation, printing and delivery of the Indenture; (ii) the costs of preparation, printing and delivery of the Preliminary Official Statement and of preparation, printing and delivery of the Official Statement and any supplements and amendments to either of such Official Statement; (iii) the cost of preparation and printing of the Bonds; (iv) the fees and disbursements of Bond Counsel, Disclosure Counsel and the Los Angeles City Attorney, as general counsel to the Department; (v) the fees and disbursements of Frasca & Associates, L.L.C. for its services as financial advisor to the Department; (vi) the fees and disbursements of any other engineers, accountants, and other experts, consultants or advisers retained by the Department; (vii) the fees, if any, for bond ratings; (viii) the fees and disbursements of independent certified public accountants and any other independent auditor of the Department; and (ix) the cost of delivering the purchase price for the Bonds in Federal Funds.

(b) The Underwriters shall pay only: (i) the cost of the printing of the Agreement Among Underwriters and the Blue Sky Survey; (ii) all advertising expenses and Blue Sky filing fees in connection with the public offering of the Bonds; (iii) the fees and disbursements of The Gibbs Law Group, P.C., as counsel to the Underwriters; and (iv) all other expenses incurred by the Underwriters in connection with the public offering of the Bonds, including the fees and disbursements of any other counsel retained by them.

(c) Notwithstanding the foregoing, if the Underwriters or the Department shall bring an action to enforce any part of this Purchase Agreement against the other, the unsuccessful party in such action shall owe to the successful party in such action, in addition to all other amounts or obligations which shall be held to be due and owing, the successful party's reasonable attorney's fees and costs, and other fees, costs and expenses, incurred in connection with such action.

11. Representations of Underwriters. The Underwriters represent and warrant to and agree with the Department that they are authorized to take any action under this Purchase Agreement required to be taken by them and that this Purchase Agreement is a binding contract of the Underwriters enforceable in accordance with its terms.

The Standard Provisions for City Personal Services Contracts (“PSC”) applicable to this transaction are specifically enumerated in Appendix B hereto are hereby incorporated herein by reference as though fully set forth herein.

12. Notices. Any notice or other communication to be given to the Department under this Purchase Agreement (other than the acceptance hereof as specified in the first paragraph hereof) may be given by delivering the same in writing to Harbor Department of The City of Los Angeles, The Port of Los Angeles, 425 South Palos Verdes Street, San Pedro, California 90731; Attention: Chief Financial Officer, and any notice or other communication to be given to the Underwriters under this Purchase Agreement may be given by delivering the same in writing to the Representative (in care of) Morgan Stanley & Co. Inc., 1221 Avenue of the Americas, 30th Floor, New York, NY 10020 Attention: Ira Smelkinson.

13. Governing Law. The validity, interpretation and performance of this Purchase Agreement shall be governed by the laws of the State of California.

14. Parties in Interest. This Purchase Agreement when accepted by the Department in writing as heretofore specified shall constitute the entire agreement between the Department and the Underwriters and is made solely for the benefit of the Department and the Underwriters and no other person shall acquire or have any right hereunder or by virtue hereof. All of the Department’s representations, warranties and agreements contained in this Purchase Agreement shall remain operative and in full force and effect, regardless of: (i) any investigations made by or on behalf of the Underwriters; (ii) delivery of and payment for the Bonds pursuant to this Purchase Agreement; and (iii) any termination of this Purchase Agreement.

15. Headings. The headings of the paragraphs of this Purchase Agreement are inserted for convenience of reference only and shall not be deemed to be a part hereof.

16. Effectiveness. This Purchase Agreement shall become effective upon the execution of the acceptance hereof by the Designated Department Representative and shall be valid and enforceable at the time of such acceptance.

[Remainder of Page Intentionally Left Blank]

17. Counterparts. This Purchase Agreement may be executed in several counterparts, which together shall constitute one and the same instrument.

Very truly yours,

MORGAN STANLEY & CO., INCORPORATED
E. J. DE LA ROSA & CO., INC.
SIEBERT BRANDFORD SHANK & CO., LLC

By: J.P. MORGAN SECURITIES INC...
Representative of the Underwriters,
including themselves

By: _____
Managing Director

ACCEPTED:

This ___ day of _____, 2011

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

By: _____
Chief Financial Officer

Attest:

By: _____
Secretary of the Board of
Harbor Commissioners

APPROVED AS TO FORM AND LEGALITY:

LOS ANGELES CITY ATTORNEY

By: _____
Deputy/Assistant City Attorney

APPENDIX A

Maturity Schedule

\$ _____ Refunding Revenue Bonds 2011 Series A (AMT)

August 1,	Principal	Rate	Price or Yield
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Maturity Schedule

\$ _____ **Refunding Revenue Bonds 2011 Series B (Non-AMT)**

August 1,	Principal	Rate	Price or Yield
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Redemption Provisions

Optional Redemption. The Series 2011 Bonds maturing on or before August 1, 20__ are not subject to optional redemption prior to maturity. The Series 2011 Bonds maturing on and after August 1, 20__, are subject to redemption at the option of the Department prior to their respective stated maturities, as a whole, or in part in integral multiples of \$5,000, on any date on or after August 1, 20__, at a redemption price equal to the principal amount thereof, plus accrued and unpaid interest thereon to the redemption date, without premium.

Mandatory Sinking Fund Redemption. The Series 2011A Bonds maturing on August 1, 20__ (the “Series 2011A Term Bonds”) are subject to mandatory redemption from sinking fund payments made by the Department, in part on August 1, 20__, and on August 1 in each year thereafter at a redemption price equal to the principal amount thereof, plus accrued and unpaid interest thereon to the redemption date, without premium. The Series 2011A Term Bonds will be redeemed on the following dates and in the following amounts:

Redemption Date (August 1)	Principal Amount
---	-----------------------------

* Final Maturity.

The Series 2011B Bonds maturing on August 1, 20__ (the “Series 2011B Term Bonds”) are subject to mandatory redemption from sinking fund payments made by the Department, in part on August 1, 20__, and on August 1 in each year thereafter at a redemption price equal to the principal amount thereof, plus accrued and unpaid interest thereon to the redemption date, without premium. The Series 2011B Term Bonds will be redeemed on the following dates and in the following amounts:

Redemption Date (August 1)	Principal Amount
---	-----------------------------

* Final Maturity.

If, on or before the date on which the Series 2011A Term Bonds or the Series 2011B Term Bonds are subject to mandatory sinking fund redemption, (i) the Department has purchased

Series 2011A Term Bonds or Series 2011B Term Bonds, as applicable, and surrendered such Series 2011A Term Bonds or Series 2011B Term Bonds, as applicable, to the Trustee for cancellation or (ii) Series 2011A Term Bonds or Series 2011B Term Bonds have been optionally redeemed as described in “Optional Redemption” above, then the Department may credit the amount of the Series 2011A Term Bonds or the Series 2011B Term Bonds, as applicable, to such future mandatory sinking fund payments with respect to the Series 2011A Term Bonds or the Series 2011B Term Bonds, as applicable, as the Department may specify in writing to the Trustee.

APPENDIX B

The Underwriters agree to comply with the City of Los Angeles (the “City”) requirements listed below:

A. Inspections and Audits

The Harbor Department of the City of Los Angeles (the “Department”) or any of its duly authorized representatives, upon reasonable written notice, shall receive access, for the purposes of audit and investigation, to any and all books, documents, papers and records of the Underwriters which pertain to the Purchase Agreement. Said books, documents, papers and records must be retained by the Underwriters for three years following final payment under the Purchase Agreement. The Department agrees and acknowledges that the Underwriters shall only be required to retain a copy of the final closing transcript for a period of no less than three years following final payment made by the Department hereunder.

B. Business Tax Registration Certificate

The Underwriters represent that they have obtained and presently hold the Business Tax Registration Certificate(s) required by the City’s Business Tax Ordinance (Article 1, Chapter 2, Sections 21.00 and following of the Los Angeles Municipal Code). The Underwriters will provide the Chief Financial Officer evidence that said Certificate has been obtained. The Underwriters shall maintain, or obtain as necessary, all such Certificates required of them under said Ordinance and shall not allow any such Certificate to be revoked or suspended. The Underwriters shall continue to remain in compliance with the City Business Tax Ordinance as it may be amended from time to time. See Exhibit A attached hereto.

C. Taxpayer Identification Number (“TIN”)

The Representative declares that its authorized TIN is _____. No payments will be made under the Purchase Agreement without a valid TIN.

D. Prohibition Against Assignment or Delegation

The Underwriters may not, unless they have first obtained written permission of the Harbor Department:

1. Assign or otherwise alienate any of its rights under the Purchase Agreement, including the right to payment; or
2. Delegate, subcontract or otherwise transfer any of its obligations or duties under the Purchase Agreement.

E. Independent Contractor

The Underwriters shall act under the Purchase Agreement as an independent contractors and not as agents or employees of the City. The Underwriters shall not represent or otherwise

hold out themselves or any of their directors, officers, partners, employees, subcontractors or agents to be an agents or employees of the City.

F. Affirmative Action

The Underwriters agree to comply with Section 10.8.2 and 10.8.4 of the Los Angeles Administrative Code relating to nondiscrimination and affirmative action.

G. Small Business Development Program

It is the policy of the City to provide Small Business Enterprises (SBEs), Minority-Owned Business Enterprises (MBEs), Women-Owned Business Enterprises (WBEs) and all Other Business Enterprises (OBEs) an equal opportunity to participate in the performance of all City contracts in all areas where such contracts afford such participation opportunities. The Underwriters shall assist the Department in implementing this policy and shall use their best efforts to afford the opportunity for SBEs, MBEs, WBEs and OBEs to achieve participation in subcontracts where such participation opportunities present themselves and attempt to ensure that all available business enterprises, including SBEs, MBEs, WBEs, and OBEs have equal participation opportunities to compete for an participate in any such participation opportunity which might be presented under the Purchase Agreement. See Exhibit B attached hereto.

NOTE: Prior to being awarded a contract with the City, Underwriters and all subconsultants must be registered with the City's Contract Management and Opportunities Database, Los Angeles Business Assistance Virtual Network (LABVN), at <http://www.labavn.org>.

H. Service Contractor Worker Retention Policy and Living Wage Policy Requirements.

The Board of Harbor Commissioners of the City of Los Angeles adopted Resolution No. 5771 on January 13, 1999, agreeing to adopt the provisions of Los Angeles City Ordinance No. 171004 relating to Service Contractor Worker Retention (SCWR), Section 10.36 et seq. of the Los Angeles Administrative Code, as the policy of the Harbor Department. Further, Charter Section 378 requires compliance with the City's Living Wage requirements as set forth by ordinance, Section 10.37 et seq. of the Los Angeles Administrative Code. The Underwriters shall comply with the policy whenever applicable. Violation of this provision, where applicable, shall entitle the Department to terminate the Purchase Agreement and otherwise pursue legal remedies that may be available.

I. Equal Benefits

The Underwriters agree to comply with Los Angeles Administrative Code Section 10.8.2.1 related to providing equal benefits to their employees with spouses and their employees with domestic partners.

J. Professional Liability Insurance

Each Underwriter certifies that it now has professional liability insurance in the amount of One Million Dollars (\$1,000,000) (the "Coverage Amount") which covers the services performed pursuant to the Purchase Agreement, and that it will expend every reasonable effort to

keep such insurance or its equivalent in effect at all times during performance of the Purchase Agreement and until two (2) years following acceptance of the completed services. Each policy shall include a 10-day notice of cancellation for nonpayment of premium, and a 30-day notice of cancellation for any other reasons. Each Underwriter's insurance broker or agent shall submit for approval on each Underwriter's behalf said insurance to the City's online insurance compliance system Track4LA at <http://track4la.lacity.org/>. Alternatively, subject to approval by the City Attorney of the City, an Underwriter may comply with this provision by filing with the Department's Executive Director (1) a letter certifying that it is self-insured up to the Coverage Amount and (2) current financial statements.

K. Construction of Provisions and Title and Joint & Several Underwriter Obligations

All titles or subtitles appearing in the Purchase Agreement have been inserted for convenience and shall not be deemed to affect the meaning or construction of any of the terms or provisions thereof. The language of the Purchase Agreement shall be construed according to its fair meaning and not strictly for or against the City or the Underwriters. The singular shall include the plural. Use of the masculine, feminine or neuter genders shall be deemed to include the genders not used. The Underwriters' obligations and liabilities under the Purchase Agreement shall be joint and several.

L. Confidential Information

All information provided to the Underwriters by the City shall be considered confidential unless such information is released to the public by the City or is otherwise available as provided by law.

M. Conflict of Interest

It is hereby understood and agreed that the parties to the Purchase Agreement have read and are aware of the provisions of Section 1090 et seq. and Section 87100 et seq. of the Government Code relating to conflict of interest of public officers and employees, as well as the Los Angeles Municipal Code Municipal Ethics and Conflict of Interest provisions of Section 49.5.1 et seq. and Conflict of Interest Code of the City and Department. All parties to the Purchase Agreement agree that they are unaware of any financial or economic interest of any public officer or employee of the City relating to the Purchase Agreement. Notwithstanding any other provision of the Purchase Agreement, it is further understood and agreed that if such a financial interest does exist at the inception of the Purchase Agreement, the Department may immediately terminate the Purchase Agreement by giving written notice thereof.

N. Compliance With Laws; Governing Law

The Underwriters shall abide by and obey all applicable federal, State of California and City laws including, but not limited to, the nondiscrimination and affirmative action provisions of the laws of the United States of America, the State of California and the City of Los Angeles. The Purchase Agreement shall be governed by, and construed in accordance with, the laws of the State of California, and the Underwriters shall stipulate that all actions or proceedings related to the Purchase Agreement shall be tried and litigated exclusively in the State or Federal courts

located in the County of Los Angeles, State of California, in the judicial district required by court rules.

O. Workers Compensation

The Representative certifies that it is aware of the provisions of Section 3700 of the California Labor Code which requires every employer to be insured against liability for Workers' Compensation or to undertake self-insurance in accordance with the provisions of that Code, and that the Representative shall comply with such provisions before commencing the performance of the tasks under the Purchase Agreement. The Underwriters shall submit Workers' Compensation policies, whether underwritten by the state insurance fund or private carrier, which provide that the public or private carrier waives its right of subrogation against the City in any circumstance in which it is alleged that actions or omissions of the City contributed to the accident. Such Worker's Compensation and occupational disease requirements shall include coverage for all employees of the Underwriters, and for all employees of any subconsultants or other vendors retained by the Underwriters. Each Underwriter's insurance broker or agent shall submit for approval on each Underwriter's behalf said insurance to the City's online insurance compliance system Track4LA at <http://track4la.lacity.org/>.

P. Wage and Earnings Assignment Orders/Notices of Assignments

The Underwriters are obligated to fully comply with all applicable state and federal employment reporting requirements for the Underwriters' employees.

The Representative certifies that its principal owner(s) are in compliance with any Wage and Earnings Assignment Orders and Notices of Assignments applicable to them personally. The Underwriters will fully comply with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignments in accordance with Cal. Family Code Section 5230 et seq. The Underwriters will maintain such compliance throughout the term of this Agreement.

EXHIBIT A

Copies of Business Tax Registration Certificate(s) required by the City's Business Tax Ordinance are attached hereto.

B – SMALL BUSINESS DEVELOPMENT PROGRAM

The City of Los Angeles Harbor Department is committed to creating an environment that provides all individuals and businesses open access to the business opportunities available at the Port of Los Angeles in a manner that reflects the diversity of the City of Los Angeles. The Port of Los Angeles Small Business Development Program (SBDP or the “Program”) was created to provide additional opportunities for small businesses to participate in any and all contracts. An overall Department goal of 25% has been established for the Program. The specific goal or requirement for each contract to be let may be higher or lower based on the scope of work.

It is the policy of the Harbor Department to solicit participation in the performance of all service contracts by all individuals and businesses, including but not limited to, small business entities (SBEs), women-owned businesses (WBEs), and minority-owned businesses (MBEs). The Program will allow the Port to target more effectively small business participation (including MBEs and WBEs). It is also the intent of the Department to make it easier for small businesses to participate in Port contracts by providing education and assistance on how to do business with the City, including, but not limited to, insuring that payments to small businesses are processed in a timely manner.

A Small Business Enterprise (SBE) is an independently owned and operated business that is not dominant in its field and meets criteria set forth by the Small Business Administration in Title 13, Code of Federal Regulations Part 121.

The SBDP is a results-oriented program, requiring contractors who receive contracts from the Port to perform outreach and utilize certified small businesses. **Based on the work to be performed, it has been determined that the percentage of small business participation will be ____%.** Consultant shall be responsible for determining the SBE status of its subconsultants for purposes of meeting the small business requirement. Small business participation will be determined by the percentage of the total amount of compensation under the agreement paid to SBEs.

The Consultant shall not substitute an SBE firm without obtaining prior approval of the City. A request for substitution must be based upon demonstrated good cause. If substitution is permitted, Consultant shall endeavor to make an in-kind substitution for the substituted SBE.

In the event of Consultant’s noncompliance during the performance of the Agreement, Consultant shall be considered in material breach of contract. In addition to any other remedy available to City under this Agreement or by operation of law, the City may withhold invoice payments to Consultant until noncompliance is corrected, and assess the costs of City’s audit of books and records of Consultant and its subconsultants. In the event the Consultant falsifies or misrepresents information contained in any form or other willful noncompliance as determined by City, City may disqualify the Consultant from participation in City contracts for a period of up to five (5) years.

Consultant shall complete, sign, notarize (where applicable) and submit as part of the executed agreement the attached Affidavit and Contractor Description Form. The Contractor Description Form, when signed, will signify the Consultant’s intent to comply with the Small Business Requirement. In addition, prior to being awarded a contract with the Harbor Department, all contractors and subcontractors must be registered on the City’s Contracts Management and Opportunities Database, the Los Angeles Business Assistance Virtual Network (LABAVN), at <http://www.labavn.org/>.

AFFIDAVIT OF COMPANY STATUS

"The undersigned declares under penalty of perjury pursuant to the laws of the State of California that the following information and information contained on **the attached Contractor Description Form** is true and correct and include all material information necessary to identify and explain the operations of

Name of Firm

as well as the ownership thereof. Further, the undersigned agrees to provide either through the prime consultant or, directly to the Harbor Department, complete and accurate information regarding ownership in the named firm, any proposed changes of the ownership and to permit the audit and examination of firm ownership documents in association with this agreement."

Please indicate the ownership of your company: SBE MBE WBE

OBE

- A Small Business Enterprise (SBE) is an independently owned and operated business that is not dominant in its field and meets criteria set forth by the Small Business Administration in Title 13, Code of Federal Regulations, Part 121.
- A Minority Business Enterprise (MBE) is defined as a business in which a minority owns and controls at 51% of the business. A Woman Business (WBE) is defined as a business in which a woman owns and controls at least 51% of the business. For the purpose of this project, a minority includes:
 - (1) Black (all persons having origins in any of the Black African racial groups not of Hispanic origin);
 - (2) Hispanic (all persons of Mexican, Puerto Rican, Cuban, Central or South American or other Spanish Culture or origin, regardless of race);
 - (3) Asian and Pacific Islander (all persons having origins in any of the original peoples of the Far East, Southeast Asia, The Indian Subcontinent, or the Pacific Islands); and
 - (4) American Indian or Alaskan Native (all persons having origins in any of the original peoples of North America and maintaining identifiable tribal affiliations through membership and participation or community identification).
- An OBE (Other Business Enterprise) is any enterprise that is not a MBE or WBE.

Signature _____

Title

Printed Name _____

Date

Signed _____

NOTARY

On this _____ day of _____ 20____, before me appeared _____ to me personally

Name

known, who being duly sworn, did execute the foregoing affidavit, and did state that he/she was properly authorized by _____ to execute the affidavit and did so act and deed.

Name of Firm

SEAL

Notary Public _____

Commission Expires _____

Contractor Description Form

PRIME CONTRACTOR

Business Name: _____ Award Total: \$ _____

Services to be provided: _____

Owner's Ethnicity: _____ Gender Group: SBE__ MBE__ WBE__ OBE__ (Please check all that apply)

Address: _____

City/State/Zip: _____

Telephone: () _____ FAX: () _____

Contact Person/Title: _____

Email Address: _____

SUBCONTRACTOR

Business Name: _____ Award Total: \$ _____

Services to be provided: _____

Owner's Ethnicity: _____ Gender Group: SBE__ MBE__ WBE__ OBE__ (Please check all that apply)

Address: _____

City/State/Zip: _____

Telephone: () _____ FAX: () _____

Contact Person/Title: _____

Email Address: _____

SUBCONTRACTOR

Business Name: _____ Award Total: \$ _____

Services to be provided: _____

Owner's Ethnicity: _____ Gender Group: SBE__ MBE__ WBE__ OBE__ (Please check all that apply)

Address: _____

City/State/Zip: _____

Telephone: () _____ FAX: () _____

Contact Person/Title: _____

Email Address: _____

Contractor Description Form

SUBCONTRACTOR

Business Name: _____ Award Total: \$ _____

Services to be provided: _____

Owner's Ethnicity: _____ Gender Group: SBE__MBE__WBE__OBE__(Please check all that apply)

Address: _____

City/State/Zip: _____

Telephone: () _____ FAX: () _____

Contact Person/Title: _____

Email Address: _____

SUBCONTRACTOR

Business Name: _____ Award Total: \$ _____

Services to be provided: _____

Owner's Ethnicity: _____ Gender Group: SBE__MBE__WBE__OBE__(Please check all that apply)

Address: _____

City/State/Zip: _____

Telephone: () _____ FAX: () _____

Contact Person/Title: _____

Email Address: _____

SUBCONTRACTOR

Business Name: _____ Award Total: \$ _____

Services to be provided: _____

Owner's Ethnicity: _____ Gender Group: SBE __ MBE __ WBE __ OBE __ (Please check all that apply)

Address: _____

City/State/Zip: _____

Telephone: () _____ FAX: () _____

Contact Person/Title: _____

Email Address: _____
