



CITY OF LONG BEACH

DEPARTMENT OF FINANCIAL MANAGEMENT

R-23

333 West Ocean Boulevard 6th Floor • Long Beach, CA 90802 • (562) 570-6465 • Fax (562) 570 -5836

September 4, 2018

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Receive supporting documentation into the record, adopt a Resolution authorizing the issuance of the Harbor Revenue Refunding Short-Term Notes Series 2018A, by the Board of Harbor Commissioners, on behalf of the City of Long Beach; in an aggregate principal amount not to exceed \$350,000,000, secured and solely payable from Harbor Department revenues, and authorize the execution of all necessary documents. (Citywide)

DISCUSSION

In 2014, the Board of Harbor Commissioners (Board), acting on behalf of the City of Long Beach (City), issued the Harbor Revenue Short-Term Notes Series 2014C (2014C Notes). The 2014C Notes were issued to finance a portion of the costs related to the Gerald Desmond Bridge Replacement Project. The 2014C Notes are schedule to mature on November 15, 2018.

The Board, acting on behalf of the City, proposes to issue the Harbor Revenue Refunding Short-Term Notes Series 2018A (2018A Notes), in an aggregate principal amount not to exceed \$350,000,000. Proceeds from the issuance of the 2018A Notes will be used to refund and pay the outstanding principal and interest related to the 2014C Notes on the maturity date of November 15, 2018. Additionally, the proceeds will be used to fund capitalized interest on the 2018A Notes and pay the cost of issuance associated with the 2018A Notes.

The 2018A Notes will be payable from Harbor Department revenues and will be scheduled to mature on December 15, 2020.

This matter was reviewed by Deputy City Attorney Richard F. Anthony on August 15, 2018 and by Budget Management Officer Rhutu Amin Gharib on August 13, 2018.

TIMING CONSIDERATIONS

City Council approval is requested on September 4, 2018, to facilitate the timely payment of the 2014C Notes by the Harbor Department.

FISCAL IMPACT

The Series 2018A Notes are special, limited obligations of the City, secured and solely payable from Harbor Department revenues. The General Fund (GF) will not be liable for the debt service payments. There is no local job impact associated with this recommendation.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



JOHN GROSS
DIRECTOR OF FINANCIAL MANAGEMENT



MARIO CORDERO
EXECUTIVE DIRECTOR
HARBOR DEPARTMENT

JG:DN
K:\FM-ADMIN\CITY COUNCIL LETTERS\TREASURY\2018\09-04-18 CCL HARBOR REVENUE REFUNDING SHORT-TERM NOTES SERIES 2018A.DOCX

ATTACHMENTS

APPROVED:



PATRICK H. WEST
CITY MANAGER

OFFICE OF THE CITY ATTORNEY
CHARLES PARKIN, City Attorney
333 West Ocean Boulevard, 11th Floor
Long Beach, CA 90802-4664

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RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LONG BEACH APPROVING THE ISSUANCE BY THE BOARD OF HARBOR COMMISSIONERS, ON BEHALF OF THE CITY OF LONG BEACH, OF HARBOR REVENUE REFUNDING SHORT-TERM NOTES IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$350,000,000 SECURED BY HARBOR DEPARTMENT REVENUES AND CERTAIN OTHER MATTERS

WHEREAS, the City Charter (the "Charter") of the City of Long Beach (the "City") and Sections 3.52.110 through 3.52.150 of the Long Beach Municipal Code of the City (the "Municipal Code") provide a procedure for the issuance of revenue bonds by the City or by a Board of Commissioners, acting for and on behalf of the City; and

WHEREAS, pursuant to Article XII of the Charter, the City, acting by and through its Board of Harbor Commissioners (the "Board"), is authorized to issue, on behalf of the City, revenue bonds for harbor purposes; and

WHEREAS, the Board, acting on behalf of the City pursuant to Article XII of the Charter and certain sections of the Municipal Code, proposes to issue one or more series of Harbor Revenue Refunding Short-Term Notes in an aggregate principal amount not to exceed \$350,000,000 (the "Series 2018 Senior Notes") for the purposes of (a) current refunding and paying, on the maturity date of November 15, 2018, all of the outstanding City of Long Beach, California Harbor Revenue Short-Term Notes Series 2014C, (b) if determined by the President of the Board (including any Acting President or Interim President), the Vice President of the Board (including any Acting Vice President or Interim Vice President), the Executive Director of the Harbor Department of the City (including any Acting Executive Director or Interim Executive Director), and/or the

1 Managing Director-Finance and Administration of the Harbor Department of the City
2 (including any Acting Managing Director-Finance and Administration or Interim Managing
3 Director-Finance and Administration) (each a "Designated Officer") to be in the best
4 interest of the Harbor Department of the City (the "Harbor Department"), funding
5 capitalized interest on all or a portion of the Series 2018 Senior Notes through a date not
6 later than the final maturity date of the Series 2018 Senior Notes, and (c) paying the
7 financing costs and the costs of issuing the Series 2018 Senior Notes, all pursuant to
8 Resolution No. HD-1475 adopted by the Board on November 8, 1989, as amended and
9 supplemented (the "Master Resolution"), and to be further supplemented by a
10 supplemental resolution to be adopted by the Board after the execution and delivery of
11 the note purchase agreement by the City, acting by and through the Board, and the
12 underwriters of the Series 2018 Senior Notes (the "Supplemental Resolution," and
13 together with the Master Resolution, the "Bond Resolution"), a form of which is attached
14 hereto as "Exhibit A"; and

15 WHEREAS, pursuant to a resolution adopted by the Board on August 27,
16 2018 (the "Authorizing Resolution"), a form of which is attached hereto as "Exhibit B," the
17 Board authorized the issuance and sale of the Series 2018 Senior Notes pursuant to the
18 Bond Resolution;

19 NOW, THEREFORE, the City Council of the City of Long Beach resolves as
20 follows:

21 Section 1. That the City Council, acting pursuant to the Article XII of the
22 Charter and Sections 3.52.110 through 3.52.150 of the Municipal Code, and subject to
23 the terms and provisions set forth in the Authorizing Resolution, does hereby approve the
24 issuance of the Series 2018 Senior Notes in an aggregate principal amount not to exceed
25 \$350,000,000, pursuant to the Bond Resolution with such changes, completions,
26 insertions and omissions as shall be approved by the Board, the adoption of the
27 Supplemental Resolution by the Board being conclusive evidence of such approval.

28 The Series 2018 Senior Notes shall be issued as special, limited obligations

1 of the City and shall be secured by a pledge of and lien upon and shall be a charge upon
2 and shall be payable from the revenues of the Harbor Department and certain funds and
3 accounts pledged under the Bond Resolution. The Series 2018 Senior Notes shall not be a
4 debt of the City, nor a legal or equitable pledge, charge, lien or encumbrance upon any of
5 the City's property or upon any of the City's income, receipts or revenues, except the
6 revenues of the Harbor Department and the funds and accounts specifically pledged to the
7 payment thereof under the Bond Resolution. The general fund of the City shall not be liable
8 for the payment of the Series 2018 Senior Notes or interest thereon, nor shall the credit or
9 the taxing power of the City be pledged therefor.

10 Section 2. That the City Manager, the City Treasurer, the City Clerk and
11 all other proper officers and officials of the City are hereby authorized and directed to
12 execute such other agreements, documents and certificates (including, but not limited to,
13 a trustee services agreement or one or more investment agreements with respect to the
14 investment of the proceeds of the Series 2018 Senior Notes), and to perform such other
15 acts and deeds as may be necessary or convenient to effect the purposes of this
16 resolution.

17 Section 3. That the City Clerk is hereby authorized and directed to
18 forward to the Board, without delay, a certified copy of this resolution.

19 Section 4. This resolution shall take effect immediately upon its adoption
20 by the City Council, and the City Clerk shall certify the vote adopting this resolution.

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OFFICE OF THE CITY ATTORNEY
CHARLES PARKIN, City Attorney
333 West Ocean Boulevard, 11th Floor
Long Beach, CA 90802-4664

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I hereby certify that the foregoing resolution was adopted by the City Council of the City of Long Beach at its meeting of _____, 2018 by the following vote:

Ayes: Councilmembers: _____

Noes: Councilmembers: _____

Absent: Councilmembers: _____

City Clerk

EXHIBIT A
FORM OF SUPPLEMENTAL RESOLUTION

RESOLUTION NO. HD-_____

**RESOLUTION OF THE BOARD OF HARBOR COMMISSIONERS OF
THE CITY OF LONG BEACH, CALIFORNIA
AUTHORIZING THE ISSUANCE AND SALE OF
\$[•] AGGREGATE PRINCIPAL AMOUNT
OF HARBOR REVENUE REFUNDING SHORT-TERM NOTES OF SAID CITY; AND
PROVIDING THE TERMS AND CONDITIONS OF SAID NOTES**

(TWENTY-FIRST SUPPLEMENTAL RESOLUTION)

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RESOLUTION NO. HD-_____

**Resolution of the Board of Harbor Commissioners of
The City of Long Beach, California
Authorizing the Issuance and Sale of
\$[•] Aggregate Principal Amount
of Harbor Revenue Refunding Short-Term Notes of Said City; and
Providing the Terms and Conditions of Said Bonds**

(TWENTY-FIRST SUPPLEMENTAL RESOLUTION)

WHEREAS, the City of Long Beach (the “*City*”) is a city organized and existing under a charter duly and regularly adopted pursuant to the provisions of the Constitution of the State of California;

WHEREAS, pursuant to Article XII of said charter, the City, acting by and through its Board of Harbor Commissioners (the “*Board*”), is authorized to issue, on behalf of the City, revenue bonds for harbor purposes;

WHEREAS, pursuant to Resolution No. HD-1475 adopted by the Board on November 8, 1989 (together with all amendments, modifications and supplements thereto, the “*Master Resolution*”), the Board has heretofore authorized the issuance of Harbor Revenue Bonds (the “*Bonds*” or “*Senior Bonds*”) on behalf of the City by adoption of supplemental resolutions from time to time, with the payment of the principal, interest on and any redemption premiums thereon being secured by and payable solely from the Revenues (as defined in the Master Resolution) of the Port (as defined in the Master Resolution);

WHEREAS, pursuant to the Master Resolution and Resolution No. HD-2767 adopted by the Board on June 9, 2014, the Board, on behalf of the City, issued \$325,000,000 aggregate principal amount of “City of Long Beach, California Harbor Revenue Short-Term Notes, Series 2014C” (the “*Series 2014C Senior Notes*”), the proceeds of which were used, among other things, to finance capital improvements at the Port and to refund and defease certain City of Long Beach, California Subordinate Harbor Revenue Revolving Obligations;

WHEREAS, pursuant to Resolution No. HD-[•] adopted by the Board on [•], 2018 (“*Resolution No. HD-[•]*”), the Board authorized the issuance and sale of the Series 2018 Senior Notes (as defined in Resolution No. HD-[•]) pursuant to the terms and conditions of the Master Resolution and this Twenty-First Supplemental Resolution (this “*Twenty-First Supplemental Resolution*”);

WHEREAS, on [•], 2018, pursuant to Resolution No. RES-18-[•], a majority of the members of the City Council approved the issuance of the Series 2018 Senior Notes;

WHEREAS, pursuant to this Twenty-First Supplemental Resolution, the Series 2018 Senior Notes shall be designated as the “City of Long Beach, California Harbor Revenue Refunding Short-Term Notes, Series 2018A” (the “*Series 2018A Senior Notes*”);

WHEREAS, pursuant to the Note Purchase Agreement, dated [●], 2018 (the “*Note Purchase Agreement*”) by Merrill Lynch, Pierce, Fenner & Smith Incorporated, on behalf of itself and the other Underwriters (as hereinafter defined), and accepted by the City, acting by and through the Board, an executed copy of which has been presented to this Board, the Board agreed to sell and the Underwriters agreed to purchase the Series 2018A Senior Notes subject to the terms and conditions set forth in the Note Purchase Agreement;

WHEREAS, public interest and necessity require that the Board proceed under Resolution No. HD-[●] and the Master Resolution to issue and sell on behalf of the City, \$[PAR] aggregate principal amount of the Series 2018A Senior Notes, secured by and payable from the Revenues of the Port for the purposes of (a) current refunding and paying, on the maturity date of November 15, 2018, all of the outstanding Series 2014C Senior Notes (the “*Refunded Notes*”), (b) funding capitalized interest on the Series 2018A Senior Notes through December 15, 2020, and (c) paying the costs of issuance of the Series 2018A Senior Notes;

WHEREAS, this Twenty-First Supplemental Resolution shall, among other things, set forth the final terms and provisions of the Series 2018A Senior Notes as previously agreed to by the Board and the Underwriters under the Note Purchase Agreement;

WHEREAS, there has been presented to this Board a form of Fiscal Agent Agreement to be dated the Closing Date (as hereinafter defined) (the “*Fiscal Agent Agreement*”), by and between the City, acting by and through the Board, and U.S. Bank National Association, as fiscal agent (the “*Fiscal Agent*”); and

WHEREAS, there has been presented to this Board a form of Escrow Agreement to be dated the Closing Date (the “*Escrow Agreement*”), by and among the City, acting by and through the Board, U.S. Bank National Association, as fiscal agent, and U.S. Bank National Association, as escrow agent;

NOW, THEREFORE, the Board of Harbor Commissioners of the City of Long Beach, California, DOES HEREBY RESOLVE, DETERMINE AND ORDER as follows:

ARTICLE I

DETERMINATIONS; DEFINITIONS

Section 1.01. Twenty-First Supplemental Resolution; Determinations. This Twenty-First Supplemental Resolution is adopted in accordance with the provisions of the Master Resolution and, among other things, sets forth the final terms and provisions of the Series 2018A Senior Notes in accordance with Resolution No. HD-[●] and as previously agreed to by the Board and the Underwriters under the Note Purchase Agreement. The Board hereby ratifies and approves all of the terms and conditions of the Note Purchase Agreement.

The Board hereby determines that the issuance of the Series 2018A Senior Notes for the purpose of refunding and paying, on the maturity date of November 15, 2018, the Refunded Notes is advisable from an economic and financial viewpoint. The Board hereby determines that the issuance of the Series 2018A Senior Notes in the principal amount hereinafter authorized is needed to (a) refund and pay, on the maturity date of November 15, 2018, the Refunded Notes, (b) pay capitalized interest on the Series 2018A Senior Notes through December 15, 2020, and (c) pay the costs of issuance of the Series 2018A Senior Notes.

Section 1.02. Definitions. All terms which are defined in Section 1.02 of the Master Resolution shall, unless otherwise defined herein, have the same meanings, respectively, in this Twenty-First Supplemental Resolution. Unless the context otherwise requires, the terms defined in this Section 1.02 shall, for all purposes of this Twenty-First Supplemental Resolution and of any certificate, opinion or other document herein mentioned, have the meanings herein specified, to be equally applicable to both the singular and the plural forms of any of the terms herein defined. Unless otherwise defined in this Twenty-First Supplemental Resolution, all terms used herein shall have the meanings assigned to such terms in the Master Resolution.

“Administrative Officer to the Board” means the person at a given time who is the administrative officer to the Board (including any person serving in an acting or interim capacity) or such other title as the Board may from time to time assign for such position and the officer or officers succeeding to such position as certified by the Board.

“Authorized Board Representative” means the President of the Board, the Vice President of the Board, the Executive Director, the Managing Director-Finance and Administration or the Director of Finance or such other officer or employee of the Board or the Department or other person which other officer, employee or person has been designated as an Authorized Board Representative by written notice delivered by the President of the Board, the Vice President of the Board, the Executive Director, the Managing Director-Finance and Administration or the Director of Finance.

“Bond Counsel” means such law firm of national standing in the field of public finance selected by the Board.

“Closing Date” means, [●], 2018, the date of delivery of the Series 2018A Senior Notes to the Underwriters against payment therefor.

“Code” means the Internal Revenue Code of 1986, as amended, including regulations, rulings and judicial decisions promulgated thereunder.

“Director of Finance” means the person at a given time who is the director of finance of the Department (including any person serving in an acting or interim capacity) or such other title as the Board may from time to time assign for such position and the officer or officers succeeding to such position as certified by the Board.

“DTC” means The Depository Trust Company, New York, New York, and its successors and assigns.

“*Escrow Agent*” means U.S. Bank National Association and any successor appointed in accordance with the Escrow Agreement.

“*Escrow Agreement*” means the Escrow Agreement, dated the Closing Date, by and among the City, acting by and through the Board, the Fiscal Agent and the Escrow Agent.

“*Escrow Fund*” means the “City of Long Beach, California Harbor Revenue Short-Term Notes, Series 2014C Escrow Fund” established pursuant to the Escrow Agreement

“*Executive Director*” means the person at a given time who is the executive director of the Department (including any person serving in an acting or interim capacity) or such other title as the Board may from time to time assign for such position and the officer of officers succeeding to such position as certified by the Board.

“*Executive Secretary of the Board*” means the person at a given time who is the executive secretary of the Board (including any person serving in an acting or interim capacity) or such other title as the Board may from time to time assign for such position and the officer of officers succeeding to such position as certified by the Board.

“*Fiscal Agent*” means U.S. Bank National Association, and any successor appointed in accordance with Article VII of the Master Resolution.

“*Fiscal Agent Agreement*” means the Fiscal Agent Agreement, dated the Closing Date, by and between the City, acting by and through the Board, and the Fiscal Agent.

“*Interest Payment Date*” means each June 15 and December 15, commencing June 15, 2019, the dates upon which interest on the Series 2018A Senior Notes becomes due and payable.

“*Investment Securities*” means, for purposes of this Twenty-First Supplemental Resolution, the investments set forth in the defined term “Investment Securities” under the Master Resolution, the City’s investment pool maintained by the Treasurer in accordance with the City’s adopted investment policy, and United States Treasury Certificates of Indebtedness, Notes and Bonds-State and Local Government Series; provided, however, all investments in such investment pool meet the requirements of the defined term “Investment Securities” under the Master Resolution.

“*Managing Director-Finance and Administration*” means the person at a given time who is the managing director-finance and administration of the Department (including any person serving in an acting or interim capacity) or such other title as the Board may from time to time assign for such position and the officer of officers succeeding to such position as certified by the Board.

“*Master Resolution*” has the meaning given thereto in the third recital paragraph of this Twenty-First Supplemental Resolution.

“*Nominee*” means the nominee of the Securities Depository, which may be the Securities Depository, as determined from time to time pursuant hereto.

“*Note Purchase Agreement*” means the Note Purchase Agreement, dated [•], 2018, by, Merrill Lynch, Pierce, Fenner & Smith Incorporated, on behalf of itself and the other Underwriters, and accepted by the City, acting by and through the Board.

“*Participant*” means those broker-dealers, banks and other financial institutions for which the Securities Depository holds certificates as securities depository.

“*President of the Board*” means the person at a given time who is the president of the Board (including any person serving in an acting or interim capacity) or such other title as the Board may from time to time assign for such position and the officer of officers succeeding to such position as certified by the Board.

“*Rebate Requirements*” means the Rebate Requirements set forth in the Tax Compliance Certificate.

“*Record Date*” means for a June 15 Interest Payment Date the preceding June 1 and for a December 15 Interest Payment Date the preceding December 1.

“*Refunded Notes*” means \$325,000,000 aggregate principal amount of the City of Long Beach, California Harbor Revenue Short-Term Notes, Series 2014C to be refunded with a portion of the proceeds of the Series 2018A Senior Notes.

“*Representation Letter*” means the Blanket Issuer Letter of Representations dated February 17, 1998 from the City to DTC.

“*Resolution*” means, collectively, the Master Resolution, as amended and supplemented, and this Twenty-First Supplemental Resolution.

“*Securities Depository*” means DTC or any successor securities depository appointed by the Board pursuant to Section 2.06 hereof.

“*Series 2018A Capitalized Interest Fund*” means the “City of Long Beach, California Harbor Revenue Refunding Short-Term Notes, Series 2018A Capitalized Interest Fund” established and maintained pursuant to Section 4.03 hereof.

“*Series 2018A Costs of Issuance Fund*” means the “City of Long Beach, California Harbor Revenue Refunding Short-Term Notes, Series 2018A Costs of Issuance Fund” established and maintained pursuant to Section 4.04 hereof.

“*Series 2018A Rebate Fund*” means the “City of Long Beach, California Harbor Revenue Refunding Short-Term Notes, Series 2018A Rebate Fund” established and maintained pursuant to Section 4.05 hereof.

“*Series 2018A Senior Notes*” means the “City of Long Beach, California Harbor Revenue Refunding Short-Term Notes, Series 2018A,” authorized and issued pursuant to the Master Resolution, as supplemented by this Twenty-First Supplemental Resolution.

“*Subordinate TIFIA Loan*” means the loan, if any, to be made by the United States Department of Transportation, acting by and through the Federal Highway Administrator, to the City, acting by and through the Board, pursuant to the TIFIA Loan Agreement, dated as of May 21, 2014, as the same may be amended or supplemented in accordance with its terms, by and between the City, acting by and through the Board, and the United States Department of Transportation, acting by and through the Federal Highway Administrator.

“*Tax Compliance Certificate*” means the Tax Compliance Certificate, dated the Closing Date, by the City, acting by and through the Board, as the same may be amended or supplemented in accordance with its terms, with respect to the requirements of Section 103 and Sections 141 through 150 of the Code in connection with the Series 2018A Senior Notes.

“*Twenty-First Supplemental Resolution*” means this Resolution No. HD-_____, adopted by the Board on [●], 2018, and any amendments, modifications or supplements hereto.

“*Underwriters*” means, collectively, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Stern Brothers & Co. and Stifel, Nicolaus & Company, Incorporated, or any successors thereto.

“*Vice President of the Board*” means the person at a given time who is the vice president of the Board (including any person serving in an acting or interim capacity) or such other title as the Board may from time to time assign for such position and the officer of officers succeeding to such position as certified by the Board.

ARTICLE II

THE SERIES 2018A SENIOR NOTES

Section 2.01. Authorization. The Board hereby authorizes the issuance of the Series 2018A Senior Notes pursuant to the terms of the Resolution. There is hereby created a twenty-fifth Series of Bonds issued pursuant to the Law and under the Resolution in the aggregate principal amount of \$[PAR] which Bonds shall be designated as the “City of Long Beach, California Harbor Revenue Refunding Short-Term Notes, Series 2018A” and shall be Current Interest Bonds.

Section 2.02. Terms of the Series 2018A Senior Notes. The Series 2018A Senior Notes shall be issued in registered form only in denominations of \$5,000 or any integral multiple thereof within a maturity and interest rate, and shall be numbered in such manner as the Fiscal Agent determines. The Series 2018A Senior Notes shall, upon initial issuance, be dated the Closing Date and shall bear interest from the Closing Date at the rates set forth below. Additionally, the Series 2018A Senior Notes shall mature on December 15, 2020 in the principal amounts set forth below.

<u>Maturity Date (December 15)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2020	\$	%
2020		
2020		

Section 2.03. Interest. The Series 2018A Senior Notes shall bear interest at the rates set forth in Section 2.02 hereof (calculated on the basis of a 360-day year consisting of twelve 30-day months), shall be payable on June 15 and December 15 of each year (each an “***Interest Payment Date***”) commencing June 15, 2019. Each Series 2018A Note shall bear interest from the Interest Payment Date next preceding the date of authentication thereof unless such date of authentication is an Interest Payment Date, in which event such Series 2018A Note shall bear interest from such date of authentication, or unless such date of authentication is after a Record Date and before the next succeeding Interest Payment Date, in which event such Series 2018A Note shall bear interest from such succeeding Interest Payment Date, or unless such date of authentication is prior to June 1, 2019, in which event such Series 2018A Note shall bear interest from the Closing Date. If interest on the Series 2018A Senior Notes shall be in default, Series 2018A Senior Notes issued in exchange for Series 2018A Senior Notes surrendered for transfer or exchange shall bear interest from the Interest Payment Date to which interest has been paid in full on the Series 2018A Senior Notes surrendered.

Each Series 2018A Note shall bear interest until the principal sum thereof has been paid; provided, however, that if at the maturity date of any Series 2018A Note, funds are available for the payment thereof in full in accordance with the terms of Section 4.06 and Article IX of the Master Resolution, such Series 2018A Note shall then cease to bear interest.

Section 2.04. Place of Payment. Except as otherwise provided in Section 2.06 hereof and the Representation Letter, the principal of the Series 2018A Senior Notes shall be payable in lawful money of the United States of America upon presentation and surrender of such Series 2018A Note at the corporate trust office of the Fiscal Agent in St. Paul, Minnesota. Except as otherwise provided in Section 2.06 hereof and the Representation Letter, interest on the Series 2018A Senior Notes shall be paid by check or draft mailed by first class mail to the persons whose names appear on the registration books of the Fiscal Agent as the registered Owners of such Series 2018A Senior Notes as of the close of business on the Record Date at such persons’ addresses as they appear on such registration books, except that an Owner of \$1,000,000 or more in principal amount of Series 2018A Senior Notes may be paid interest by wire transfer to an account in the United States if such Owner makes a written request of the Fiscal Agent at least thirty (30) days preceding any interest payment date specifying the wire transfer instructions for such Owner. Such notice may provide that it will remain in effect for later interest payments until changed or revoked by another written notice. Except as otherwise provided in Section 2.06 hereof and the Representation Letter, payments of default interest shall be paid by check, draft or wire transfer to the Owners as of a special record date to be fixed by the Fiscal Agent, notice of which special record date shall be given to the Owners by the Fiscal Agent not less than ten (10) days prior thereto.

Section 2.05. Form of Series 2018A Senior Notes.

(a) The Series 2018A Senior Notes and the certificate of authentication and registration to be executed thereon shall be in substantially the form set forth as Exhibit A attached hereto. The principal and interest rates of the Series 2018A Senior Notes shall be inserted therein in conformity with Section 2.02 hereof.

(b) The Series 2018A Senior Notes shall be executed in the name and on behalf of the City with the facsimile or manual signature of the President of the Board or the Treasurer, and attested by the facsimile or manual signature of the Administrative Officer to the Board. Notwithstanding the provisions of Section 2.04 of the Master Resolution, the Series 2018A shall not be attested under seal.

Section 2.06. Book-Entry System.

(a) Except as provided in subparagraph (c) of this Section, the registered owner of all of the Series 2018A Senior Notes shall be DTC and the Series 2018A Senior Notes shall be registered in the name of Cede & Co., as nominee for DTC. Payment of principal of or interest on any Series 2018A Note registered in the name of Cede & Co. shall be made by wire transfer of New York clearing house or equivalent next day funds or by wire transfer of same day funds to the account of Cede & Co. at the address indicated on the Record Date or special record date for Cede & Co. in the registration books of the Fiscal Agent.

(b) The Series 2018A Senior Notes shall be initially issued in the form of separate single authenticated fully registered notes for each separate stated interest rate of the Series 2018A Senior Notes. Upon initial issuance, the ownership of such Series 2018A Senior Notes shall be registered in the registration books of the Fiscal Agent in the name of Cede & Co., as nominee of DTC. The Fiscal Agent and the Board may treat DTC (or its nominee) as the sole and exclusive owner of the Series 2018A Senior Notes registered in its name for the purposes of payment of the principal of or interest on the Series 2018A Senior Notes, giving any notice permitted or required to be given to Bondholders under the Master Resolution or this Twenty-First Supplemental Resolution, registering the transfer of Series 2018A Senior Notes, obtaining any consent or other action to be taken by Bondholders and for all other purposes whatsoever, and neither the Fiscal Agent nor the Board shall be affected by any notice to the contrary. Neither the Fiscal Agent nor the Board shall have any responsibility or obligation to any Participant, any person claiming a beneficial ownership interest in the Series 2018A Senior Notes under or through DTC or any Participant, or any other person which is not shown on the registration books as being a Bondholder, with respect to the accuracy of any records maintained by DTC or any Participant; the payment by DTC or any Participant of any amount in respect of the principal of or interest on the Series 2018A Senior Notes; any notice which is permitted or required to be given to Bondholders under the Master Resolution; any consent given or other action taken by DTC as Bondholder; or any other purpose. The Fiscal Agent shall pay all principal of and interest on the Series 2018A Senior Notes only to or "upon the order of" DTC (as that term is used in the Uniform Commercial Code as adopted in the State of California), and all such payments shall be

valid and effective to fully satisfy and discharge the Board's obligations with respect to the principal of and interest on the Series 2018A Senior Notes to the extent of the sum or sums so paid. No person other than DTC shall receive an authenticated Series 2018A Note evidencing the obligation of the Board to make payments of principal of and interest pursuant to the Master Resolution. Upon delivery by DTC to the Fiscal Agent of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions herein with respect to Record Dates, the word "Cede & Co." in this Twenty-First Supplemental Resolution shall refer to such new nominee of DTC.

(c) In the event the Board determines that it is in the best interest of the beneficial owners that they be able to obtain note certificates, and notifies DTC, and the Fiscal Agent of such determination, then DTC will notify the Participants of the availability through DTC of note certificates. In such event, the Fiscal Agent shall authenticate and shall transfer and exchange note certificates as requested by DTC and any other Bondholders in appropriate amounts. In the event: (i) DTC determines to discontinue providing its services with respect to the Series 2018A Senior Notes at any time by giving notice to the Board and the Fiscal Agent and discharging its responsibilities with respect thereto under applicable law, or (ii) the Board determines that DTC shall no longer so act, and delivers a written certificate to the Fiscal Agent to that effect, and there is no successor Securities Depository named, the Board and the Fiscal Agent shall be obligated to deliver note certificates as described in this Twenty-First Supplemental Resolution. In the event note certificates are issued, the provisions of the Master Resolution and this Twenty-First Supplemental Resolution shall apply to, among other things, the transfer and exchange of such certificates and the method of payment of principal of and interest on such certificates. Whenever DTC requests the Board and the Fiscal Agent to do so, the Fiscal Agent and the Board will cooperate with DTC in taking appropriate action after reasonable notice (i) to make available one or more separate certificates evidencing the Series 2018A Senior Notes to any DTC Participant having Series 2018A Senior Notes credited to its DTC account or (ii) to arrange for another securities depository to maintain custody of certificates evidencing the Series 2018A Senior Notes.

(d) Notwithstanding any other provision of the Master Resolution and this Twenty-First Supplemental Resolution to the contrary, so long as any Series 2018A Note is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to the principal of and interest on such Series 2018A Note and all notices with respect to such Series 2018A Note shall be made and given, respectively, to DTC as provided in the Representation Letter.

(e) In connection with any notice or other communication to be provided to Bondholders pursuant to the Master Resolution and this Twenty-First Supplemental Resolution by the Board or the Fiscal Agent with respect to any consent or other action to be taken by Bondholders, the Board or the Fiscal Agent, as the case may be, shall establish a record date for such consent or other action and give DTC notice of such record date not less than fifteen (15) calendar days in advance of such record date to the extent possible. Notice to DTC shall be given only when DTC is the sole Bondholder.

NEITHER THE CITY, THE BOARD NOR THE FISCAL AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS WITH RESPECT TO: THE PAYMENT BY DTC, ANY DTC PARTICIPANT OR ANY INDIRECT PARTICIPANT OF THE PRINCIPAL OF OR INTEREST ON THE SERIES 2018A SENIOR NOTES; THE PROVIDING OF NOTICE TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS; THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DTC PARTICIPANT OR ANY INDIRECT PARTICIPANT; OR ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS OWNER OF THE SERIES 2018A SENIOR NOTES.

Section 2.07. Transfers Outside Book-Entry System. In the event (a) the Securities Depository determines not to continue to act as securities depository for the Series 2018A Senior Notes, or (b) the Board determines that the Securities Depository shall no longer so act, and delivers a written certificate to the Fiscal Agent to that effect, then the Board will discontinue the book-entry system with the Securities Depository. If the Board determines to replace the Securities Depository with another qualified securities depository, the Board shall prepare or direct the preparation of a new, single, separate, fully registered Series 2018A Note for each of the interest rates of the Series 2018A Senior Notes, registered in the name of such successor or substitute qualified securities depository or its nominee or make such other arrangement acceptable to the Board and the Securities Depository as are not inconsistent with the terms of this Twenty-First Supplemental Resolution. If the Board fails to identify another qualified securities depository to replace the Securities Depository, then the Series 2018A Senior Notes shall no longer be restricted to being registered in the registration books of the Fiscal Agent in the name of the Nominee, but shall be registered in such authorized denominations and names as the Securities Depository shall designate in accordance with the provisions of Article II of the Master Resolution.

ARTICLE III

NO REDEMPTION OF SERIES 2018A SENIOR NOTES

Section 3.01. [No Redemption of Series 2018A Senior Notes. The Series 2018A Senior Notes shall not be subject to redemption prior to their respective maturity dates.]

ARTICLE IV

SALE OF SERIES 2018A SENIOR NOTES; APPLICATION; FUNDS; COVENANTS

Section 4.01. Sale of Series 2018A Senior Notes; Application of the Proceeds of the Series 2018A Senior Notes and Certain Available Moneys.

(a) The Series 2018A Senior Notes shall be sold to the Underwriters in the manner and on the terms and conditions set forth in the Note Purchase Agreement, and consistent with the terms of Articles II and III hereof.

(b) The proceeds of the sale of the Series 2018A Senior Notes in the amount of \$[•] (which sum represents the par amount of the Series 2018A Senior Notes of

\$(PAR), plus an [net] original issue premium of \$[•], less an underwriters' discount of \$[•]), shall be deposited with the Treasurer (or with such other parties as may be directed by the Treasurer) and shall be held in trust and set aside by the Treasurer as follows:

(i) The Treasurer shall deposit or shall cause to be deposited \$[•] with the Escrow Agent for deposit into the Escrow Fund, for the purposes of current refunding and paying, on the maturity date of November 15, 2018, all of the Refunded Notes.

(ii) The Treasurer shall deposit or cause to be deposited \$[•] into the Series 2018A Capitalized Interest Fund established and maintained pursuant to Section 4.03 hereof.

(iii) The Treasurer shall deposit or cause to be deposited \$[•] into the Series 2018A Costs of Issuance Fund established and maintained pursuant to Section 4.04 hereof.

(c) The Treasurer shall transfer or cause to be transferred \$[•] (representing proceeds of the Refunded Notes and earnings thereon allocable to capitalized interest on the Refunded Notes) from the Interest Account to the Escrow Agent for deposit into the Escrow Fund, for the purpose of paying the interest on and a portion of the principal of the Refunded Notes on November 15, 2018. [Any moneys remaining in the 2014C Construction Fund or Costs of Issuance Fund?]

(d) The Treasurer may, in its discretion, establish a temporary fund or account on its books and records to facilitate such transfers and is hereby authorized to make any necessary adjustments in the amounts to be deposited in the funds and accounts described in this Article IV required by Bond Counsel on the Closing Date.

Section 4.02. Escrow Fund and Escrow Agreement. The Escrow Fund shall be established and applied in accordance with the Escrow Agreement. The form, terms and provisions of the Escrow Agreement are in all respects approved, and an Authorized Board Representative, any one or more thereof, is hereby authorized, empowered and directed to execute, acknowledge and deliver the Escrow Agreement including counterparts thereof, in the name and on behalf of the Board. The Escrow Agreement, as executed and delivered, shall be in substantially the form now before this meeting and hereby approved, or with such changes therein as shall be approved by the officer or officers of the Board and the Department executing the same; the execution thereof shall constitute conclusive evidence of the Board's approval of any and all changes or revisions therein from the form of the Escrow Agreement now before this meeting; and from and after the execution and delivery of the Escrow Agreement, the officers, agents and employees of the Board and the Department are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Escrow Agreement.

Section 4.03. Establishment and Application of the Series 2018A Capitalized Interest Fund.

(a) The Treasurer shall establish, maintain and hold in trust a separate fund designated as the “City of Long Beach, California Harbor Revenue Refunding Short-Term Notes, Series 2018A Capitalized Interest Fund” (the “*Series 2018A Capitalized Interest Fund*”).

(b) Moneys in the Series 2018A Capitalized Interest Fund shall be used by the Treasurer to pay interest on the Series 2018A Senior Notes on each Interest Payment Date and, in order to make such payments, shall be transferred from the Series 2018A Capitalized Interest Fund to the Interest Account of the Bond Service Fund at the times and in the amounts set forth in Exhibit C attached hereto.

(c) Moneys held in the Series 2018A Capitalized Interest Fund shall be invested and reinvested by the Treasurer in Investment Securities. All investment earnings on amounts held in the Series 2018A Capitalized Interest Fund shall be retained in the Series 2018A Capitalized Interest Fund and utilized to pay interest on the Series 2018A Senior Notes.

(d) Once all moneys, including earnings thereon, have been transferred from the Series 2018A Capitalized Interest Fund to the Interest Account of the Bond Service Fund, the Series 2018A Capitalized Interest Fund shall be closed.

Section 4.04. Establishment and Application of Series 2018A Costs of Issuance Fund.

(a) The Treasurer shall establish, maintain and hold in trust a separate fund designated as the “City of Long Beach, California Harbor Revenue Refunding Short-Term Notes, Series 2018A Costs of Issuance Fund” (the “*Series 2018A Costs of Issuance Fund*”). The moneys in the Series 2018A Costs of Issuance Fund shall be used and withdrawn by the Treasurer, at the direction of an Authorized Board Representative, to pay the Costs of Issuance of the Series 2018A Senior Notes.

(b) The Treasurer shall keep a record of all payments from the Series 2018A Costs of Issuance Fund, which record shall state: (i) the requisition number of such payment; (ii) the name and address of the person to whom each such payment was made, (iii) the respective amounts paid; and (iv) the purpose by general classification for which each obligation paid was incurred.

(c) Moneys held in the Series 2018A Costs of Issuance Fund shall be invested and reinvested by the Treasurer in Investment Securities. All investment earnings on amounts held in the Series 2018A Costs of Issuance Fund shall be deposited to the Interest Account of the Bond Service Fund and used to make debt service payments on the Series 2018A Senior Notes. Any amounts remaining in the Series 2018A Costs of Issuance Fund on [•], 2019 shall be transferred to the Bond Service Fund and used to

make debt service payments on the Series 2018A Senior Notes and the Series 2018A Costs of Issuance Fund shall be closed.

Section 4.05. Establishment and Application of Series 2018A Rebate Fund.

(a) The Treasurer shall establish, maintain and hold a fund separate from any other fund established and maintained hereunder or under the Master Resolution designated as the "City of Long Beach, California Harbor Revenue Refunding Short-Term Notes, Series 2018A Rebate Fund" (the "*Series 2018A Rebate Fund*"). Within the Series 2018A Rebate Fund, the Treasurer shall maintain such accounts as shall be necessary in order to comply with the terms and requirements of the Tax Compliance Certificate. All money at any time deposited in the Series 2018A Rebate Fund shall be held by the Treasurer for the account of the Department, on behalf of the City, in trust, to the extent required to satisfy the applicable Rebate Requirement, for payment to the federal government of the United States of America, and neither the City nor the Owner of any Series 2018A Senior Notes shall have any rights in or claim to such money. All amounts deposited into or on deposit in the Series 2018A Rebate Fund shall be governed by this Twenty-First Supplemental Resolution and by the Tax Compliance Certificate (which is incorporated herein by reference). The City, acting by and through the Board, hereby covenants to comply with the directions contained in the Tax Compliance Certificate.

(b) Pursuant to the Tax Compliance Certificate, the Treasurer shall or shall cause to transfer from funds and accounts maintained under the Resolution such amounts so that the balance in the Series 2018A Rebate Fund on deposit shall be equal to the applicable Rebate Requirement. The Treasurer shall compute the applicable Rebate Requirement, or cause the same to be computed, in accordance with the Tax Compliance Certificate.

(c) The Treasurer shall invest all amounts held in the Series 2018A Rebate Fund, in accordance with the Tax Compliance Certificate. Moneys shall not be transferred from the Series 2018A Rebate Fund except in accordance with the Tax Compliance Certificate.

(d) Notwithstanding any other provision of the Master Resolution, including in particular Article IX of the Master Resolution, the obligation to remit the applicable Rebate Requirement to the federal government of the United States of America and to comply with all other requirements of this Section and the Tax Compliance Certificate shall survive the defeasance or payment in full of the Series 2018A Senior Notes.

(e) The Board shall or shall cause to retain all records with respect to the calculations and instructions required by this Section for at least four years after the date on which the last of the principal of and interest on the Series 2018A Senior Notes has been paid, whether upon maturity or acceleration thereof.

Section 4.06. Tax Covenants.

(a) In order to maintain the exclusion from gross income for federal income tax purposes of interest on the Series 2018A Senior Notes, the Board hereby covenants to comply with each applicable requirement of Section 103 and Sections 141 through 150 of the Code and the Board agrees to execute, deliver and comply with the provisions of the Tax Compliance Certificate. An Authorized Board Representative, any one or more thereof, is hereby authorized, empowered and directed to execute, acknowledge and deliver the Tax Compliance Certificate including counterparts thereof, in the name and on behalf of the Board. The Tax Compliance Certificate shall contain such terms, provisions, representations and covenants as shall be required in order to assure that interest paid on the Series 2018A Senior Notes will not be included in gross income for federal income tax purposes. From and after the execution and delivery of the Tax Compliance Certificate, the officers, agents and employees of the Board and the Department are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Tax Compliance Certificate.

(b) The Board shall not use or permit the use of any proceeds of the Series 2018A Senior Notes or any other funds of the Board held by the Treasurer under this Twenty-First Supplemental Resolution, attributable to the Series 2018A Senior Notes, directly or indirectly, to acquire any securities or obligations, and shall not use or permit the use of any amounts received by the Board or the Treasurer with respect to the Series 2018A Senior Notes in any manner, and shall not take or permit to be taken any other action or actions, which would cause any Series 2018A Note to be “federally guaranteed” within the meaning of Section 149(b) of the Code or an “arbitrage bond” within the meaning of Section 148 of the Code and applicable regulations promulgated from time to time thereunder and under Section 103(c) of the Code. The Board shall observe and not violate the requirements of Section 148 of the Code and any such applicable regulations. In the event the Board is of the opinion that it is necessary to restrict or limit the yield on the investment of money held by the Treasurer or to use such money in certain manners, in order to avoid the Series 2018A Senior Notes from being considered “arbitrage bonds” within the meaning of Section 148 of the Code and the regulations thereunder as such may be applicable to the Series 2018A Senior Notes at such time, the Board shall issue to the Treasurer a certificate to such effect together with appropriate instructions, in which event the Treasurer shall take such action as it is directed to take to use such money in accordance with such certificate and instructions, irrespective of whether the Treasurer shares such opinion.

(c) The Board shall at all times do and perform all acts and things permitted by law and this Twenty-First Supplemental Resolution which are necessary or desirable in order to assure that interest paid on the Series 2018A Senior Notes will not be included in gross income for federal income tax purposes and shall take no action that would result in such interest being included in gross income for federal income tax purposes.

(d) Notwithstanding any provision of Section 4.05 hereof or this Section to the contrary, if the Board shall receive an Opinion of Bond Counsel to the effect that any

action required under Section 4.05 hereof and/or this Section hereof is no longer required, or to the effect that some further action is required, to maintain the exclusion from gross income of the interest on the Series 2018A Senior Notes pursuant to Section 103 of the Code, the Board and the Treasurer may rely conclusively on such opinion in complying with the provisions hereof, and the covenants hereunder shall be deemed to be modified to that extent.

(e) The Board hereby covenants and agrees that it will comply with and carry out all of the provisions of the Tax Compliance Certificate.

ARTICLE V

FISCAL AGENT AND FISCAL AGENT AGREEMENT

U.S. Bank National Association is hereby appointed as Fiscal Agent with respect to the Series 2018A Senior Notes. The Fiscal Agent shall signify its acceptance of its duties hereunder by executing and delivering to the Board, on behalf of the City, a written acceptance in the form of the Fiscal Agent Agreement, in which the Fiscal Agent agrees to perform said duties and obligations as set forth in the Master Resolution and this Twenty-First Supplemental Resolution. The form, terms and provisions of the Fiscal Agent Agreement are in all respects approved, and an Authorized Board Representative, any one or more thereof, is hereby authorized, empowered and directed to execute, acknowledge and deliver the Fiscal Agent Agreement including counterparts thereof, in the name and on behalf of the Board. The Fiscal Agent Agreement, as executed and delivered, shall be in substantially the form now before this meeting and hereby approved, or with such changes therein as shall be approved by the officer or officers of the Board and the Department executing the same; the execution thereof shall constitute conclusive evidence of the Board's approval of any and all changes or revisions therein from the form of the Fiscal Agent Agreement now before this meeting; and from and after the execution and delivery of the Fiscal Agent Agreement, the officers, agents and employees of the Board and the Department are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Fiscal Agent Agreement.

ARTICLE VI

ADDITIONAL AUTHORIZATIONS

Each Authorized Board Representative and all officers, agents and employees of the Board, for and on behalf of the Board, be and they hereby are authorized and directed to do any and all things necessary to effect the execution and delivery of the Series 2018A Bonds and to carry out the terms thereof. Each Authorized Board Representative and all other officers, agents and other employees of the Board are further authorized and directed, for and on behalf of the Board, to execute all papers, documents and certificates that may be required in order to carry out the authority conferred by this Twenty-First Supplemental Resolution and by the Master Resolution. The foregoing authorization includes, but is in no way limited to, each Authorized Board Representative having the authority on behalf of the Board to update and deliver a final official statement with respect to the Series 2018A Senior Notes prior to the closing and approve,

execute and deliver, if necessary, any documents required by DTC in connection with the book-entry bonds.

ARTICLE VII

MISCELLANEOUS

Section 7.01. Series 2018A Senior Notes Subject to the Master Resolution. The Series 2018A Senior Notes are being issued under and subject to the terms of the Master Resolution and will be secured and payable from Revenues and other security as provided for in the Master Resolution and this Twenty-First Supplemental Resolution. Except as expressly provided in this Twenty-First Supplemental Resolution, every term and condition contained in the Master Resolution shall apply to this Twenty-First Supplemental Resolution and to the Series 2018A Senior Notes with the same force and effect as if it were herein set forth at length, with such omissions, variations and modifications thereof as may be appropriate to make the same conform to this Twenty-First Supplemental Resolution.

The Board hereby expressly reserves the right to (but is in no way obligated to) use all or a portion of the proceeds from the Subordinate TIFIA Loan, if any, to pay all or a portion of the principal of the Series 2018A Senior Notes at maturity.

Section 7.02. Excluded Principal Payments. The Board hereby determines that for purposes of the Master Resolution the principal of the Series 2018A Senior Notes shall be Excluded Principal Payments, as the Board intends that the principal of the Series 2018A Senior Notes shall not be paid with Revenues but shall be paid from future debt obligations of the City, acting by and through the Board (including, but not limited to, all or a portion of the proceeds of the Subordinate TIFIA Loan). For purposes of calculating Assumed Debt Service (as defined in the Master Resolution) and/or Assumed Debt Service (as defined in the Master Subordinate Resolution), such Excluded Principal Payments shall be amortized over a thirty (30) year period commencing on December 15, 2020.

Section 7.03. Severability of Invalid Provisions. If any one or more of the provisions contained in this Twenty-First Supplemental Resolution or in the Series 2018A Senior Notes shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Twenty-First Supplemental Resolution and such invalidity, illegality or unenforceability shall not affect any other provision of this Twenty-First Supplemental Resolution, and this Twenty-First Supplemental Resolution shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The Board hereby declares that it would have adopted this Twenty-First Supplemental Resolution and each and every other Article, Section, paragraph, sentence, clause or phrase hereof and authorized the issuance of the Series 2018A Senior Notes pursuant thereto irrespective of the fact that any one or more Articles, Sections, paragraphs, sentences, clauses or phrases of this Twenty-First Supplemental Resolution may be held illegal, invalid or unenforceable.

Section 7.04. Article and Section Headings and References; Interpretation. The headings or titles of the several Articles and Sections hereof, and any table of contents appended

to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Twenty-First Supplemental Resolution.

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

Section 7.05. Governing Law. This Twenty-First Supplemental Resolution shall be construed and governed in accordance with the laws of the State of California.

Section 7.06. Effective Date of Resolution. This Twenty-First Supplemental Resolution shall take effect immediately upon its adoption by the Board, and the Secretary of the Board shall certify to the vote adopting this Twenty-First Supplemental Resolution and shall cause a certified copy of this Twenty-First Supplemental Resolution to be filed forthwith with the City Clerk of the City of Long Beach (the "**City Clerk**"). The City Clerk shall post this Twenty-First Supplemental Resolution in three conspicuous places in the City.

[Remainder of page intentionally left blank.]

I hereby certify that the foregoing resolution was adopted by the Board of Harbor Commissioners of the City of Long Beach at its meeting of [•], 2018 by the following vote:

Ayes:	Commissioners	_____

Noes:	Commissioners	_____
Absent:	Commissioners	_____
Not Voting:	Commissioners	_____

Secretary, Board of Harbor Commissioners of
the City of Long Beach, California

EXHIBIT A

FORM OF SERIES 2018A NOTE

UNITED STATES OF AMERICA

No. R-_____

\$_____

CITY OF LONG BEACH, CALIFORNIA
HARBOR REVENUE REFUNDING SHORT-TERM NOTE
SERIES 2018A

[UNLESS THIS NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE SECURITIES DEPOSITORY (AS DEFINED IN THE HEREINAFTER DEFINED MASTER RESOLUTION) TO THE FISCAL AGENT FOR REGISTRATION, TRANSFER, EXCHANGE, OR PAYMENT, AND ANY SERIES 2018A NOTE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE SECURITIES DEPOSITORY (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE SECURITIES DEPOSITORY), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.]

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Original Issue Date</u>	<u>CUSIP</u>
_____ %	December 15, 2020	[•], 2018	542424_____

REGISTERED OWNER:

PRINCIPAL AMOUNT: [•] Dollars

THE CITY OF LONG BEACH, a municipal corporation and chartered city situated in the County of Los Angeles, State of California (the "City"), acting by and through its Board of Harbor Commissioners (hereinafter called the "Board"), FOR VALUE RECEIVED, hereby promises to pay, solely from Revenues, as hereinafter provided, to the registered owner named above, or registered assigns, on the maturity date set forth above, the principal amount set forth above, and to pay interest (calculated on the basis of a 360-day year consisting of twelve 30-day months) on such principal amount from the Interest Payment Date (as defined in the hereinafter defined Twenty-First Supplemental Resolution) before the date of authentication hereof (unless this Note is authenticated during the period after a Record Date (as defined in the Twenty-First Supplemental Resolution) but on or before the next Interest Payment Date, in which event this Note shall bear interest from that Interest Payment Date, or unless this Note is authenticated prior to the first Record Date, in which event this Note shall bear interest from the Original Issue Date (as set forth above), or unless at the time of authentication interest is in default, in which event it shall bear interest from the Interest Payment Date to which interest has been paid or provided

for) semiannually on each June 15 and December 15, commencing on June 15, 2019, at the interest rate set forth above, until the principal amount hereof is paid or made available for payment.

Except if this Note is a book-entry obligation, the principal of this Note is payable to the registered holder hereof in lawful money of the United States of America upon presentation and surrender of this Note at the principal corporate trust office of U.S. Bank National Association in St. Paul, Minnesota (the "Fiscal Agent"). Except if this Note is a book-entry obligation, interest on this Note shall be paid by check or draft of the Fiscal Agent mailed to the registered holder hereof as of the close of business on the first day of the month in which an Interest Payment Date occurs at such registered holder's address as it appears on the registration books maintained by the Fiscal Agent, except that a registered holder of \$1,000,000 or more in principal amount of the Series 2018A Senior Notes may be paid interest by wire transfer to an account in the United States if such registered owner makes a written request of the Fiscal Agent at least 30 days preceding any Interest Payment Date specifying the account address. Such notice may provide that it will remain in effect for later interest payments until changed or revoked by another written notice.

This Note is one of a duly authorized issue of "City of Long Beach, California Harbor Revenue Refunding Short-Term Notes, Series 2018A" (the "Series 2018A Senior Notes") issued in the aggregate principal amount of \$[PAR] pursuant to Article XII of the City Charter, Title 3, Chapter 3.52, Division I of the Municipal Code of the City, certain provisions of the Revenue Bond Law of 1941, Section 54300 et seq., of the Government Code of the State of California (said Article of the Charter, said provisions of the Municipal Code of the City and said provisions of the Government Code are referred to herein as the "Law"), Resolution No. HD-1475 adopted by the Board on November 8, 1989, as amended and supplemented (the "Master Resolution"), and Resolution No. HD-[•] adopted by the Board on [•], 2018 (the "Twenty-First Supplemental Resolution") (the Master Resolution as supplemented and amended and as further supplemented by the Twenty-First Supplemental Resolution is referred to herein as the "Resolution"). The Series 2018A Senior Notes are being issued to provide funds to: (a) current refund and pay, on the maturity date of November 15, 2018, all of the "City of Long Beach, California Harbor Revenue Short-Term Notes, Series 2014C" outstanding in the aggregate principal amount of \$325,000,000, (b) fund capitalized interest on the Series 2018A Senior Notes through December 15, 2020, and (c) pay the costs of issuing the Series 2018A Senior Notes.

Reference is hereby made to the Resolution, the Law and the Fiscal Agent Agreement, dated [•], 2018 (the "Fiscal Agent Agreement") by and between the City, acting by and through the Board, and the Fiscal Agent for a description of the terms on which the Series 2018A Senior Notes are issued and to be issued, the provisions with regard to the nature and extent of the Revenues, and all of the terms of the Resolution, the Law and the Fiscal Agent Agreement are hereby incorporated herein and constitute a contract between the City, acting by and through the Board, and the registered owner from time to time of this Note, and by acceptance hereof the registered holder of this Note assents to said terms and conditions. The Resolution is adopted under, the Fiscal Agent Agreement is executed and delivered and this Note is issued under, and all are to be construed in accordance with the laws of the State of California. All capitalized terms not defined herein shall have the meanings set forth in the Resolution.

The Series 2018A Senior Notes are special limited obligations of the City payable from and secured by a pledge of and a lien and charge upon the Revenues on a parity with all Bonds and all other debt incurred and payable from Revenues on a parity with the Bonds. The principal of and interest on the Series 2018A Senior Notes are not a debt of the City, nor a legal or equitable pledge, charge, lien or encumbrance upon any of its property or upon any of its income, receipts or revenues, except the Revenues. The general fund of the City is not liable for the payment of the Series 2018A Senior Notes or their interest, nor is the credit or the taxing power of the City pledged therefor. The registered holder hereof shall not compel the exercise of the taxing power of the City or the forfeiture of any of its property for the payment of this Note or any interest hereon.

The Series 2018A Senior Notes are payable as to principal and interest thereof, exclusively from the Revenues and other funds pledged to the payment thereof under the Resolution.

As used herein, "Revenues" means all revenues, and all money secured or collected for the benefit of and received by the Board from or arising out of the use or operation of the Port, including, without limitation, all tolls, charges, rentals, compensations or fees required to be paid for services, franchises or licenses, as permitted or required by the Charter or otherwise by law or ordinance or order, to the City for the operation of any public service utility upon lands and waters under the control and management of the Department and all investment earnings credited to the Harbor Revenue Fund (created by the law) and not required to be credited to a subfund, excepting therefrom any revenues arising from any lease, contract or other agreement providing for the drilling for, developing, producing, extracting, taking or removing, storing and disposing of oil, gas or other hydrocarbon substances from the tide and submerged lands granted to the City by the State. As used herein, "Port" means the entire harbor system subject to and under the jurisdiction of the Board as defined in the Charter, and including, without limitation, all harbor or port improvements, work, utilities, appliances, facilities and water craft, owned, controlled or operated by the City in or upon or pertaining to the waterfront or navigable waters of the City as such system now exists together with all additions acquired, constructed or financed with surplus funds or funds derived from the sale of indebtedness authorized by the Master Resolution or any subsequent resolution of the Board, together with all improvements and extensions to said system later constructed or acquired. As used herein, "Bonds" means, the Series 2018A Senior Notes; the City of Long Beach, California, Harbor Revenue Refunding Bonds, Series 1998A; the City of Long Beach, California, Harbor Revenue Bonds, Series 2010A; the City of Long Beach, California, Harbor Revenue Refunding Bonds, Series 2010B; the City of Long Beach, California, Harbor Revenue Refunding Bonds, Series 2014B; the City of Long Beach, California, Harbor Revenue Short-Term Notes Series 2014C; the City of Long Beach, California Harbor Revenue Refunding Bonds, Series 2015A; the City of Long Beach, California Harbor Revenue Refunding Bonds, Series 2015B; the City of Long Beach, California Harbor Revenue Bonds, Series 2015C; the City of Long Beach, California Harbor Revenue Bonds, Series 2015D; the City of Long Beach, California Harbor Revenue Bonds, Series 2017A; the City of Long Beach, California Harbor Revenue Bonds, Series 2017B; and the City of Long Beach, California Harbor Revenue Bonds, Series 2017C and any additional Bonds issued in accordance with the Resolution.

[The Series 2018A Senior Notes shall not be subject to redemption prior to their respective maturity dates.]

This Note may be transferred without charge upon the register required to be kept by the Fiscal Agent, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of this Note for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form approved by the Fiscal Agent. Whenever any Series 2018A Note is surrendered for transfer, the City shall execute and the Fiscal Agent shall authenticate and deliver a new Series 2018A Note or Notes, of the same tenor and maturity and for a like aggregate principal amount. This Note may be exchanged without charge at the corporate trust office of the Fiscal Agent in St. Paul, Minnesota for Series 2018A Senior Notes of authorized denominations having the same aggregate principal amount, tenor and maturity. The Fiscal Agent may require the holder of any Series 2018A Note requesting transfer of registration or exchange to pay any tax or other governmental charge required to be paid with respect to such transfer of registration or exchange.

The rights and obligations of the City, the Board, the Fiscal Agent and of the owners of the Series 2018A Senior Notes may be modified or amended from time to time in the manner, to the extent and upon the terms provided in the Resolution, provided that no such modification or amendment shall extend the fixed maturity of this Note, or reduce the amount of principal hereof, or extend the time of payment of this Note, or reduce the rate of interest hereon, or extend the time of payment of interest hereon, without the consent of the owner hereof, or reduce the percentage of Series 2018A Senior Notes the consent of the holders of which is required to effect any such modification or amendment, or permit the creation of any lien on the Revenues and other assets pledged under the Resolution prior to or on a parity with the lien created by the Resolution, or deprive the holders of the Series 2018A Senior Notes of the lien created by the Resolution on such Revenues and other assets, without the consent of the holders of all of the Series 2018A Senior Notes then outstanding.

This Note shall not be entitled to any benefit under the Resolution, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon endorsed shall have been executed and dated by the Fiscal Agent.

All Owners and beneficial owners of this Note, by their purchase and acceptance of this Note, shall be deemed to have consented to the amendments to the Master Resolution set forth in Article III of Resolution No. HD-2762, adopted by the Board on May 5, 2014.

It is hereby certified and recited that any and all acts, conditions and things required to exist, to have happened and to have been performed precedent to and in the issuance of this Note do exist, have happened, and have been performed in due time, form and manner as required by the Constitution and laws of the State of California and that this Note, together with all other indebtedness of the City does not exceed any limit prescribed by the Constitution and laws of the State of California and the Charter of the City and is not issued under the Resolution.

IN WITNESS WHEREOF, the Board of Harbor Commissioners of the City of Long Beach has caused this Note to be signed by the President of the Board and attested by the Administrative Officer to the Board as of the Original Issue Date specified above.

President, Board of Harbor Commissioners of the
City of Long Beach

ATTESTED

Administrative Officer to the Board of
Harbor Commissioners of the City of Long
Beach

**FISCAL AGENT'S CERTIFICATE OF
AUTHENTICATION AND REGISTRATION**

This Note is one of the Series 2018A Senior Notes delivered pursuant to the within mentioned Resolution.

Date of Authentication: _____

U.S. BANK NATIONAL ASSOCIATION, as
Fiscal Agent

By _____
Authorized Signatory

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned do(es) hereby sell, assign and transfer unto

the within-mentioned registered Series 2018A Note and hereby irrevocably constitute(s) and appoint(s)

attorney, to transfer the same on the books of the Fiscal Agent with full power of substitution in the premises.

Dated: _____

Note: The signature(s) to this Assignment must correspond with the name(s) as written on the face of the within Series 2018A Note in every particular, without alteration or enlargement or any change whatsoever.

Signature Guaranteed by:

Note: Signature must be guaranteed by an Eligible Guarantor Institution.

EXHIBIT B
REFUNDED NOTES

City of Long Beach, California
Harbor Revenue Short-Term Notes
Series 2014C

<u>Maturity Date (November 15)</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>CUSIP Number</u>
2018	\$ 16,325,000	3.000%	542424TN6
2018	28,025,000	4.000	542424TP1
2018	280,650,000	5.000	542424TQ9

EXHIBIT C

**SCHEDULE OF WITHDRAWALS FROM
SERIES 2018A CAPITALIZED INTEREST FUND**

Interest Payment Date	Amount to Withdraw and Transfer to Interest Account
June 15, 2019	
December 15, 2019	
June 15, 2020	
December 15, 2020	All remaining amounts on deposit in the Fund

EXHIBIT B
FORM OF AUTHORIZING RESOLUTION

RESOLUTION NO. HD-_____

**RESOLUTION OF THE BOARD OF HARBOR COMMISSIONERS OF
THE CITY OF LONG BEACH, CALIFORNIA
AUTHORIZING THE ISSUANCE AND SALE OF NOT TO EXCEED \$350,000,000
AGGREGATE PRINCIPAL AMOUNT OF ONE OR MORE SERIES OF
HARBOR REVENUE REFUNDING SHORT-TERM NOTES OF SAID CITY; AND
AUTHORIZING THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS**

RESOLUTION NO. HD-_____

**Resolution of the Board of Harbor Commissioners of
the City of Long Beach, California
Authorizing the Issuance and Sale of not to Exceed \$350,000,000
Aggregate Principal Amount of One or More Series of
Harbor Revenue Refunding Short-Term Notes of Said City; and
Authorizing the Execution and Delivery of Certain Documents**

WHEREAS, the City of Long Beach (the "**City**") is a city organized and existing under a charter duly and regularly adopted pursuant to the provisions of the Constitution of the State of California;

WHEREAS, pursuant to Article XII of said charter, the City, acting by and through its Board of Harbor Commissioners (the "**Board**"), is authorized to issue, on behalf of the City, revenue bonds for harbor purposes;

WHEREAS, pursuant to Resolution No. HD-1475 adopted by the Board on November 8, 1989 (together with all amendments, modifications and supplements thereto, the "**Master Senior Resolution**"), the Board has heretofore authorized the issuance of Harbor Revenue Bonds (the "**Bonds**" or "**Senior Bonds**") on behalf of the City by adoption of supplemental resolutions from time to time, with the payment of the principal, interest on and any redemption premiums thereon being secured by and payable solely from the Revenues (as defined in the Master Senior Resolution) of the Port (as defined in the Master Senior Resolution);

WHEREAS, pursuant to the Master Senior Resolution and Resolution No. HD-2767 adopted by the Board on June 9, 2014, the Board, on behalf of the City, issued \$325,000,000 aggregate principal amount of "City of Long Beach, California Harbor Revenue Short-Term Notes, Series 2014C (the "**Series 2014C Senior Notes**")", the proceeds of which were used, among other things, to finance capital improvements at the Port and to refund and defease certain City of Long Beach, California Subordinate Harbor Revenue Revolving Obligations;

WHEREAS, if determined by a Designated Officer (as hereinafter defined) to be in the best interest of the Harbor Department of the City of Long Beach (the "**Harbor Department**"), public interest and necessity require that the Board proceed under the Master Senior Resolution to issue and sell on behalf of the City, through a negotiated process, one or more series of Senior Bonds, in the form of Harbor Revenue Refunding Short-Term Notes (the "**Series 2018 Senior Notes**"), for the purposes of (a) current refunding and paying, on the maturity date of November 15, 2018, all of the outstanding Series 2014C Senior Notes, (b) if determined by a Designated Officer to be in the best interest of the Harbor Department, funding capitalized interest on all or a portion of the Series 2018 Senior Notes through a date not later than the final maturity date of the Series 2018 Senior Notes, and (c) paying the financing costs and the costs of issuing the Series 2018 Senior Notes;

WHEREAS, the Series 2018 Senior Notes shall be issued in an aggregate principal amount not to exceed \$350,000,000;

WHEREAS, all of the Series 2018 Senior Notes will be issued in a manner by which the interest thereon is excludable from gross income under the Internal Revenue Code of 1986, as amended (the “*Code*”);

WHEREAS, the Series 2018 Senior Notes shall be issued as Refunding Bonds (as defined in the Master Senior Resolution) pursuant to Section 3.03 of the Master Senior Resolution;

WHEREAS, there has been presented to this Board the following documents:

(a) a form of the Preliminary Official Statement (the “*Preliminary Official Statement*”) relating to the Series 2018 Senior Notes;

(b) a form of the Note Purchase Agreement (the “*Note Purchase Agreement*”) to be entered into by Merrill Lynch, Pierce, Fenner & Smith Incorporated, as representative of itself and Stern Brothers & Co. and Stifel, Nicolaus & Company, Incorporated, and the City, acting by and through the Board, with respect to the purchase and sale of the Series 2018 Senior Notes;

(c) a form of a supplemental resolution to be adopted by the Board at a later date (the “*Series 2018 Senior Supplemental Resolution*”) in connection with the issuance of the Series 2018 Senior Notes; and

(d) a form of the Continuing Disclosure Certificate (the “*Continuing Disclosure Certificate*”) to be executed and delivered by the City, acting by and through the Board, in connection with the issuance of the Series 2018 Senior Notes; and

WHEREAS, said documents will be modified and amended to reflect the various details applicable to the Series 2018 Senior Notes and said documents are subject to completion to reflect the results of the sale of the Series 2018 Senior Notes; and

NOW, THEREFORE, the Board of Harbor Commissioners of the City of Long Beach, California, DOES HEREBY RESOLVE, DETERMINE AND ORDER as follows:

Section 1. Authorization to Issue and Sell Series 2018 Senior Notes. The Board hereby determines that the issuance and sale of the Series 2018 Senior Notes in a total aggregate principal amount not to exceed \$350,000,000 for the purposes set forth in the foregoing recitals is advisable from an economic and financial viewpoint.

Subject to the terms and provisions of this Resolution and for the purposes set forth herein, the Board hereby authorizes the issuance and sale of the Series 2018 Senior Notes pursuant to the terms and conditions of the Master Senior Resolution and the Series 2018 Senior Supplemental Resolution. The Board hereby determines that the issuance and sale of the Series 2018 Senior Notes is needed to (a) current refund and pay, on the maturity date of November 15, 2018, all of the outstanding Series 2014C Senior Notes, which are currently outstanding in the aggregate principal amount of \$325,000,000; (b) if determined by the President of the Board (including any Acting President or Interim President), the Vice President of the Board (including any Acting Vice President or Interim Vice President), the Executive Director (including any

Acting Executive Director or Interim Executive Director), and/or the Managing Director-Finance and Administration (including any Acting Managing Director-Finance and Administration or Interim Managing Director-Finance and Administration) (each a “*Designated Officer*”) to be in the best interest of the Harbor Department, fund capitalized interest on all or a portion of the Series 2018 Senior Notes through a date not later than the final maturity date of the Series 2018 Senior Notes, and (c) pay the financing costs and the costs of issuing the Series 2018 Senior Notes.

The Series 2018 Senior Notes shall be sold in a manner by which the interest thereon is excludable from gross income under the Code.

Notwithstanding anything herein to the contrary, in addition to the provisions described above, the Series 2018 Senior Notes shall be subject to the following provisions: (a) the total aggregate principal amount of the Series 2018 Senior Notes that may be issued shall not exceed \$350,000,000, plus the amount of any original issue premium at which the Series 2018 Senior Notes may be sold; (b) no Series 2018 Senior Note shall bear interest at a rate in excess of 5.50% per annum, and (c) no Series 2018 Senior Note shall have a maturity date later than June 15, 2021.

Section 2. Underwriters and Note Purchase Agreement. The Board hereby appoints Merrill Lynch, Pierce, Fenner & Smith Incorporated, Stern Brothers & Co. and Stifel, Nicolaus & Company, Incorporated, as the underwriters of Series 2018 Senior Notes (the “*Underwriters*”). The Board hereby authorizes the sale of the Series 2018 Senior Notes through a negotiated private sale to the Underwriters pursuant to the Note Purchase Agreement. Each Designated Officer, any one of them, is hereby authorized to approve the final terms of the sale of the Series 2018 Senior Notes subject to the terms, conditions and restrictions set forth in this Resolution. The final terms and provisions of the Series 2018 Senior Notes shall be set forth in the Series 2018 Senior Supplemental Resolution (a form of which has been provided to this Board) which shall be adopted by the Board after the execution and delivery of the Note Purchase Agreement. The Series 2018 Senior Notes shall be sold with an underwriter’s discount as set forth in the Note Purchase Agreement, not to exceed 1.0% of the aggregate principal amount of the Series 2018 Senior Notes, and subject to the terms and conditions set forth in the Note Purchase Agreement. The form, terms and provisions of the Note Purchase Agreement are in all respects approved, and each Designated Officer, any one or more thereof, are hereby authorized, empowered and directed to execute, acknowledge and deliver the Note Purchase Agreement including counterparts thereof, in the name and on behalf of the Board; provided that the Series 2018 Senior Notes shall bear interest at such rates with respect to the various maturities such that the true interest cost of the Series 2018 Senior Notes does not exceed 3.0% per annum. The true interest cost shall be that rate which, when used in computing the present worth of all payments of principal and interest to be paid on the Series 2018 Senior Notes (computed on the first interest payment date of the Series 2018 Senior Notes and semiannually thereafter), produces an amount equal to the purchase price of the Series 2018 Senior Notes taking into account any accrued interest, any original issue premium or discount, underwriters’ fees and discounts, and any and all costs of issuance of the Series 2018 Senior Notes. The Note Purchase Agreement, as executed and delivered, shall be in substantially the form now before this Board and hereby approved, or with such changes therein as shall be approved by the Designated Officer executing the same; the execution thereof shall constitute conclusive

evidence of the Board's approval of any and all changes or revisions therein from the form of the Note Purchase Agreement now before this Board; and from and after the execution and delivery of the Note Purchase Agreement, the officers, agents and employees of the Harbor Department are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Note Purchase Agreement.

Section 3. Preliminary Official Statement. Each Designated Officer, any one or more thereof, are hereby authorized, empowered and directed to acknowledge and deliver (including, without limitation, through electronic means) a preliminary official statement to be used in connection with the sale of the Series 2018 Senior Notes to the public. The Board hereby approves the form of the Preliminary Official Statement now before this Board. After a majority of the members of the City Council of the City of Long Beach (the "**City Council**") has approved the issuance of the Series 2018 Senior Notes, the Preliminary Official Statement may be circulated (via printed format and/or electronic means) for use in selling the Series 2018 Senior Notes at such time or times as a Designated Officer (after consultation with the Board's municipal advisor, bond counsel and disclosure counsel and such other advisors the Board believes to be useful) shall determine that such Preliminary Official Statement is final within the meaning of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended ("**Rule 15c2-12**"), except for the omission of certain information described in (b)(1) of Rule 15c2-12, and any such action previously taken is hereby confirmed, ratified and approved. The Underwriters are hereby authorized to distribute (via printed format and/or electronic means) the Preliminary Official Statement in connection with the sale of the Series 2018 Senior Notes to the public.

Section 4. Official Statement. Prior to the delivery of the Series 2018 Senior Notes, the Harbor Department shall provide for the preparation, publication, execution and delivery (via printed format and/or electronic means) of a final Official Statement relating to the Series 2018 Senior Notes in substantially the form of the Preliminary Official Statement to be prepared and delivered by the Board and the Harbor Department. Each Designated Officer, any one or more thereof, are hereby authorized and directed to execute, acknowledge and deliver (via printed format and/or electronic means) the final Official Statement relating to the Series 2018 Senior Notes in the name and on behalf of the Board. The execution thereof shall constitute conclusive evidence of the Board's approval of any and all changes or revisions therein from the form of the Preliminary Official Statement. The Underwriters are hereby authorized to distribute (via printed format and/or electronic means) the Official Statement relating to the Series 2018 Senior Notes when such Official Statement is in final form.

Section 5. Continuing Disclosure Certificate. The form, terms and provisions of the Continuing Disclosure Certificate are in all respects approved, and each Designated Officer, any one or more thereof, are hereby authorized, empowered and directed to execute, acknowledge and deliver one or more Continuing Disclosure Certificates, in the name and on behalf of the Board, at the time of issuance of the Series 2018 Senior Notes. The Continuing Disclosure Certificate, as executed and delivered, shall be in substantially the form of the Continuing Disclosure Certificate now before this Board and hereby approved, or with such changes therein as shall be approved by the officer or officers executing the same; the execution thereof shall constitute conclusive evidence of the Board's approval of any and all changes or

revisions therein from the form of the Continuing Disclosure Certificate now before this Board; and from and after the execution and delivery of the Continuing Disclosure Certificate, the officers, agents and employees of the Board are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Continuing Disclosure Certificate.

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

Section 6. Additional Authorizations. Each Designated Officer and all officers, agents and employees of the Harbor Department, for and on behalf of the Board, are hereby authorized and directed to do any and all things necessary to effect the issuance, execution and delivery, as applicable, of the Series 2018 Senior Notes, the Preliminary and final Official Statements, the Note Purchase Agreement and the Continuing Disclosure Certificate, and to carry out the terms thereof, including, but not limited to, authorizing such officers to execute and deliver one or more investment agreements related to investing the proceeds of the Series 2018 Senior Notes. Each Designated Officer and all other officers, agents and other employees of the Harbor Department are further authorized and directed, for and on behalf of the Board, to execute all papers, documents, certificates and other instruments (including, but not limited to, any documents required to obtain one or more investment agreements) that may be required in order to carry out the authority conferred by this Resolution and by the Master Senior Resolution, the Series 2018 Senior Supplemental Resolution, the Note Purchase Agreement and the Continuing Disclosure Certificate or to evidence the same authority and its exercise.

Section 7. Approval of the City. The Board shall cause a form of this Resolution and a form of the Series 2018 Senior Supplemental Resolution (a form of which has been provided to this Board) which authorize the issuance and sale of and set forth the terms of the Series 2018 Senior Notes to be transmitted to the City Council. The Board hereby requests the City Council approve the issuance of the Series 2018 Senior Notes pursuant to the Master Senior Resolution and the Series 2018 Senior Supplemental Resolution, with such changes, completions, insertions or omissions as shall be approved by the Board upon adoption thereof.

Section 8. Severability of Invalid Provisions. If any one or more of the provisions contained in this Resolution shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Resolution and such invalidity, illegality or unenforceability shall not affect any other provision of this Resolution, and this Resolution shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The Board hereby declares that it would have adopted this Resolution and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the issuance of the Series 2018 Senior Notes pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses or phrases of this Resolution may be held illegal, invalid or unenforceable.

Section 9. Section Headings and References; Interpretation. The headings or titles of the several Sections hereof shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Resolution.

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

Section 10. Governing Law. This Resolution shall be construed and governed in accordance with the laws of the State of California.

Section 11. Effective Date of Resolution. This Resolution shall take effect immediately upon its adoption by the Board, and the Secretary of the Board shall certify to the vote adopting this Resolution and shall cause a certified copy of this Resolution to be filed forthwith with the City Clerk of the City of Long Beach (the "*City Clerk*"). The City Clerk shall post this Resolution in three conspicuous places in the City.

[Remainder of page intentionally left blank.]

I hereby certify that the foregoing resolution was adopted by the Board of Harbor Commissioners of the City of Long Beach at its meeting of August 27, 2018 by the following vote:

Ayes:	Commissioners	_____

Noes:	Commissioners	_____
Absent:	Commissioners	_____
Not Voting:	Commissioners	_____

Secretary, Board of Harbor Commissioners of
the City of Long Beach, California



Port of Long Beach

4801 Airport Plaza Drive
Long Beach, CA 90815

Legislation Text

File #: HD-18-415, **Version:** 1

DATE: 8/27/2018

TO: Board of Harbor Commissioners

FROM: Sam Joumblat, Managing Director of Finance & Administration

SUBJECT: Authorization for Issuance of City of Long Beach, California Harbor Revenue Refunding Short-Term Notes, Series 2018A

Executive Summary..Title

Staff requests authorization for issuance of the City of Long Beach, California Harbor Revenue Refunding Short-Term Notes, Series 2018A (Series 2018 Notes), in a principal amount not-to-exceed \$350 million to refund and pay, on the maturity date of November 15, 2018, the City of Long Beach, California Harbor Revenue Short-Term Notes, Series 2014C (Refunded Notes).

Key Points..Body

After the Board of Harbor Commissioners (Board) adopts the Note Resolution it will be submitted to the City Council on September 4, 2018 with request to approve the issuance of the Series 2018 Notes.

Recommendation

In order to proceed with the debt issuance by the City, acting by and through the Board, it is requested that the Board adopt the Note Resolution which approves the issuance of the Series 2018 Notes and the form of the Preliminary Official Statement, and authorizes the execution of the Note Purchase Agreement, the Continuing Disclosure Certificate and other related documents. Because these documents are voluminous, only electronic copies have been provided; however, hard copies can be supplied upon request.

These are standard documents that are mostly technical in nature, but are required to be executed and delivered in order to sell the Series 2018 Notes. The Finance Division has coordinated with the City Treasurer, City Attorney's Office, the Port's Municipal Advisor (Public Resources Advisory Group), and Note Counsel, (Kutak Rock LLP), on this note issue.

Financial Impact

The issuance of the Series 2018 Notes will result in additional debt service payable by the Harbor Department. Staff estimates approximately an additional \$10.4 million of net debt service payments as a result of refunding the Refunded Notes with the Series 2018 Notes.

interest of the Harbor Department, fund capitalized interest on all or a portion of the Series 2018 Notes through December 15, 2020, and (3) pay the costs of issuing the Series 2018 Notes. The Note Resolution approves and authorizes the execution and distribution of the financing documents related to the issuance of the Series 2018 Notes. It also requests the City Council to approve the issuance of the Series 2018 Notes.

Note Purchase Agreement

The Note Purchase Agreement sets forth the terms of the purchase and sale of the Series 2018 Notes and will be entered into between the City, acting by and through the Board, and the underwriters of the Series 2014 Notes. The proposed underwriters for the Series 2018 Notes are Merrill Lynch, Pierce, Fenner & Smith Incorporated (Merrill Lynch), Stern Brothers & Co. and Stifel, Nicolaus & Company, Incorporated. These underwriting firms were selected from the City's underwriting pool based on their responses to a Request for Information (RFI) describing their recommended and alternative financing structures, fees, and team members proposed to work on the financing. Based on their response to the RFI, Merrill Lynch was chosen to be the senior manager for the Series 2018 Notes. Details of the sale, including par amounts, coupons, yields, and call features will be determined when the Series 2018 Notes are priced. The Note Purchase Agreement also includes representations and covenants of the Board with respect to various legal and financial aspects of the issuance of the Series 2018 Notes.

Preliminary Official Statement

The Preliminary Official Statement (POS) is the primary offering document of the Board regarding the Series 2018 Notes and is similar to a prospectus for other types of securities issues. It summarizes the terms of the issuance and flow of funds and describes the operating and economic features of the Port, including the most recent available audited financial statements. It also contains the forms of the tax opinion of note counsel and the Continuing Disclosure Certificate.

Continuing Disclosure Certificate

The Continuing Disclosure Certificate establishes the Board's commitment to meet the requirements of Rule 15c2-12 of the Securities Exchange Act of 1934, which requires issuers to provide updated financial and operational information to the Municipal Securities Rulemaking Board, or its designee, on an annual basis and to provide notices of certain enumerated events.

Documents for Reference

Twenty-First Supplemental Resolution

The Twenty-First Supplemental Resolution is needed as a supplement to the Master Senior Resolution. The Master Senior Resolution was adopted in 1989 and prescribes the general terms for issuance of Harbor Revenue Bonds (including the Series 2018 Notes). The Series 2018 Notes will be issued under the Twenty-First Supplemental Resolution. The Board will be requested to adopt the Twenty-First Supplemental Resolution when all the terms and conditions are determined after the Series 2018 Notes are priced.

The current financing schedule calls for Board adoption of the Note Resolution on August 27, 2018 and the

ESCROW AGREEMENT

by and among

CITY OF LONG BEACH, CALIFORNIA
acting by and through its
BOARD OF HARBOR COMMISSIONERS,
as Issuer

U.S. BANK NATIONAL ASSOCIATION,
as Fiscal Agent

and

U.S. BANK NATIONAL ASSOCIATION,
as Escrow Agent

Relating to:

City of Long Beach, California
Harbor Revenue Short-Term Notes
Series 2014C

Dated [•], 2018

ESCROW AGREEMENT

THIS ESCROW AGREEMENT, dated [•], 2018 (this “*Escrow Agreement*”), is made by and among the **CITY OF LONG BEACH, CALIFORNIA**, a municipal corporation acting by and through its **BOARD OF HARBOR COMMISSIONERS** (the “*Issuer*”), **U.S. BANK NATIONAL ASSOCIATION**, a national banking association organized and existing under the laws of the United States of America, as fiscal agent pursuant to the Seventeenth Supplemental Resolution (as hereinafter defined) (the “*Fiscal Agent*”), and **U.S. BANK NATIONAL ASSOCIATION**, a national banking association organized and existing under the laws of the United States of America, as escrow agent (the “*Escrow Agent*”).

WITNESSETH:

WHEREAS, the Issuer has previously issued its City of Long Beach, California Harbor Revenue Short-Term Notes, Series 2014C (the “*Series 2014C Senior Notes*”), pursuant to Article XII of the Charter of the City of Long Beach, California (the “*Charter*”), Title 3, Chapter 3.52, Division I of the Municipal Code of the City of Long Beach (the “*Municipal Code*”), certain provisions of the Revenue Bond Law of 1941, Section 54300, et seq., of the Government Code of the State of California, Resolution No. HD-1475, adopted by the Board of Harbor Commissioners of the City of Long Beach (the “*Board*”) on November 8, 1989, as amended (the “*Master Resolution*”), and Resolution No. HD-2767 adopted by the Board on June 9, 2014 (the “*Seventeenth Supplemental Resolution*”);

WHEREAS, on [•], 2018, the Issuer issued \$[PAR] aggregate principal amount of its City of Long Beach, California Harbor Revenue Refunding Short-Term Notes, Series 2018A (the “*Series 2018A Senior Notes*”), pursuant to the Charter, the Municipal Code, certain provisions of the Revenue Bond Law of 1941, Section 54300, et seq., of the Government Code of the State of California, the Master Resolution, and Resolution No. HD-[•] adopted by the Board on [•], 2018 (the “*Twenty-First Supplemental Resolution*”);

WHEREAS, a portion of the proceeds of the Series 2018A Senior Notes, along with certain moneys on deposit in the Bond Service Fund (as defined in the Master Resolution), will be used to current refund and pay, on the maturity date of November 15, 2018, all of the outstanding Series 2014C Senior Notes (as described in more detail in Exhibit A attached hereto) (collectively, the “*Refunded Notes*”);

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants hereinafter set forth, the parties hereto agree as follows:

Section 1. Creation of Escrow Fund. There is hereby created and established with the Escrow Agent a special and irrevocable escrow fund designated as “City of Long Beach, California Harbor Revenue Short-Term Notes, Series 2014C Escrow Fund” (the “*Escrow Fund*”) to be held in the custody of the Escrow Agent in escrow under this Escrow Agreement for the benefit of the owners of the Refunded Notes.

Except as otherwise provided in Sections 5 and 6 hereof, the Issuer shall have no interest in the funds or investments, if any, held in the Escrow Fund.

Section 2. Deposit to the Escrow Fund. Concurrently with the execution and delivery of this Escrow Agreement, the Issuer shall or shall cause the Treasurer of the City of Long Beach (the “*City Treasurer*”) to deposit with the Escrow Agent and the Issuer hereby directs the Escrow Agent to, and the Escrow Agent shall, deposit (a) \$[•] to be derived from the proceeds of the sale of the Series 2018A Senior Notes and (b) \$[•] to be derived from the transfer of moneys on deposit in the Interest Account of the Bond Service Fund allocable to the Refunded Notes held by the City Treasurer pursuant to the Master Resolution and the Seventeenth Supplemental Resolution, to the Escrow Fund.

The Escrow Agent hereby acknowledges receipt of \$[•], as described in this section, and that such amounts were deposited in the Escrow Fund.

Section 3. Investment of the Escrow Fund. The Issuer hereby directs the Escrow Agent to, and the Escrow Agent shall, on [•], 2018, use \$[•] on deposit in the Escrow Fund to purchase the securities described in Schedule I attached hereto (the “*Initial Government Securities*”), and shall retain \$[•] in the Escrow Fund as a beginning cash balance.

The Escrow Agent shall purchase the Initial Government Securities as provided in this Section and shall hold such Initial Government Securities, the beginning cash balance and any earnings received thereon and any reinvestment thereof pursuant to this Escrow Agreement and disburse such amounts as provided herein. The Escrow Agent shall collect amounts due and shall sell or otherwise liquidate investments in the Escrow Fund as needed to make the payments and transfers required by this Escrow Agreement and may substitute different Government Securities, as defined and subject to the terms and limitations of Section 6 hereof, for the Initial Government Securities but otherwise shall have no power or duty to sell, transfer, request the redemption of or otherwise dispose of the Initial Government Securities.

Section 4. Creation of Lien on Escrow Fund. The deposit of the moneys, the Initial Government Securities and any other Government Securities in the Escrow Fund shall constitute an irrevocable deposit in trust for the benefit of the holders of the Refunded Notes. The holders of the Refunded Notes are hereby granted an express lien on the Escrow Fund and all moneys and investments from time to time held therein for the payment of amounts described in Section 5 hereof.

Section 5. Use of Escrow Fund. The Escrow Agent shall withdraw the amount described in Schedule II attached hereto on November 15, 2018 from the Escrow Fund and use such amount in its capacity as Fiscal Agent for the Refunded Notes to pay the principal of and interest on the Refunded Notes as directed pursuant to the Master Resolution and the Seventeenth Supplemental Resolution.

The Escrow Agent shall retain all unclaimed moneys, together with interest thereon, in the Escrow Fund and shall invest such unclaimed moneys as directed in writing by the Issuer. At such time as the Issuer delivers to the Escrow Agent written notice that no additional amounts from the Escrow Fund will be needed to pay the principal of and interest on the Refunded Notes,

or on November 16, 2018, whichever occurs first, the Escrow Agent shall transfer all amounts then remaining in the Escrow Fund, if any, to the City Treasurer who shall transfer such amounts to the Interest Account of the Bond Service Fund, and thereafter the holders of the Refunded Notes shall look only to the Issuer for payment and the Fiscal Agent and the Escrow Agent shall have no responsibility or liability whatsoever with respect to any of such moneys. At such time as no amounts remain in the Escrow Fund, such fund shall be closed.

Section 6. Reinvestment; Substitution of Government Securities.

EXCEPT AS SPECIFICALLY PROVIDED BELOW, THE ESCROW AGENT MAY NOT SELL, TRANSFER, REQUEST THE REDEMPTION OF OR OTHERWISE DISPOSE OF THE INITIAL GOVERNMENT SECURITIES.

Interest income and other amounts received by the Escrow Agent as payments on the Initial Government Securities held in the Escrow Fund shall be held as part of the Escrow Fund to be used for the purposes set forth in Section 5 hereof and may be invested by the Escrow Agent at the written direction of the Issuer; provided that (a) such amounts may only be invested in Government Securities as defined in this Section; and (b) such investments shall have maturities which do not extend beyond the date on which the moneys so invested will be needed to make payments required by Section 5 hereof.

Upon the fulfillment of the conditions set forth in this Section, the Escrow Agent at the written direction of the Issuer may sell, liquidate or otherwise dispose of some or all of the Initial Government Securities then held as an investment of the Escrow Fund and reinvest the proceeds thereof, together with other moneys held in the Escrow Fund in different Government Securities; provided that no such substitution shall occur unless the Issuer shall first deliver to the Escrow Agent (a) an opinion by an independent certified public accountant that, after such reinvestment or substitution, the principal amount of the Government Securities then held in the Escrow Fund, together with the interest thereon and other available moneys therein, will be sufficient to pay the principal of and interest on the Refunded Notes secured by the Escrow Fund on the date and in the amounts as required pursuant to this Escrow Agreement and the Seventeenth Supplemental Resolution; and (b) an opinion of nationally recognized bond counsel to the effect that such sale, liquidation or other disposition and substitution of different Government Securities is permitted under this Escrow Agreement, the Seventeenth Supplemental Resolution and the Master Resolution, and will not have any adverse effect with respect to the exemption of the interest on the Refunded Notes or the Series 2018A Senior Notes from income taxation under the Internal Revenue Code of 1986, as amended; provided further that no opinions shall be required pursuant to this Section with respect to the reinvestment of any moneys derived from Government Securities held in the Escrow Fund hereunder which have matured so long as such moneys are reinvested in Government Securities maturing not later than the date such funds are required to pay the principal of and interest on the Refunded Notes and the yield on such Government Securities does not exceed the yield on the Refunded Notes or the Series 2018A Senior Notes.

“Government Securities,” as used in this Escrow Agreement, means only noncallable direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by the full faith and credit of, the United States of America, and which are limited to:

(i) U.S. Treasury Certificates, Notes and Bonds (including State and Local Government Series—"SLGS" and any stripped interest on the principal portion of such U.S. Treasury Certificates, Notes and Bonds); and

(ii) Resolution Funding Corp. (REFCORP), only the interest component of REFCORP strips which have been stripped by request to the Federal Reserve Bank of New York in book-entry form are acceptable.

Section 7. Liability of Fiscal Agent and Escrow Agent.

(a) The Fiscal Agent and Escrow Agent shall not under any circumstance be liable for any loss resulting from any investment made pursuant to this Escrow Agreement in compliance with the provisions hereof. The Fiscal Agent and the Escrow Agent shall have no lien whatsoever on the Escrow Fund or moneys on deposit in the Escrow Fund for the payment of fees and expenses for services rendered by the Fiscal Agent and the Escrow Agent under this Escrow Agreement or otherwise.

(b) The Fiscal Agent and the Escrow Agent shall not be liable for the accuracy of the calculations as to the sufficiency of any moneys deposited into the Escrow Fund or the Initial Government Securities or any Government Securities purchased at the direction of the Issuer to pay the principal of and accrued interest on the Refunded Notes.

(c) The Issuer agrees that if for any reason the investments and moneys and other funds available to pay the principal of and accrued interest on the Refunded Notes are insufficient therefor, the Issuer shall continue to be liable for payment therefor in accordance with the terms of the Master Resolution and the Seventeenth Supplemental.

(d) No provision of this Escrow Agreement shall require the Fiscal Agent or the Escrow Agent to expend or risk their own funds.

(e) The Fiscal Agent and the Escrow Agent may consult with bond counsel or with such other counsel of their own choice subject to reasonable approval by the Issuer (which may but need not be counsel to the Issuer) and the opinion of such counsel shall be full and complete authorization to take or suffer in good faith any action in accordance with such opinion of counsel.

(f) Whenever in the administration of this Escrow Agreement the Fiscal Agent or the Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking or not taking any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of gross negligence or willful misconduct on the part of the Fiscal Agent or the Escrow Agent, be deemed to be conclusively proved and established by a certificate of an authorized representative of the Issuer, and such certificate shall, in the absence of gross negligence or willful misconduct on the part of the Fiscal Agent or the Escrow Agent, as applicable, be full warrant to the Fiscal Agent and the Escrow Agent for any action taken or not taken by it under the provisions of this Escrow Agreement in reliance thereon. Except with respect to any future reinvestment or substitution of Government Securities as may

be directed by the Issuer as set forth in Section 6 hereof, the Fiscal Agent and the Escrow Agent hereby represents that, as of the date hereof, they do not need any further certificate or direction from any other party in order to carry out the terms of this Escrow Agreement.

(g) The Fiscal Agent and the Escrow Agent may conclusively rely, as to the truth and accuracy of the statements and correctness of the opinions and the calculations provided, and shall be protected and indemnified as set forth in Section 11 hereof, in acting, or refraining from acting, upon any written notice, instruction, request, certificate, document or opinion furnished to the Fiscal Agent or the Escrow Agent, as applicable, signed or presented by the proper party, and it need not investigate any fact or matter stated in such notice, instruction, request, certificate or opinion.

(h) The Fiscal Agent and the Escrow Agent undertake to perform only such duties as are expressly and specifically set forth in this Escrow Agreement and no implied duties or obligations shall be read into this Escrow Agreement against the Fiscal Agent or the Escrow Agent.

(i) The Fiscal Agent and the Escrow Agent shall not have any liability hereunder except to the extent of their own gross negligence or willful misconduct. In no event shall the Fiscal Agent or the Escrow Agent be liable for any special indirect or consequential damages.

(j) The Fiscal Agent and the Escrow Agent shall not be responsible for any of the recitals or representations contained herein.

(k) The liability of the Fiscal Agent and the Escrow Agent to make the payments required by this Escrow Agreement shall be limited to the moneys in the Escrow Fund.

(l) If the Fiscal Agent and the Escrow Agent learn that the Department of the Treasury or the Bureau of Public Debt will not, for any reason, accept a subscription of securities that is to be submitted pursuant to this Escrow Agreement, the Fiscal Agent and Escrow Agent shall promptly request alternative written investment instructions from the Issuer with respect to escrowed funds which were to be invested in securities. The Fiscal Agent and Escrow Agent shall follow such instructions and, upon the maturity of any such alternative investment, the Fiscal Agent and Escrow Agent shall hold funds uninvested and without liability for interest until receipt of further written instructions from the Issuer. In the absence of investment instructions from the Issuer, the Fiscal Agent and Escrow Agent shall not be responsible for the investment of such funds or interest thereon. The Fiscal Agent and Escrow Agent may conclusively rely upon the Issuer's selection of an alternative investment as a determination of the alternative investment's legality and suitability and shall not be liable for any losses related to the alternative investments or for compliance with any yield restriction applicable thereto.

(m) The Issuer acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Issuer the right to receive

brokerage confirmations of security transactions as they occur, the Issuer specifically waives receipt of such confirmations to the extent permitted by law. The Fiscal Agent and Escrow Agent will furnish the Issuer periodic cash transaction statements which include detail for all investment transactions made by the Fiscal Agent and Escrow Agent hereunder.

Section 8. Successor Fiscal Agent or Escrow Agent. Any corporation into which the Fiscal Agent or the Escrow Agent may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion, consolidation or tax-free reorganization to which the Fiscal Agent or the Escrow Agent shall be a party or any corporation succeeding to the corporate trust business of the Fiscal Agent or the Escrow Agent, shall be the successor Fiscal Agent or Escrow Agent, as the case may be, under this Escrow Agreement without the execution or filing of any paper or any other act on the part of the parties hereto, anything herein to the contrary notwithstanding.

Section 9. Termination. This Escrow Agreement shall terminate when all transfers and payments required to be made by the Fiscal Agent and the Escrow Agent under the provisions hereof shall have been made. Any deficiency in the amounts required to be paid hereunder shall be paid by the Issuer. The Issuer hereby directs the Fiscal Agent and the Escrow Agent to, and the Fiscal Agent and the Escrow Agent shall, distribute any moneys remaining in the Escrow Fund at the time of such termination to the City Treasurer for deposit in the Interest Account of the Bond Service Fund, as required pursuant to Section 5 hereof.

Section 10. Tax-Exempt Nature of Interest on the Refunded Notes. The Issuer covenants and agrees for the benefit of the holders of the Refunded Notes that it will not direct or permit any thing or act to be done in such manner as would cause interest on the Refunded Notes to be included in the gross income of the recipients thereof for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "*Code*"), nor will it use any of the proceeds received from the sale of the Series 2018A Senior Notes, directly or indirectly, in any manner which would result in the Series 2018A Senior Notes being classified as "arbitrage bonds" within the meaning of the Code.

Section 11. Compensation of Escrow Agent and Indemnity of the Escrow Agent and the Fiscal Agent. For acting under this Escrow Agreement, the Escrow Agent shall be entitled to payment of a fee of \$[•]. To the extent permitted by law, the Issuer agrees to indemnify and hold the Fiscal Agent and the Escrow Agent harmless from and against all claims, suits and actions brought against them, or to which they are made a party, and from all costs, expenses (including reasonable attorneys' fees of counsel reasonably acceptable to the Issuer), losses and damages suffered by them as a result thereof, including the costs and expenses of defending against any such claims, suits or actions, where and to the extent such claim, suit or action arises out of the performance by the Fiscal Agent and the Escrow Agent of their duties under this Escrow Agreement; provided, however, that such indemnification shall not extend to claims, suits and actions brought against the Fiscal Agent or the Escrow Agent which result in a judgment being entered, settlement being reached or other disposition made based upon the Fiscal Agent's or the Escrow Agent's, as applicable, gross negligence or willful misconduct. The indemnification provided for in this Escrow Agreement shall never be payable from or become a lien upon the Escrow Fund, which fund shall be held solely for the purpose and subject

to the liens set forth in Sections 4 and 5 hereof. The obligations of the Issuer under this Section 11 shall remain in effect and continue notwithstanding the termination of this Escrow Agreement and the resignation or removal of the Fiscal Agent or the Escrow Agent.

Section 12. Third-Party Beneficiaries. The owners of the Refunded Notes are hereby recognized as third-party beneficiaries of this Escrow Agreement to the extent of their interests in the Escrow Fund as set forth in Sections 4 and 5 hereof.

Section 13. Replacement and Resignation of Fiscal Agent or Escrow Agent. The Issuer may remove the Fiscal Agent and/or the Escrow Agent and/or the Fiscal Agent and/or the Escrow Agent may resign pursuant to the provisions of Section 7.01(b) of the Master Resolution and the applicable provisions of the Fiscal Agent Agreement (as defined in the Seventeenth Supplemental Resolution).

Section 14. Successors and Assigns. All of the covenants and agreements in this Escrow Agreement contained by or on behalf of the Issuer, the Escrow Agent or the Fiscal Agent shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

Section 15. Severability. If any one or more of the provisions of this Escrow Agreement should be determined by a court of competent jurisdiction to be contrary to law, such provision shall be deemed and construed to be severable from the remaining provisions herein contained and shall in no way affect the validity of the remaining provisions of this Escrow Agreement.

Section 16. Governing Law. This Escrow Agreement shall be governed by the applicable laws of the State of California.

Section 17. Headings. Any headings preceding the text of the several Sections hereof, and any table of content appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Escrow Agreement, nor shall they affect its meaning, construction or effect.

Section 18. Amendments. The Issuer, the Fiscal Agent and the Escrow Agent shall not modify this Escrow Agreement without the consent of all of the owners of the Refunded Notes affected by such modification which have not been paid in full.

Section 19. Counterparts. This Escrow Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

[Remainder of page intentionally left blank; signature page follows]

IN WITNESS WHEREOF, the parties hereto have each caused this Escrow Agreement to be executed by their duly authorized officers as of the date first above written.

CITY OF LONG BEACH, CALIFORNIA, acting
by and through its BOARD OF HARBOR
COMMISSIONERS

By _____
Sam Joumblat, Managing Director, Finance
and Administration, Harbor Department of
the City of Long Beach

Approved as to form:

J. CHARLES PARKIN, City Attorney

By _____
Deputy City Attorney

U.S. BANK NATIONAL ASSOCIATION, as
Fiscal Agent

By _____
Authorized Representative

U.S. BANK NATIONAL ASSOCIATION, as
Escrow Agent

By _____
Authorized Representative

[Signature page to Escrow Agreement]

EXHIBIT A

REFUNDED NOTES

**City of Long Beach, California
Harbor Revenue Short-Term Notes
Series 2014C**

Maturity Date (November 15)	Principal	Interest Rate	CUSIP Number
2018	\$ 16,325,000	3.000%	542424TN6
2018	28,025,000	4.000	542424TP1
2018	280,650,000	5.000	542424TQ9

SCHEDULE I

INITIAL GOVERNMENT SECURITIES

<u>Maturity Date</u>	<u>Type</u>	<u>Coupon</u>	<u>Price</u>	<u>Par Amount</u>	<u>Total Cost</u>
11/15/2018	SLGS – Certificate of Indebtedness	%	%	\$	\$

SCHEDULE II

PAYMENT REQUIREMENTS FOR REFUNDED NOTES

<u>Payment Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
11/15/2018	\$325,000,000.00	\$7,821,625.00	\$332,821,625.00

FISCAL AGENT AGREEMENT

by and between

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

and

U.S. BANK NATIONAL ASSOCIATION,
as Fiscal Agent

Relating to:

[\$[PAR]]
City of Long Beach, California
Harbor Revenue Refunding Short-Term Notes
Series 2018A

Dated [•], 2018

FISCAL AGENT AGREEMENT

THIS FISCAL AGENT AGREEMENT, dated [•], 2018 (this “*Fiscal Agent Agreement*”), is entered into by and between **CITY OF LONG BEACH, CALIFORNIA**, a municipal corporation acting by and through its Board of Harbor Commissioners (the “*Issuer*”), and **U.S. BANK NATIONAL ASSOCIATION**, as fiscal agent (the “*Fiscal Agent*”).

RECITALS

WHEREAS the Issuer has duly authorized and provided for the issuance of its City of Long Beach, California Harbor Revenue Refunding Short-Term Notes, Series 2018A (the “*Series 2018A Senior Notes*”) in an aggregate principal amount of \$[PAR], which will be issued as fully registered notes without coupons;

WHEREAS the Issuer will ensure all things necessary to make the Series 2018A Senior Notes the valid obligations of the Issuer, in accordance with their terms, will be done upon the issuance and delivery thereof;

WHEREAS the Issuer and the Fiscal Agent wish to provide the terms under which the Fiscal Agent will pay the principal of and interest on the Series 2018A Senior Notes, in accordance with the terms thereof, under which the Fiscal Agent will act as registrar for the Series 2018A Senior Notes, and under which the Fiscal Agent will comply with all applicable provisions of the Resolution (as hereinafter defined);

WHEREAS the Fiscal Agent has agreed to serve in such capacities for and on behalf of the Issuer and has full power and authority to perform and serve as Fiscal Agent for the Series 2018A Senior Notes as detailed in the Resolution;

WHEREAS the Issuer has duly authorized the execution and delivery of this Fiscal Agent Agreement; and all things necessary to make this Fiscal Agent Agreement a valid agreement have been done.

NOW, THEREFORE, it is mutually agreed as follows:

ARTICLE I

DEFINITIONS

For all purposes of this Fiscal Agent Agreement except as otherwise expressly provided or unless the context otherwise requires:

“*Authorized Board Representative*” shall have the meaning set forth in the Resolution.

“*Fiscal Agent*” means U.S. Bank National Association, a national banking association organized and existing under the laws of the United States of America, or any successor thereto.

“*Issuer*” means the City of Long Beach, California, acting by and through its Board of Harbor Commissioners.

“*Note Register*” means the book or books of registration kept by the Fiscal Agent in which are maintained the names and addresses and principal amounts registered to each Owner.

“*Owner*” means the Person in whose name a Series 2018A Senior Note is registered.

“*Person*” means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision of a government or any entity whatsoever.

“*Resolution*” means, collectively, Resolution No. HD-1475 adopted by the Board of Harbor Commissioners of the City of Long Beach, California on November 8, 1989, as amended and supplemented, including as supplemented by Resolution No. HD-[•] adopted by the Board of Harbor Commissioners of the City of Long Beach, California on [•], 2018 pursuant to which the Series 2018A Senior Notes were issued.

“*Series 2018A Senior Notes*” means the City of Long Beach, California Harbor Revenue Refunding Short-Term Notes, Series 2018A.

ARTICLE II

APPOINTMENT OF FISCAL AGENT

Section 2.01. Appointment and Acceptance. The Issuer hereby appoints the Fiscal Agent to pay to the Owners in accordance with the terms and provisions of this Fiscal Agent Agreement and the Resolution, the principal of and interest on the Series 2018A Senior Notes.

The Issuer hereby appoints the Fiscal Agent as registrar with respect to the Series 2018A Senior Notes. As registrar, the Fiscal Agent shall keep and maintain for and on behalf of the Issuer, books and records as to the ownership of the Series 2018A Senior Notes and with respect to the transfer and exchange thereof as provided herein and in the Resolution.

The Fiscal Agent hereby accepts its appointment, and agrees to perform the duties of the Fiscal Agent set forth in this Fiscal Agent Agreement and the Resolution.

Section 2.02. Compensation. As compensation for the Fiscal Agent’s services, the Issuer hereby agrees to pay the Fiscal Agent the fees and amounts set forth in Exhibit A attached hereto and by this reference made a part hereof.

ARTICLE III

DUTIES OF FISCAL AGENT

Section 3.01. Payments. The Fiscal Agent shall pay on behalf of the Issuer the principal of and interest on each Series 2018A Senior Note in accordance with the provisions of the Resolution.

Section 3.02. Payment Dates. The Issuer hereby instructs the Fiscal Agent to pay the principal of and interest on the Series 2018A Senior Notes on the dates specified in the Resolution.

Section 3.03. Initial Delivery of Series 2018A Senior Notes. The Series 2018A Senior Notes shall be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company. The Fiscal Agent will, on the date of initial delivery, deliver Series 2018A Senior Notes of authorized denominations, registered in the name of Cede & Co., as nominee of The Depository Trust Company, in accordance with the provisions of the Resolution.

Section 3.04. Registration Duties. The Fiscal Agent shall provide for the proper registration of, transfer, exchange and replacement of the Series 2018A Senior Notes in accordance with the Resolution.

Section 3.05. Unauthenticated Series 2018A Senior Notes. If the Series 2018A Senior Notes are not registered with a securities depository pursuant to a book-entry system, then the Issuer shall provide to the Fiscal Agent on a continuing basis, an adequate inventory of unauthenticated Series 2018A Senior Notes to facilitate transfers. The Fiscal Agent agrees that it will maintain such unauthenticated Series 2018A Senior Notes in safekeeping.

Section 3.06. Form of Note Register. The Fiscal Agent will maintain its records in accordance with the Fiscal Agent's general practices and procedures in effect from time to time, subject always to the provisions of the Resolution.

Section 3.07. Reports. The Issuer may request the information in the Note Register at any time the Fiscal Agent is customarily open for business, provided that reasonable time is allowed to the Fiscal Agent to provide an up-to-date listing and to convert the information into written form.

The Fiscal Agent will not release or disclose the content of the Note Register to any person other than to the Issuer at its written request, except upon receipt of a subpoena or court order or as may otherwise be required by law or permitted by the Resolution. Upon receipt of a subpoena or court order the Fiscal Agent will notify the Issuer.

Section 3.08. Cancelled Series 2018A Senior Notes. All Series 2018A Senior Notes surrendered for payment, transfer, exchange, or replacement, if surrendered to the Fiscal Agent, shall be promptly cancelled by it and, if surrendered to the Issuer, shall be delivered to the Fiscal Agent and, if not already cancelled, shall be promptly cancelled by the Fiscal Agent. The Issuer may at any time deliver to the Fiscal Agent for cancellation any Series 2018A Senior Notes previously authenticated and delivered which the Issuer may have acquired in any manner whatsoever, and all Series 2018A Senior Notes so delivered shall be promptly cancelled by the Fiscal Agent. All cancelled Series 2018A Senior Notes held by the Fiscal Agent for its retention period then in effect shall thereafter be destroyed and evidence of such destruction shall be furnished to the Issuer upon its written request.

Section 3.09. Undertakings. The Fiscal Agent undertakes to perform the express duties set forth herein and in the Resolution and shall be bound by the provisions of the Resolution applicable to it as Fiscal Agent. No implied duties or obligations shall be read into this Fiscal

Agent Agreement against the Fiscal Agent. The Fiscal Agent hereby agrees to use the funds deposited with it for payment of the principal of and interest on the Series 2018A Senior Notes to pay the same as it shall become due, and further agrees to establish and maintain such accounts and funds as may be required in the Resolution.

The Fiscal Agent shall have the right to pursue such tort claims as may arise hereunder (but excluding any claims of any investor of the Series 2018A Senior Notes, such as violation of any state or federal securities law claim). The Fiscal Agent shall have no duty to invest any moneys deposited with it by the Issuer with respect to the Series 2018A Senior Notes. The Fiscal Agent shall have no duty or obligation to make any payment on the Series 2018A Senior Notes unless the Issuer shall have deposited sufficient funds to pay all such amounts with the Fiscal Agent. The Fiscal Agent shall not be liable under the Resolution or this Fiscal Agent Agreement except to the extent of its negligence or willful misconduct. The Fiscal Agent shall not be liable for any error in judgment made by it in good faith. No provision of this Fiscal Agent Agreement or the Resolution shall require the Fiscal Agent to risk, expend or advance its own funds in the performance of its duties as Fiscal Agent, or in the exercise of any of its rights or powers. The Fiscal Agent in its individual or any other capacity may become the Owner or pledgee of the Series 2018A Senior Notes with the same rights it would have if it were not the Fiscal Agent for the Series 2018A Senior Notes. The Fiscal Agent may conclusively rely, as to the truth of the statements and correctness of the opinion expressed therein, on certificates or opinions furnished to the Fiscal Agent by or on behalf of the Issuer. The Fiscal Agent may consult with legal counsel with regards to legal questions, and the opinion or advice of such legal counsel shall be full protection and authorization for any action taken or not taken by the Fiscal Agent in reliance upon the opinion or advice of such legal counsel. The Fiscal Agent may perform any of its duties under this Fiscal Agent Agreement or the Resolution directly or through its agents or attorneys and shall not be responsible for the actions of such agents or attorneys if such agents or attorneys were appointed by it with reasonable care.

Section 3.10. Other Transactions. The Fiscal Agent may engage in or be interested in any financial or other transaction with the Issuer.

Section 3.11. Indemnification. To the extent permitted by law, the Issuer shall indemnify the Fiscal Agent, its officers, directors, employees and agents for, and hold them harmless against any loss, cost, claim, liability or expense arising out of or in connection with the Fiscal Agent's acceptance or administration of the Fiscal Agent's duties hereunder or under the Resolution (except any loss, liability or expense as may be adjudged in a nonappealable judgment by a court of competent jurisdiction to be attributable to the Fiscal Agent's negligence or willful misconduct), including the cost and expense (including its counsel fees) of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties under this Fiscal Agent Agreement. Such indemnity shall survive the termination or discharge of this Fiscal Agent Agreement or discharge of the Series 2018A Senior Notes.

ARTICLE IV

MISCELLANEOUS PROVISIONS

Section 4.01. Amendment. This Fiscal Agent Agreement may be amended only by an agreement in writing signed by both of the parties hereto.

Section 4.02. Assignment. This Fiscal Agent Agreement may not be assigned by either party without the prior written consent of the other party.

Section 4.03. Notices. Any request, demand, authorization, direction, notice, consent, waiver or other document provided or permitted hereby to be given or furnished to the Issuer or the Fiscal Agent shall be mailed or delivered to the Issuer or the Fiscal Agent, respectively, at the following addresses, or such other address as may have been given by one party to the other by fifteen (15) days' written notice.

Issuer: Harbor Department of City of Long Beach
4801 Airport Plaza Drive
Long Beach, California 90815
Attn: Managing Director, Finance and Administration

Fiscal Agent: U.S. Bank National Association
Global Corporate Trust Services
633 West Fifth Street, 24th Floor
LM-CA-T24T
Los Angeles, California 90071
Attn: Ilse Vlach

Section 4.04. Third-Party Beneficiaries. The Owners of the Series 2018A Senior Notes are hereby recognized as third-party beneficiaries of this Fiscal Agent Agreement.

Section 4.05. Entire Agreement. This Fiscal Agent Agreement and the Resolution constitute the entire agreement between the parties hereto relative to the Fiscal Agent.

Section 4.06. Term and Termination. This Fiscal Agent Agreement shall be effective from and after its date and until the Fiscal Agent resigns or is removed in accordance with the Resolution; provided, however, that no such termination shall be effective until a successor has been appointed and has accepted the duties of the Fiscal Agent under and in accordance with the Resolution. In the event of resignation or removal of the Fiscal Agent, upon the written request of the Issuer and upon payment of the amounts owing to the Fiscal Agent hereunder, the Fiscal Agent shall deliver to the Issuer or its designee all funds and authenticated and unauthenticated Series 2018A Senior Notes, and a copy of the Note Register.

Section 4.07. Governing Law. This Fiscal Agent Agreement shall be construed in accordance with and shall be governed by the laws of the State of California.

Section 4.08. Effect of Headings. The Article and Section headings herein are for convenience of reference only and shall not affect the construction hereof.

Section 4.09. Successors and Assigns. All covenants and agreements herein by the Issuer and the Fiscal Agent shall bind their successors and assigns, whether so expressed or not.

Section 4.10. Severability. If any provision of this Fiscal Agent Agreement shall be determined to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.

Section 4.11. Counterparts. This Fiscal Agent Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which shall constitute one and the same Agreement.

[Remainder of page intentionally left blank; signature page follows]

IN WITNESS WHEREOF, the parties hereto have executed this Fiscal Agent Agreement as of the day and year first above written.

CITY OF LONG BEACH, CALIFORNIA, acting
by and through its BOARD OF HARBOR
COMMISSIONERS

By _____
Sam Joumblat, Managing Director, Finance
and Administration, Harbor Department of
the City of Long Beach, California

Approved as to form:

J. CHARLES PARKIN, City Attorney

By _____
Deputy City Attorney

U.S. BANK NATIONAL ASSOCIATION, as
Fiscal Agent

By _____
Authorized Representative

[Signature page to Fiscal Agent Agreement]

EXHIBIT A

SCHEDULE OF FEES FOR SERVICES AS FISCAL AGENT

§ _____
CITY OF LONG BEACH, CALIFORNIA
HARBOR REVENUE REFUNDING SHORT-TERM NOTES
SERIES 2018A

NOTE PURCHASE AGREEMENT

_____, 2018

Board of Harbor Commissioners
Harbor Department of the City of Long Beach
Long Beach, California

Ladies and Gentlemen:

The undersigned Merrill Lynch, Pierce, Fenner & Smith Incorporated (the "Representative"), on behalf of itself, Stern Brothers & Co. and Stifel, Nicolaus & Company (collectively, the "Underwriters"), offers to enter into this Note Purchase Agreement (the "Note Purchase Agreement") with the City of Long Beach, acting by and through its Board of Harbor Commissioners (the "Issuer") which, upon the Issuer's acceptance hereof, will be binding upon the Issuer and upon the Underwriters. Capitalized terms used and not otherwise defined herein shall have the same meanings as set forth in the Master Resolution and the Twenty-First Supplemental Resolution (as such terms are hereinafter defined). This offer is made subject to the written acceptance of this Note Purchase Agreement by the Issuer and the delivery of such acceptance to the Representative at or prior to 6:00 p.m. Los Angeles time, on the date hereof.

The Representative hereby represents that it has been authorized by the other Underwriters to execute this Note Purchase Agreement on behalf of the Underwriters.

1. Upon the terms and conditions and upon the basis of the representations and warranties hereinafter set forth, the Underwriters, jointly and severally, hereby agree to purchase from the Issuer for reoffering to the public, and the Issuer hereby agrees to sell to the Underwriters for such purpose, all (but not less than all) of \$_____ aggregate principal amount of the City of Long Beach, California Harbor Revenue Refunding Short-Term Notes, Series 2018A (the "Notes"). The purchase price of the Notes shall be \$ _____ (representing the principal amount of the Notes plus original issue premium of \$ _____ and less an underwriters' discount of \$ _____).

2. The Notes are special, limited obligations of the City of Long Beach, California (the "City") and are secured by a pledge of and lien upon and shall be a charge upon and shall be payable from Revenues on parity with the Bonds (as defined in the Master Resolution). The Notes shall be authorized and secured by the terms of Resolution No. HD-1475 of the Board of Harbor Commissioners (the "Board") adopted by the Board on November 8, 1989, as supplemented and amended by Supplemental Resolutions (the "Master Resolution"), including by a Twenty-First Supplemental Resolution, to be adopted by the Board (the "Twenty-First Supplemental Resolution" and, together with the Master Resolution, the "Resolutions").

The Issuer will also enter into (a) an escrow agent agreement to be dated as of the Closing Date (as defined in Section 5 below) (the "Escrow Agent Agreement") with U.S. Bank National Association ("U.S. Bank"), in its capacity as escrow agent (the "Escrow Agent"), (b) a fiscal agent agreement to be dated as of the Closing Date (as defined in Section 5 below) (the "Fiscal Agent Agreement") with U.S. Bank, in its capacity as fiscal agent (the "Fiscal Agent"), and (c) a continuing disclosure certificate, dated the Closing Date (the "Continuing Disclosure Certificate").

The Issuer hereby ratifies, confirms and approves the use and distribution by the Underwriters prior to the date hereof of the Preliminary Official Statement relating to the Notes, dated _____, 2018 (which, including the cover page, inside cover page and all appendices thereto, all documents and information incorporated therein by reference and all amendments and supplements thereto prior to the execution hereof is referred to herein as the "Preliminary Official Statement") in connection with the marketing of the Notes. The Issuer hereby represents and warrants that the Preliminary Official Statement previously furnished to the Underwriters was and is hereby "deemed final" by the Issuer as of its date and as of the date hereof for purposes of Rule 15c2-12, promulgated under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), except for the omission of offering prices, interest rates, selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, ratings, and any other terms of the Notes as permitted and specified in Rule 15c2-12(b)(1).

The Notes shall be substantially in the form described in, and shall be issued and secured on parity with the Bonds under and pursuant to, and shall be payable and subject to redemption as provided in, the Resolutions. The Issuer hereby ratifies, confirms and approves the use by the Underwriters of the Official Statement, dated the date hereof, relating to the Notes (which, including the cover page, inside cover page and all appendices thereto, and as disseminated in its printed physical form or in electronic form in all respects materially consistent with such physical form, is referred to herein as the "Official Statement").

The Issuer hereby agrees to deliver or to cause to be delivered to the Underwriters, at such addresses as the Underwriters shall specify, the Official Statement in "designated electronic format" (as defined in Rule G-32 of the Municipal Securities Rulemaking Board (the "MSRB")) and to deliver as many conformed, printed copies of the Official Statement as the Underwriters shall request, to such addresses as the Underwriters shall specify, to enable the Underwriters to comply with the obligations of the Underwriters pursuant to Rule 15c2-12(b)(4), Rule G-32 and all other applicable rules of the MSRB. The Issuer agrees to deliver or cause to be delivered such Official Statements within seven (7) business days from the date hereof, and in any event not later than two (2) business days prior to Closing Date and in sufficient time to accompany any confirmation that requests payment and to enable the Underwriters to comply with the rules of the MSRB. The Issuer also agrees that if the Official Statement is amended or supplemented after the date hereof, the Issuer will deliver or cause to be delivered to the Underwriters as many copies of such amendment or supplement as the Underwriters shall request to comply with the rules of the MSRB. The Representative agrees to file the Official Statement (including the Official Statement as it may be amended or supplemented and provided to the Representative) with the MSRB through its Electronic Municipal Market Access system within one (1) Business Day after receipt from the Issuer, but in no event later than the Closing Date. The Preliminary Official Statement and/or the Official Statement may be delivered in printed and/or electronic

form to the extent permitted by applicable rules of the MSRB and as may be agreed by the Issuer and the Representative. If the Official Statement is prepared for distribution in electronic form, the Issuer hereby confirms that it does not object to distribution of the Official Statement in electronic form. In order to assist the Underwriters in complying with Rule 15c2-12, the Issuer will undertake, pursuant to the Continuing Disclosure Certificate, to provide annual financial information and notices of the occurrence of material events specified in Rule 15c2-12.

The Notes are being issued to (i) refund and pay, on the maturity date of November 15, 2018, all of the principal and interest on the City's Harbor Revenue Short-Term Notes, Series 2014C; (ii) fund capitalized interest on the Notes through _____, 20__; and (iv) pay the costs of issuing the Notes.

The Notes shall be dated as of their initial date of delivery and shall bear interest at the rates and mature in the principal amounts on _____, 20__, all as set forth in Schedule I hereto.

3. Each Underwriter agrees to make a *bona fide* public offering of all the Notes, at a price not in excess of the respective initial public offering price or prices or yields not less than the yields set forth in the Official Statement. Each Underwriter also reserves the right to (i) over allot or effect transactions which stabilize or maintain the market prices of such Notes at levels above those which might otherwise prevail in the open market and (ii) discontinue such stabilizing, if commenced, at any time.

4. Establishing the Issue Price.

(a) The Representative, on behalf of the Underwriters, agrees to assist the Issuer in establishing the issue price of the Notes and shall execute and deliver to the Issuer at Closing an "issue price" or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit [A], with such modifications as may be appropriate or necessary, in the reasonable judgment of the Representative, the Issuer and Note Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Notes. [All actions to be taken by the Issuer under this section to establish the issue price of the Notes may be taken on behalf of the Issuer by the Issuer's municipal advisor identified herein and any notice or report to be provided to the Issuer may be provided to the Issuer's municipal advisor.]

(b) [Except as otherwise set forth in Schedule [I] attached hereto,] the Issuer will treat the first price at which 10% of each maturity of the Notes (the "10% test") is sold to the public as the issue price of that maturity (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% test). At or promptly after the execution of this Note Purchase Agreement, the Representative shall report to the Issuer the price or prices at which the Underwriters have sold to the public each maturity of Notes. [If at that time the 10% test has not been satisfied as to any maturity of the Notes, the Representative agrees to promptly report to the Issuer the prices at which Notes of that maturity have been sold by the Underwriters to the public. That reporting obligation shall continue until the earlier of the date up which the 10% test has been satisfied as to the Notes of that maturity or the Closing

Date.] [DELETE THE BRACKETED LANGUAGE IF THE PARTIES DECIDE TO UTILIZE THE H-T-O-P RULE.]

[Schedule [I] and subsection (c) shall apply only if the Representative agrees to apply the hold-the-offering-price rule, as described below.]

(c) The Representative confirms that the Underwriters have offered the Notes to the public on or before the date of this Note Purchase Agreement at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in Schedule [I] attached hereto, except as otherwise set forth therein. Schedule [I] also sets forth, as of the date of this Note Purchase Agreement, the maturities, if any, of the Notes for which the 10% test has not been satisfied and for which the Issuer and the Representative, on behalf of the Underwriters, agree that the restrictions set forth in the next sentence shall apply, which will allow the Issuer to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the “hold-the-offering-price rule”). So long as the hold-the-offering-price rule remains applicable to any maturity of the Notes, the Underwriters will neither offer nor sell unsold Notes of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the sale date; or
- (2) the date on which the Underwriters have sold at least 10% of that maturity of the Notes to the public at a price that is no higher than the initial offering price to the public.

The Representative shall promptly advise the Issuer when the Underwriters have sold 10% of that maturity of the Notes to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date.

The Issuer acknowledges that, in making the representation set forth in this subsection, the Representative will rely on (i) the agreement of each Underwriter to comply with the hold-the-offering-price rule, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Notes to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an Underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the Notes to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires. The Issuer further acknowledges that each Underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that no Underwriter shall be liable for the failure of any other Underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement, to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the Notes.

(d) The Representative confirms that:

- (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the Representative is a party) relating to the initial sale of the Notes to the public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (A) report the prices at which it sells to the public the unsold Notes of each maturity allotted to it until it is notified by the Representative that either the 10% test has been satisfied as to the Notes of that maturity or all Notes of that maturity have been sold to the public and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Representative and as set forth in the related pricing wires, and
- (ii) any agreement among underwriters relating to the initial sale of the Notes to the public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Notes to the public to require each broker-dealer that is a party to such retail distribution agreement to (A) report the prices at which it sells to the public the unsold Notes of each maturity allotted to it until it is notified by the Representative or the Underwriter that either the 10% test has been satisfied as to the Notes of that maturity or all Notes of that maturity have been sold to the public and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Representative or the Underwriter and as set forth in the related pricing wires.

(e) The Underwriters acknowledge that sales of any Notes to any person that is a related party to an Underwriter shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

- (i) “public” means any person other than an underwriter or a related party,
- (ii) “underwriter” means (A) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Notes to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Notes to the public),
- (iii) a purchaser of any of the Notes is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership

by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) “sale date” means the date of execution of this Note Purchase Agreement by all parties.

5. The Issuer hereby authorizes the use by the Underwriters of the Resolutions, the Escrow Agreement, the Fiscal Agent Agreement 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 Notes.

6. At 8:00 A.M., Los Angeles time, on _____, 2018 or at such other time or on such other business day as shall have been mutually agreed upon by the Issuer and the Representative (the “Closing Date”), the Issuer will deliver the Notes to the Underwriters through the facilities of The Depository Trust Company (“DTC”) in New York, New York. Physical delivery of the Notes shall be made to the Fiscal Agent, as agent for DTC under the Fast Automated Securities Transfer System. The Notes are in fully registered book-entry form, duly executed and registered in the name of Cede & Co. as nominee of DTC, and, subject to the terms and conditions hereof, the Underwriters will accept such delivery and pay the purchase price of the Notes (as set forth in Section 1 hereof) by wire transfer in immediately available funds at the administrative offices of the Harbor Department at 4801 Airport Plaza Drive, Long Beach, California 90815 or such other place as shall have been mutually agreed upon by the Issuer and the Representative. Such delivery of and payment for the Notes as described in this paragraph is referred to herein as the “Closing.”

7. The Issuer represents, warrants and covenants to each of the Underwriters that:

(a) The City is a municipal corporation and chartered city duly organized and existing under its Charter and the Constitution and the laws of the State of California (the “State”). The Issuer is authorized by the provisions of Section 1211(b) of the Charter of the City, Title 3, Chapter 3.52, Division I of the Municipal Code of the City and in accordance with certain provisions of the Revenue Note Law of 1941, Section 54300, et seq., of the Government Code of the State, is authorized, among other things, (i) to issue revenue notes, such as the Notes, for the purposes described in the Resolutions, and (ii) to secure the Notes in the manner contemplated by the Resolutions;

(b) The Issuer has the full right, power and authority (i) to adopt the Resolutions and Resolution No. HD-_____ adopted by the Board on _____ (“Resolution No. HD-_____”), (ii) to enter into the Fiscal Agent Agreement, (iii) to enter into this Note Purchase Agreement, (iv) to enter into the Escrow Agreement (v) to enter into the Continuing Disclosure Certificate, (vi) to acknowledge and deliver (including, without

limitation, through electronic means) the Preliminary Official Statement; (vii) to determine that the Preliminary Official Statement is substantially final within the meaning of Rule 15c2-12; (viii) to prepare, execute and deliver (including, without limitation, through electronic means) the Official Statement; (ix) to issue, sell and deliver the Notes to the Underwriters as provided herein, and (x) to carry out and consummate all other transactions contemplated by each of the aforesaid documents, and the Issuer has complied with all provisions of applicable law in all matters relating to such transactions;

(c) The Issuer has duly authorized (i) the execution and delivery of the Notes and the execution, delivery and due performance of this Note Purchase Agreement, the Resolutions, the Official Statement, the Escrow Agreement, the Fiscal Agent Agreement and the Continuing Disclosure Certificate, and (ii) the taking of any and all such action as may be required on the part of the Issuer to carry out, give effect to and consummate the transactions contemplated by such instruments;

(d) The Notes are special limited obligations of the City and are payable, as to principal, premium (if any), and interest thereon, from a pledge of and lien on Revenues on parity with the Bonds pursuant to the Resolutions;

(e) All approvals and consents of the Issuer which would constitute a condition precedent to the performance by the Issuer of its obligations hereunder and under the Resolutions, the Escrow Agreement, the Fiscal Agent Agreement, the Continuing Disclosure Certificate and the Notes have been obtained and are in full force and effect. No other material authorization, consent or approval of, or filing or registration with, any Governmental Authority (as defined below) or court is, or under existing requirements of law will be, necessary for the valid execution, delivery or performance by the City of this Note Purchase Agreement, the Escrow Agreement, the Fiscal Agent Agreement, the Continuing Disclosure Certificate or the Resolutions other than any authorization, consent, approval, filing or registration as may be required under the Blue Sky or securities laws of any state in connection with the offering; sale or issuance of the Notes (as to which no representations is made). All authorizations, consents or approvals of, or filings or registrations with any Governmental Authority or court necessary for the valid issuance of, and performance by the City of its obligations under, the Notes will have been duly obtained or made prior to the issuance of the Notes (and disclosed to the Underwriters). As used herein, the term "Governmental Authority" refers to any legislative body or governmental official, department, commission, board, bureau, agency, instrumentality, body or public benefit corporation;

(f) The adoption of the Twenty-First Supplemental Resolution and execution and delivery of this Note Purchase Agreement, the Escrow Agreement, the Fiscal Agent Agreement, the Continuing Disclosure Certificate and the Notes, and compliance with the provisions thereof, will not conflict with or constitute a material breach of or default under (i) any material statute, indenture, mortgage, note or other agreement or instrument to which the Issuer is a party or by which it is bound, (ii) any provision of the State Constitution or (iii) any existing law, rule, regulation, ordinance, judgment, order or decree to which the Issuer (or the members of the Board or any of its officers in their respective capacities as such) is subject;

(g) Except as specifically disclosed in the Preliminary Official Statement and as will be specifically disclosed in the Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, which has been served on the City or the Board or, to the best knowledge of the Issuer, threatened, which in any way (i) questions the powers of the Issuer referred to in paragraph (b) above, or the validity of any proceeding taken by the Issuer in connection with the issuance of the Notes, or wherein an unfavorable decision, ruling or finding could materially adversely affect the transactions contemplated by this Note Purchase Agreement, or of any other document or instrument required or contemplated by this financing; (ii) could adversely affect the validity or enforceability of the Notes, the Resolutions, Resolution No. HD-____, the Fiscal Agent Agreement, the Escrow Agreement, the Continuing Disclosure Certificate or this Note Purchase Agreement; (iii) questions the exclusion from gross income of the recipients thereof of the interest on the Notes for federal income tax purposes or in any other way questions the status of the Notes under federal or state tax laws or regulations; or (iv) could materially adversely affect the ability of the Issuer to pay principal of and interest on the Notes when due or to otherwise perform any of its obligations under the Resolutions, the Escrow Agreement, the Fiscal Agent Agreement and the Continuing Disclosure Certificate;

(h) The Notes will be issued in accordance with the Resolutions and will conform in all material respects to the descriptions thereof contained in the Preliminary Official Statement and the Official Statement;

(i) Any certificate signed by any official or other representative of the Issuer and delivered to the Representative pursuant to this Note Purchase Agreement shall be deemed a representation and warranty by the Issuer (and not by such official or other representative in his or her individual capacity) to the Underwriters as to the truth of the statements therein made;

(j) The Issuer has never been in default at any time, as to principal of or interest on any obligation which it has issued, except as otherwise specifically disclosed in the Official Statement; and, other than the Resolutions, neither the City nor the Board has entered into any contract or arrangement of any kind which might give rise to any lien or encumbrance on the Revenues pledged to the payment of the Notes except as will be specifically disclosed in the Official Statement and, other than in the ordinary course of its business or as contemplated by the Official Statement, between the date of this Note Purchase Agreement and the Closing Date, the Issuer will not offer or issue any certificates, Bonds, notes or other obligations for borrowed money or incur any material liabilities, direct or contingent, payable from or secured by a pledge of the Revenues;

(k) The Issuer will furnish such information, execute such instruments and take such other action in cooperation with the Representative as the Representative may reasonably request in order (i) to qualify the Notes for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Representative may designate and (ii) to determine the eligibility of the Notes 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 initial distribution of the Notes; provided, however, that the Issuer shall not be required to execute a general consent to service of process

or qualify to do business in connection with any such qualification or determination in any jurisdiction;

(l) The information contained in the (i) Preliminary Official Statement (excluding therefrom the information under the caption "UNDERWRITING," the information relating to and provided by DTC and permitted omissions as specified in Rule 15c2-12(b)(1)) is as of its date (including as supplemented and amended as of the date of its final supplement or amendment provided to the Underwriters on or before the date hereof) and (ii) the Official Statement (excluding therefrom the information under the caption "UNDERWRITING," the information relating to and provided by DTC), will be as of its date and as of the Closing Date, true and correct in all material respects. The Preliminary Official Statement (excluding therefrom the information under the caption "UNDERWRITING," the information relating to and provided by DTC and permitted omissions as specified in Rule 15c2-12(b)(1)) as of its date did not (including as supplemented and amended as of the date of its final supplement or amendment provided to the Underwriters on or before the date hereof) and the Official Statement as of its date and as of the Closing Date will not, contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(m) If the Official Statement is supplemented or amended pursuant to paragraph (n) of this Section 7, 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 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;

(n) Between the date of this Note Purchase Agreement and the date which is 25 days following the End of the Underwriting Period, as defined in Rule 15c2-12 (the "End of the Underwriting Period"), (i) if any event, fact or condition shall occur or become known which might or would cause the Official Statement to contain any untrue statement of a material fact or to 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, the Issuer shall promptly notify the Representative (and provide to the Representative such information concerning such event, fact or condition), and if in the opinion of the Representative or the Issuer such event, fact or condition requires the preparation and publication of a supplement or amendment to the Official Statement, the Issuer will at its expense supplement or amend the Official Statement in a form and in a manner approved by the Representative (which approval shall not be unreasonably withheld) 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 the Issuer will furnish to the Representative a sufficient number of copies of such supplement to or amendment of the Official Statement and (ii) the Issuer shall not supplement or amend the Official Statement or cause the Official Statement to be supplemented or amended without the prior written notice to and approval of the Representative (which approval shall not be unreasonably withheld), and the Issuer and the Underwriters agree that they will cooperate in the preparation of any such supplement or amendment, and that the "End of the Underwriting Period" shall be the time of the Closing unless the Representative gives notice to

the Issuer that an Underwriter retains an unsold balance of Notes, in which case the "End of the Underwriting Period" shall be the first date as of which no Underwriter retains an unsold balance of the Notes;

(o) The financial statements of, and other financial information regarding, the Harbor Department contained in the Official Statement fairly present the financial position and results of the operations of the Harbor Department as of the dates and for the periods therein set forth, and, to the best of the Issuer'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 Harbor Department's audited financial statements included in the Official Statement;

(p) The Issuer shall not knowingly take or omit to take any action, which action or omission will in any way cause the proceeds from the sale of the Notes to be applied in a manner other than as provided in the Resolutions or which would cause the interest on the Notes to be includable in gross income for federal income tax purposes; and

(q) Except as otherwise described in the Official Statement, the Issuer has not failed in the five year period prior to the date hereof to comply in all material respects with any continuing disclosure undertakings with regard to Rule 15c2-12(b)(5) under the Securities and Exchange Act of 1934, as amended, to provide annual reports or notices of material events specified in such rule.

8. The Representative, on behalf of the Underwriters, has entered into this Note Purchase Agreement in reliance upon the representations and warranties of the Issuer contained herein, the covenants of the Issuer contained in the Resolutions and the Continuing Disclosure Certificate, and the performance by the Issuer of its obligations hereunder, as of the date hereof and as of the Closing Date. The Underwriters' obligations under this Note Purchase Agreement are and shall be subject to the following further conditions:

(a) The representations and warranties of the Issuer contained in Section 7 hereof shall be true, complete and correct on the date hereof and at and as of the Closing, as if made at and as of the Closing, and the statements made in all certificates and other documents delivered to the Representative at the Closing pursuant hereto shall be true, complete and correct at the Closing; the Issuer shall be in compliance with each of the agreements made by it in this Note Purchase Agreement (unless such agreements are waived by the Representative); and there shall not have occurred an adverse change in the financial position, results of operations or financial condition of the Issuer which materially adversely affects the ability of the Issuer to pay principal of and interest on the Notes when due or to otherwise perform any of its obligations under the Resolutions, the Escrow Agreement, the Fiscal Agent Agreement and the Continuing Disclosure Certificate;

(b) At the time of the Closing, the Official Statement, the Resolutions, Resolution No. HD-____, the Escrow Agreement, the Fiscal Agent Agreement, the Continuing Disclosure Certificate and this Note Purchase Agreement shall be in full force and effect, and shall not have been amended, modified or supplemented (except as may be agreed to in writing

by the Representative and the Issuer); all actions which, in the opinion of Kutak Rock LLP, Denver, Colorado, Note Counsel to the Issuer (“Note Counsel”), shall be necessary in connection with the transactions contemplated hereby, shall have been duly taken and shall be in full force and effect; and the Issuer shall perform or have performed its obligations required under or specified in this Note Purchase Agreement, the Official Statement, the Escrow Agreement, the Fiscal Agent Agreement, the Continuing Disclosure Certificate and the Resolutions to be performed at or prior to the Closing;

(c) 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;

(d) Except as disclosed in the Official Statement, no decision, ruling or finding shall have been entered by any court or governmental authority since the date of this Note Purchase Agreement (and not reversed on appeal or otherwise set aside) which has any of the effects described in Section 7(g) hereof;

(e) (i) No default by the Issuer shall have occurred and be continuing in the payment of the principal of or premium, if any, or interest on any Note, note or other evidence of indebtedness issued by the Issuer and (ii) no bankruptcy, insolvency or other similar proceeding in respect of the Issuer shall be pending or to the knowledge of the Issuer contemplated;

(f) The Underwriters may terminate this Note Purchase Agreement by notification by the Representative to the Issuer if at any time after the date hereof and prior to the Closing:

(i) Any event or circumstance occurs or information becomes known, which, in the professional judgment of the Representative, makes untrue any statement of a material fact set forth in the Official Statement or results in an omission to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading; or

(ii) The market for the Notes or the market prices of the Notes or the ability of the Underwriters to enforce contracts for the sale of the Notes shall have been materially and adversely affected, in the professional judgment of the Representative, by:

(1) An amendment to the Constitution of the United States or the State of California shall have been passed or legislation shall have been introduced in or enacted by the Congress of the United States or the legislature of any state having jurisdiction of the subject matter or legislation pending in the Congress of the United States shall have been amended or legislation shall have been recommended to the Congress of the United States or to any state having jurisdiction of the subject matter or otherwise endorsed for passage (by press release, other form of notice or otherwise) by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United

States Senate or the Committee on Ways and Means of the United States House of Representatives, or legislation shall have been proposed for consideration by either such Committee by any member thereof or presented as an option for consideration by either such Committee by the staff of such Committee or by the staff of the joint Committee on Taxation of the Congress of the United States, or legislation shall have been favorably reported for passage to either House of the Congress of the United States by a Committee of such House to which such legislation has been referred for consideration, or a decision shall have been rendered by a court of the United States or of the State of California or the Tax Court of the United States, or a ruling shall have been made or a regulation or temporary regulation shall have been proposed or made or any other release or announcement shall have been made by the Treasury Department of the United States, the Internal Revenue Service or other federal or State of California authority, with respect to federal or State of California taxation upon revenues or other income of the general character to be derived by the Issuer or upon interest received on obligations of the general character of the Notes which, in the judgment of the Representative, may have the purpose or effect, directly or, indirectly, of affecting the tax status of the Issuer, its property or income, its securities (including the Notes) or the interest thereon, or any tax exemption granted or authorized by State of California legislation; or

(2) The declaration of war or engagement in or escalation of military hostilities by the United States or the occurrence of any other national emergency or calamity or terrorism affecting the operation of the government of, or the financial community in, the United States; or

(3) The declaration of a general banking moratorium by federal, New York or California authorities; or

(4) The occurrence of a major financial crisis, a material disruption in commercial banking or securities settlement or clearance services, or a material disruption or deterioration in the fixed income or municipal securities market; or

(5) Additional material restrictions not in force or being enforced as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange; or

(6) The general suspension of trading on any national securities exchange; or

(iii) Legislation enacted, introduced in the Congress or recommended for passage by the President of the United States, or a decision rendered by a court established under Article III of the Constitution of the United States or by the Tax Court of the United States, or an order, ruling, regulation (final, temporary or proposed) or official statement issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter shall have been made or issued to the effect that the Notes, other securities of the Issuer

or obligations of the general character of the Notes are not exempt from registration under the 1933 Act, or that the Resolutions or the Fiscal Agent Agreement are not exempt from qualification under the Trust Indenture Act; or

(iv) Any change in or particularly affecting the Issuer, the Resolutions, or the Revenues as the foregoing matters are described in the Official Statement, which in the professional judgment of the Representative materially impairs the investment quality of the Notes; or

(v) An order, decree or injunction of any court of competent jurisdiction, issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Notes, or the issuance, offering or sale of the Notes, including any or all underlying obligations, as contemplated hereby or by the Preliminary Official Statement or the Official Statement, is or would be in violation of any applicable law, rule or regulation, including (without limitation) any provision of applicable federal securities laws as amended and then in effect; or

(vi) A stop order, ruling, regulation or official statement by the SEC or any other governmental agency having jurisdiction of the subject matter shall have been issued or made or any other event occurs, the effect of which is that the issuance, offering or sale of the Notes, or the execution and delivery of the Escrow Agreement or the Fiscal Agent Agreement, as contemplated hereby or by the Preliminary Official Statement or the Official Statement, is or would be in violation of any applicable law, rule or regulation, including (without limitation) any provision of applicable federal securities laws, including the 1933 Act, the Securities Exchange Act of 1934 or the Trust Indenture Act, each as amended and as then in effect; or

(vii) Any litigation shall be instituted or be pending at the time of the Closing to restrain or enjoin the issuance, sale or delivery of the Notes, or in any way contesting or affecting any authority for or the validity of the proceedings authorizing and approving the Resolutions, the Official Statement, the Escrow Agreement, the Fiscal Agent Agreement, the Continuing Disclosure Certificate, the Notes, or this Note Purchase Agreement or the existence or powers of the Issuer with respect to its obligations under the Resolutions, the Official Statement, the Escrow Agreement, the Fiscal Agent Agreement, the Continuing Disclosure Certificate, the Notes, or this Note Purchase Agreement; or

(viii) A reduction or withdrawal in any of the following assigned ratings, or, as of the Closing Date, the failure by any of the following rating agencies to assign the following ratings, to the Notes: the long-term ratings assigned by Fitch, Inc. ("Fitch") or S&P Global Ratings ("S&P"); or

(ix) an event, fact or condition described in paragraph (n) of Section 7 hereof shall have occurred or become known, which, in the opinion of the Representative, requires the preparation and publication of a supplement or amendment to the Official Statement and, in such case, the Issuer refuses to permit the Official Statement to be supplemented to supply such statement or information, or the effect of the Official

Statement as so supplemented is to materially adversely affect the market price or marketability of the Notes or the ability of the Underwriters to enforce contracts for the sale of the Notes;

(g) At or prior to the Closing, the Representative shall receive the following documents:

(1) The opinion (or opinions) of Note Counsel, dated the Closing Date, in substantially the form included in the Official Statement as Appendix C, addressed to the Issuer and the Underwriters (or accompanied by a reliance letter to the Underwriters);

(2) A supplemental opinion of Note Counsel, in form and substance satisfactory to the Representative, addressed to the Issuer and the Underwriters, dated the Closing Date, to the effect that:

(i) the Notes are exempt from registration pursuant to Section 3(a)(2) of the Securities Act of 1933, as amended, and the Resolutions and the Fiscal Agent Agreement are exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended;

(ii) this Note Purchase Agreement, the Escrow Agreement, the Fiscal Agent Agreement and the Continuing Disclosure Certificate have each been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the other parties thereto in the case of this Note Purchase Agreement, the Escrow Agreement and the Fiscal Agent Agreement, this Note Purchase Agreement, the Escrow Agreement, the Fiscal Agent Agreement and the Continuing Disclosure Certificate each constitute legal, valid and binding obligations of the Issuer enforceable in accordance with their respective terms, subject to laws relating to bankruptcy, moratorium, insolvency, reorganization or other laws affecting the enforcement of creditors' rights or remedies heretofore or hereafter enacted and it subject to general principles of equity regardless of whether such enforceability is considered in a proceeding in equity or at law;

(iii) the statements in the Official Statement under the captions "Description of the Series 2018A Senior Notes," "Security and Sources of Payment for the Series 2018A Senior Notes," "Plan of Refunding," "Tax Matters," "Continuing Disclosure," and Appendix B—"Summary of Certain Provisions of the Senior Resolution," insofar as such statements purport to summarize certain provisions of the Resolutions, the Escrow Agreement, the Fiscal Agent Agreement, the Continuing Disclosure Certificate or the Notes and the approving opinion of Note Counsel, are accurate in all material respects; and

(3) An opinion of the City Attorney in form and substance as attached hereto as Exhibit B;

(4) A letter from Kutak Rock LLP, Disclosure Counsel to the Issuer, dated the Closing Date, addressed to the Issuer and the Underwriters, substantially to the effect that, although they have made no independent investigation or verification of the

accuracy, correctness, fairness or completeness of, and do not pass upon or assume any responsibility for, the statements included in the Official Statement, no information came to the attention of the attorneys in such counsel's firm rendering legal services in connection with the issuance and delivery of the Notes which causes them to believe that the Official Statement (excluding the information contained in Appendix A— "Harbor Department of the City of Long Beach Audited Financial Statements for the Fiscal Year Ended September 30, 2017" and Appendix F — "Book-Entry-Only System," and the financial statements, financial, statistical and numerical information, forecasts, estimates, assumptions and expressions of opinion included therein, as to which no view need be expressed), as of its date and as of the Closing Date, contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(5) an opinion of Katten Muchin Rosenman LLP, counsel to the Underwriters, dated the Closing Date, addressed to the Underwriters, in form and substance satisfactory to the Underwriters;

(6) a certificate, dated the Closing Date, of the Issuer executed by the Executive Director or the Managing Director, Finance and Administration of the Harbor Department, to the effect that (A) there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body which has been served on the Issuer or to which the property of the Issuer is the subject or, to the knowledge of the Issuer, threatened against or affecting the Issuer to restrain or enjoin the Issuer's participation in, or in any way contesting the existence of the Issuer or the powers of the Issuer with respect to, the transactions contemplated by this Note Purchase Agreement, the Resolutions, the Official Statement, the Escrow Agreement, the Fiscal Agent Agreement and the Continuing Disclosure Certificate, and the consummation of such transactions or which could materially and adversely affect the properties, operations or financial condition of the Harbor Department; (B) the representations and warranties of the Issuer contained in this Note Purchase Agreement are true and correct in all material respects, and the Issuer has complied with all agreements and covenants and satisfied all conditions contemplated by the Resolutions, the Official Statement, the Escrow Agreement, the Fiscal Agent Agreement, the Continuing Disclosure Certificate and this Note Purchase Agreement and (C) the statements contained in the Official Statement (other than the descriptions contained under the caption "UNDERWRITING" and in Appendix F — "Book Entry Only System"), do not contain any untrue statements 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;

(7) a certificate, dated the Closing Date, of the City, signed by a duly authorized officer of the City, to the effect that:

(i) the City has full power and authority to perform its duties in accordance with the Trustee Services Agreement, dated as of the Closing Date (the "Trustee Services Agreement"), by and between the City and U.S. Bank, as trustee;

(ii) the City has duly taken all necessary action to approve the execution of the Trustee Services Agreement and has duly authorized, executed and delivered the Trustee Services Agreement and the performance by the City of the duties thereunder and, assuming due, valid and binding authorization, execution and delivery by the Trustee, the Trustee Services Agreement constitutes a legal, valid and binding obligation of the City enforceable against the City in accordance with its respective terms;

(8) certified copies of the resolutions of the City and the Board relating to the Notes and executed counterparts of this Note Purchase Agreement, the Escrow Agreement, the Fiscal Agent Agreement, the Continuing Disclosure Certificate, the Trustee Services Agreement, the Official Statement and each other legal document executed and delivered in connection with the issuance of the Notes;

(9) a Tax Compliance Certificate of the Issuer, in form satisfactory to Note Counsel, signed by an appropriate officer of the Issuer;

(10) evidence that the ratings on the Notes of “AA” by S&P and “AA” by and Fitch, respectively, are in full force and effect on the Closing Date;

(11) a certificate, dated the Closing Date, of U.S. Bank, signed by a duly authorized officer of the U.S. Bank, to the effect that:

(i) U.S. Bank is a national banking association duly organized and validly existing under the laws of the United States of America and has full corporate power to undertake the duties (i) of the Fiscal Agent and Trustee under the Master Resolution, the Twenty-First Supplemental Resolution, the Fiscal Agent Agreement and the Trustee Services Agreement, as applicable and (ii) of the Escrow Agent under the Escrow Agreement;

(ii) U.S. Bank has full power and authority under its Amended and Restated Bylaws to perform the duties (i) of Fiscal Agent and Trustee for the Notes in accordance with the Fiscal Agent Agreement and the Trustee Services Agreement, as applicable and (ii) of the Escrow Agent under the Escrow Agreement;

(iii) U.S. Bank has duly taken all necessary corporate action to approve the execution of the Fiscal Agent Agreement, the Trustee Services Agreement and the Escrow Agreement, respectively, and has duly authorized, executed and delivered the Fiscal Agent Agreement, the Trustee Services Agreement, and the Escrow Agreement and the performance by U.S. Bank of the duties thereunder and under the Master Resolution and the Twenty-First Supplemental Resolution;

(iv) the Notes have been duly authenticated and executed by the Fiscal Agent; and

(v) to the best of such officer’s knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body which has been served on U.S. Bank (either in state or federal courts), or to the

best of such officer's knowledge, threatened against or affecting U.S. Bank which would restrain or enjoin the execution or delivery of the Fiscal Agent Agreement or the Trustee Services Agreement or which would affect the validity or enforceability of the Fiscal Agent Agreement or the Trustee Services Agreement, or U.S. Bank's participation in, or in any way contesting the powers or the authority of U.S. Bank with respect to, the transactions contemplated by the Master Resolution, the Twenty-First Supplemental Resolution, the Fiscal Agent Agreement, the Trustee Services Agreement or any other agreement, document or certificate related to such transactions;

(12) an opinion of Dorsey & Whitney LLP, counsel to U.S. Bank in form and substance satisfactory to the Representative dated the Closing Date, addressed to the City and the Underwriters, to the effect that:

(i) U.S. Bank is a national banking association duly organized and validly existing under the laws of the United States of America;

(ii) U.S. Bank has duly authorized the Fiscal Agent Agreement, the Escrow Agreement and the Trustee Services Agreement;

(iii) U.S. Bank has taken all corporate actions necessary to assume the duties and obligations of the Fiscal Agent and the Trustee under the Master Resolution and the Twenty-First Supplemental Resolution, the Fiscal Agent Agreement, the Trustee Services Agreement and the Escrow Agreement;

(iv) the duties and obligations of U.S. Bank under the Fiscal Agent Agreement, Trustee Services Agreement and the Escrow Agreement, respectively, have been duly acknowledged and accepted by U.S. Bank and assuming due, valid and binding authorization, execution and delivery by the Issuer and adoption of the Master Resolution and the Twenty-First Supplemental Resolution, the Fiscal Agent Agreement, the Trustee Services Agreement and the Escrow Agreement each constitute a legal, valid and binding obligation of U.S. Bank, enforceable against U.S. Bank in accordance with their respective terms, subject to laws relating to bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and the application of equitable principles if equitable remedies are sought;

(v) acceptance by U.S. Bank of its duties and obligations under the Fiscal Agent Agreement, the Trustee Services Agreement, the Escrow Agreement, the Master Resolution and the Twenty-First Supplemental Resolution and compliance with provisions thereof will not conflict with or constitute a breach of or default under any law or administrative regulation to which U.S. Bank is subject; and

(vi) all approvals, consents and orders of any governmental authority or agency having jurisdiction in the matter which would constitute a condition precedent to the performance by U.S. Bank of its duties and obligations under the Fiscal Agent Agreement, the Trustee Services Agreement, the Escrow Agreement, the Master Resolution and the Twenty-First Supplemental Resolution have been obtained and are in full force and effect;

(13) a copy of the DTC Blanket Letter of Representations relating to the Notes;

(14) a copy of the preliminary and final Notice of Sale required to be delivered by the California Debt and Investment Advisory Commission; and

(15) such additional legal opinions, certificates, proceedings, instruments and other documents as the Representative or Note Counsel may reasonably request to evidence compliance by the Issuer with legal requirements, the accuracy, as of the time of Closing, of the Issuer's representations herein contained and the due performance or satisfaction by the Issuer at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the Issuer.

If the Issuer shall be unable to satisfy the conditions to the Underwriters' obligations contained in this Note Purchase Agreement or if the Underwriters' obligations shall be terminated for any reason permitted by this Note Purchase Agreement, this Note Purchase Agreement shall terminate and neither the Issuer nor the Underwriters shall have any further obligation hereunder, nor any liability to any other party with respect to such termination. In the event that the Underwriters fail (other than for a reason permitted herein) to accept and pay for the Notes at the Closing, the amount equal to one percent of the principal amount of the Notes set forth in Section 1 hereof shall be full liquidated damages for such failure and for any and all defaults hereunder on the part of the Underwriters. The acceptance of such amounts shall constitute a full release and discharge of all claims and rights of the Issuer against the Underwriters for such failure or default.

9. The performance by the Issuer of its obligations is conditioned upon (i) the performance by the Underwriters of their obligations hereunder and (ii) receipt by the Issuer and the Representative of opinions and certificates being delivered at the Closing by persons and entities other than the Issuer.

10. The Underwriters shall be under no obligation to pay and the Issuer shall pay or cause to be paid the expenses incident to the performance of their obligations hereunder including, but not limited to, (i) the cost of preparation, including word processing, printing and reproduction of the Escrow Agreement, the Fiscal Agent Agreement and the Trustee Services Agreement; (ii) the costs of distribution and delivery of the Preliminary Official Statement and the Official Statement in reasonable quantities; (iii) the fees for ratings agencies; (iv) the fees and expenses of the financial advisor to the Issuer; (v) the fees and expenses of Note Counsel and Disclosure Counsel for the Issuer; and (vi) any expenses incurred on behalf of the Issuer's employees which are incidental to the issuance of the Notes, including but not limited to meals, transportation and lodging of those employees.

The Underwriters shall pay only: (i) the cost of preparation, distribution and delivery of copies greater than 100 of the Official Statement; (ii) the costs of traveling and expenses of selling the Notes; (iii) the fees for the California Debt and Investment Advisory Committee ("CDIAC"); (iv) any fees charged by the MSRB; (v) Blue Sky fees; and (vi) the fees and expenses of counsel to the Underwriters. CDIAC fees are California-specific fees which will be included in the Underwriters' discount.

11. Any notice or other communication to be given to the Issuer under this Note Purchase Agreement may be given by delivering the same in writing to Port of Long Beach, Administration Building, 4801 Airport Plaza Drive, Long Beach, California 90815, Attention: Managing Director, Finance and Administration or to such other person as he may designate in writing, and any notice or other communication to be given to the Representative under this Note Purchase Agreement (other than the acceptance hereof as specified in the first paragraph hereof) may be given by delivering the same in writing to:

Bank of America Merrill Lynch
333 S. Hope Street, Suite 2310
Los Angeles, CA 90071

The approval of the Representative when required hereunder or the determination of its satisfaction as to any document referred to herein shall be in writing signed by an authorized representative of Merrill Lynch, Pierce, Fenner & Smith Incorporated and delivered to the Issuer.

12. For all purposes of this Note Purchase Agreement, a default shall not be deemed to be continuing if it has been cured, waived or otherwise remedied. This Note Purchase Agreement shall be governed by and construed in accordance with the laws of the State of California applicable to contracts made and performed within such state.

13. The Preliminary Official Statement and/or the Official Statement may be delivered in printed and/or electronic form to the extent permitted by applicable rules of the MSRB and as may be agreed by the Issuer and the Representative. If the Official Statement is prepared for distribution in electronic form, the Issuer hereby confirms that it does not object to distribution of the Official Statement in electronic form.

14. This Note Purchase Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

15. This Note Purchase Agreement when accepted by the Issuer in writing as heretofore specified shall constitute the entire agreement between the Issuer and the Underwriters and is made solely for the benefit of the Issuer and the Underwriters (including the successors or assigns of the Underwriters or any members of the Syndicate, if any). No other person shall acquire or have any right hereunder or by virtue hereof. All of the Issuer's representations, warranties and agreements contained in this Note Purchase Agreement shall remain operative and in full force and effect, regardless of (i) any investigations made by or on behalf of any of the Underwriters; (ii) delivery of and payment for the Notes pursuant to this Note Purchase Agreement; and (iii) any termination of this Note Purchase Agreement.

16. The Issuer acknowledges and agrees that (i) the purchase and sale of the Notes pursuant to this Note Purchase Agreement is an arm's-length commercial transaction between the Issuer and the Underwriters, (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, each Underwriter is and has been acting solely as a principal and is not acting as the agent or fiduciary of the Issuer, (iii) no Underwriter has assumed an advisory or fiduciary responsibility in favor of

the Issuer with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to the Issuer on other matters) and no Underwriter has any obligation to the Issuer with respect to the offering contemplated hereby except the obligations expressly set forth in this Note Purchase Agreement and (iv) the Issuer has consulted its own legal, financial and other advisors to the extent it has deemed appropriate.

17. This Note Purchase Agreement shall become effective upon the acceptance hereof by the Issuer and shall be valid and enforceable at the time of such acceptance.

18. If any provision of this Note Purchase Agreement shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provisions of any Constitution, statute, rule of public policy, or any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions of this Note Purchase Agreement invalid, inoperative or unenforceable to any extent whatever.

19. For purposes of this Note Purchase Agreement, "business day" means any day on which the New York Stock Exchange is open for trading.

20. This Note Purchase Agreement constitutes the entire agreement between the parties hereto with respect to the matters covered hereby, and supersedes all prior agreements and understandings between the parties. This Note Purchase Agreement shall only be amended, supplemented or modified in a writing signed by both of the parties hereto. This Note Purchase Agreement shall become a binding agreement between the Issuer and the Underwriters when at least the counterpart of this letter shall have been signed by or on behalf of each of the parties hereto.

[Remainder of page intentionally left blank]

Very truly yours,

MERRILL LYNCH, PIERCE, FENNER &
SMITH INCORPORATED,
as Representative of the Underwriters

By: _____

ACCEPTED at ____ p.m. ET this ____ day of
_____, 2018

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

By _____
Sam Joumblat, Managing Director,
Finance and Administration,
Harbor Department of the
City of Long Beach

APPROVED AS TO FORM:

J. CHARLES PARKIN, City Attorney

By _____
Senior Deputy City Attorney

(Signature Page to Note Purchase Agreement)

SCHEDULE I

\$ _____
CITY OF LONG BEACH, CALIFORNIA
HARBOR REVENUE REFUNDING SHORT-TERM NOTES
SERIES 2018A

<u>Due (November 15)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>
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No Redemption of the Notes. The Notes are not subject to redemption prior to maturity.

EXHIBIT A

§ _____
CITY OF LONG BEACH, CALIFORNIA
HARBOR REVENUE REFUNDING SHORT-TERM NOTES
SERIES 2018A

ISSUE PRICE CERTIFICATE OF THE UNDERWRITER

The undersigned, on behalf of Merrill Lynch, Pierce, Fenner & Smith Incorporated (“Merrill”) (the “Representative”), on behalf of itself and Stern Brothers & Co. and Stifel, Nicolaus & Company (together, the “Underwriting Group”), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Notes”).

Select appropriate provisions below:

1. [Alternative 1¹ – All Maturities Use General Rule: *Sale of the Notes*. As of the date of this certificate, for each Maturity of the Notes, the first price at which at least 10% of such Maturity of the Notes was sold to the Public is the respective price listed in Schedule A.][Alternative 2² – Select Maturities Use General Rule: *Sale of the General Rule Maturities*. As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity of the Notes was sold to the Public is the respective price listed in Schedule A.]

2. *Initial Offering Price of the [Notes][Hold-the-Offering-Price Maturities]*.

(a)[Alternative 1³ – All Maturities Use Hold-the-Offering-Price Rule: [SHORT NAME OF UNDERWRITER][The Underwriting Group] offered the Notes to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Notes is attached to this certificate as Schedule B.] [Alternative 2⁴ – Select Maturities Use Hold-the-Offering-Price Rule: [SHORT NAME OF UNDERWRITER][The Underwriting Group] offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing

¹ If Alternative 1 is used, delete the remainder of paragraph 1 and all of paragraph 2 and renumber paragraphs accordingly.

² If Alternative 2 is used, delete Alternative 1 of paragraph 1 and use each Alternative 2 in paragraphs 2(a) and (b).

³ If Alternative 1 is used, delete all of paragraph 1 and renumber paragraphs accordingly.

⁴ Alternative 2(a) of paragraph 2 should be used in conjunction with Alternative 2 in paragraphs 1 and 2(b).

wire or equivalent communication for the Notes is attached to this certificate as Schedule B.]

(b)[Alternative 1 – All Maturities use Hold-the-Offering-Price Rule: As set forth in the Note Purchase Agreement, [SHORT NAME OF UNDERWRITER][the members of the Underwriting Group] [has][have] agreed in writing that, (i) for each Maturity of the Notes, [it][they] would neither offer nor sell any of the unsold Notes of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. [[SHORT NAME OF UNDERWRITER] has not offered or sold any unsold Maturity of the Notes at a price that is higher than the respective Initial Offering Price for that Maturity of the Notes during the Holding Period.] [Each of the other members of the Underwriting Group [and each selling group member] has represented that it would not offer or sell any unsold Maturity of the Notes at a price that is higher than the respective Initial Offering Price for that Maturity of the Notes during the Holding Period.] [Alternative 2 - Select Maturities Use Hold-the-Offering-Price Rule: As set forth in the Note Purchase Agreement, [SHORT NAME OF UNDERWRITER][the members of the Underwriting Group] [has][have] agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, [it][they] would neither offer nor sell any of the unsold Notes of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. [[SHORT NAME OF UNDERWRITER] has not offered or sold any unsold Maturity of the Notes at a price that is higher than the respective Initial Offering Price for that unsold Maturity of the Notes during the Holding Period.] [Each of the other members of the Underwriting Group [and each selling group member] has represented that it would not offer or sell any unsold Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Notes during the Holding Period.]

3. *Defined Terms.*

[(a) *General Rule Maturities* means those Maturities of the Notes listed in Schedule A hereto as the “General Rule Maturities.”]

[(b) *Hold-the-Offering-Price Maturities* means those Maturities of the Notes listed in Schedule A hereto as the “Hold-the-Offering-Price Maturities.”]

[(c) *Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth

business day after the Sale Date ([DATE]), or (ii) the date on which the [SHORT NAME OF UNDERWRITER][the Underwriters] [has][have] sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.]

(d)*Issuer* means City of Long Beach, acting by and through its Board of Harbor Commissioners.

(e)*Maturity* means Notes with the same credit and payment terms. Notes with different maturity dates, or Notes with the same maturity date but different stated interest rates, are treated as separate maturities.

(f)*Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(g)*Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Notes. The Sale Date of the Notes is [DATE].

(h)*Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Notes to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Notes to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [SHORT NAME OF UNDERWRITER][the Representative’s] interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer [and the Borrower] with respect to certain of the representations set forth in the [Tax Certificate] and with respect to compliance with the federal income tax rules affecting the Notes, and by [NOTE COUNSEL] in connection with rendering its opinion that the interest on the Notes is excluded from gross income for federal income tax purposes, the preparation of Internal Revenue Service Form 8038[-G][-GC][-TC], and other federal income tax advice it may give to the Issuer [and the Borrower] from time to time relating to the Notes. The representations set forth herein are not necessarily based on personal knowledge and, in certain cases, the undersigned is relying on representations made by the other members of the Underwriting Group.

MERRILL LYNCH, PIERCE, FENNER & SMITH
INCORPORATED,
as Representative of the Underwriters

By: _____
[NAME]
[TITLE]

EXHIBIT B

[LETTERHEAD OF CITY ATTORNEY]

[CLOSING DATE]

City of Long Beach
Harbor Department
4801 Airport Plaza Drive
Long Beach, California 90815

U.S. Bank National Association
633 West Fifth Street
Los Angeles, California 90071

RE: \$ _____ - CITY OF LONG BEACH, CALIFORNIA,
HARBOR REVENUE REFUNDING SHORT-TERM NOTES, SERIES 2018A

Ladies and Gentlemen:

I am the City Attorney to the City of Long Beach, California (the "City"), a charter city organized and existing under the laws of the State of California (the "State"). I am rendering the opinions set forth herein in connection with the issuance of the City's Harbor Revenue Refunding Short-Term Notes, Series 2018A (the "Notes"). Said Notes are authorized to be issued under the Charter of the City of Long Beach, California (the "City Charter"), Resolution No. HD-1475 adopted by the Board of Harbor Commissioners (the "Board") on November 8, 1989, as amended and supplemented (the "Master Resolution"), Resolution No. HD- _____ adopted by the Board on _____, 2018 (the "Twenty-First Supplemental Resolution") and Resolution No. RES- _____ of the City Council of the City, adopted on _____ (the "City Council Resolution"). Collectively herein, the Master Resolution and the Twenty-First Supplemental Resolution shall be referred to as the "Board Resolution." All capitalized terms used herein or as the context otherwise requires, shall have the meanings set forth in the Board Resolution.

In such connection, I have examined and reviewed the Board Resolution, Resolution No. HD- _____ adopted by the Board on _____ ("Resolution No. HD- _____"), the City Council Resolution, the Fiscal Agent Agreement, dated _____ (the "Fiscal Agent Agreement"), by and between the City, acting by and through the Board, and U.S. Bank National Association, as fiscal agent (the "Fiscal Agent"), the Escrow Agreement dated _____ (the "Escrow Agreement") by and between the City, acting by and through the Board and U.S. Bank National Association, as escrow agent (the "Escrow Agent") the Note Purchase Agreement, dated _____ (the "Note Purchase Agreement") by Merrill Lynch, Pierce, Fenner & Smith Incorporated, on behalf of itself and Stern Brothers & Co. and Stifel, Nicolaus & Company, and accepted by the City, acting by and through the Board, the Continuing Disclosure Certificate, dated _____ (the "Continuing Disclosure Certificate"), by the City, acting by and through the Board, the Official Statement, dated _____ (the "Official Statement"), the Tax Compliance Certificate, dated _____ (the "Tax Compliance Certificate"), by the City, acting by and through the Board, the Trustee Services Agreement, dated _____ (the

“Trustee Services Agreement”), by and between the City and U.S. Bank National Association, as trustee (the “Trustee”), and such other documents and matters as I have deemed necessary to render the opinions set forth herein. The Fiscal Agent Agreement, the Escrow Agreement, the Note Purchase Agreement, the Continuing Disclosure Certificate and the Tax Compliance Certificate are collectively hereinafter referred to as the “Note Documents.”

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions. The enforceability of the Board Resolution, Resolution No. HD-____, the City Council Resolution, the Note Documents and the Trustee Services Agreement, to the extent such opinions are given herein, may be limited by applicable bankruptcy, insolvency, moratorium, reorganization, or other laws affecting the enforcement of creditors’ rights and the application of equitable principles (regardless of whether the issue of enforceability is considered in a proceeding at law or in equity).

Based on and subject to the foregoing and in reliance thereon, as of the date hereof, I am of the opinion that:

(a) The City is a municipal corporation duly organized and validly existing under and by virtue of the City Charter and the Constitution and laws of the State of California;

(b) The Board Resolution approving and authorizing the execution and delivery of the Notes, the Note Documents and the Official Statement and Resolution No. HD-____ were duly adopted at meetings of the Board, which were called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout and have not been amended from the dates of their respective adoption;

(c) The City Council Resolution approving and authorizing the issuance and delivery of the Notes was duly adopted at meeting of the City Council, 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 and has not been amended from the date of its respective adoption;

(d) Except as disclosed in the Official Statement, to the best of my knowledge, after due investigation (which only involved conversations with the City Clerk and the Executive Secretary of the Board), there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body pending or threatened against or affecting the City or the Board to restrain or enjoin the City’s or the Board’s participation in, or in any way contesting the existence of the City or the powers of the City and the Board with respect to, the transactions contemplated by the Board Resolution, the City Council Resolution, the Note Documents the Official Statement and the Trustee Services Agreement and the consummation of such transactions;

(e) Except as disclosed in the Official Statement, there does not exist any action, suit, proceeding or investigation pending, or to my knowledge after due investigation (which only involved conversations with the City Clerk and the Executive Secretary of the Board) threatened, which if adversely determined, could (i) materially adversely affect (A) the financial position of the Department; (B) the ability of the City, acting by and through the Board, to perform its obligations under the Board Resolution and the Note Documents; (C) the security of the Notes;

or (D) the transactions contemplated by the Board Resolution, the Note Documents and the Official Statement; or (ii) materially impair the ability of the City, acting by and through the Board, to maintain and operate the Port of Long Beach and all related facilities;

(f) To my knowledge, the adoption of the Board Resolution, the execution and delivery of the Notes, the Note Documents and the Official Statement and compliance with the terms thereof, under the circumstances contemplated thereby, do not and will not conflict with or constitute on the part of the City or the Board a breach of or default under any agreement or other instrument to which the City and the Board are parties or by which they are bound or any court order or consent decree to which the City or the Board is subject;

(g) Based on my examination and my participation at conferences at which the Official Statement was discussed, I believe that the statements contained in the Official Statement under the caption "Litigation" do 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;

(h) The Notes have been duly issued, authorized, executed and delivered by the City and the Board;

(i) The Note Documents and the Official Statement have been duly authorized, executed and delivered by the City, acting by and through the Board;

(j) The Trustee Services Agreement has been duly authorized, executed and delivered by the City; and

(k) To my knowledge, no authorization, approval, consent or other order of the State of California or any other governmental authority or agency within the State of California having jurisdiction over the City is required for the valid adoption of the Board Resolution or the valid authorization, execution and delivery by the City and the Board of the Notes, the Note Documents or the Official Statement.

I am a member of the Bar of the State of California. Accordingly, my opinion is only rendered in respect of the laws of the State of California and to the extent that my opinion extends to any document which purports to be governed by the laws of any jurisdiction other than the laws of the State of California, my opinion assumes that the laws of any such other jurisdiction are identical to the laws of the State of California. This opinion is given in an official capacity and not personally and no personal liability shall derive therefrom.

I am rendering this opinion to you solely for your benefit upon the understanding that, as I have advised you and as you have agreed, I am not hereby assuming any professional responsibility to any other person whatsoever. This opinion may not be used or relied upon by or published or communicated to any other party for any purpose whatsoever without my prior written approval in each instance; except that copies of this opinion may be used, published or communicated to (collectively, "published") to (a) any accountant or lawyer for any person entitled to rely upon this opinion or to whom it may be published or (b) pursuant to the order of any court or regulator of any person entitled to rely upon this opinion or to whom it may be published.

Very truly yours,

J. CHARLES PARKIN, City Attorney

By _____
Senior Deputy City Attorney

NEW ISSUE—BOOK-ENTRY ONLY**RATINGS: See “RATINGS” herein.**

In the opinion of Kutak Rock LLP, Note Counsel to the City, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Series 2018A Senior Notes is excluded from gross income for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax, except that for taxable years beginning before January 1, 2018, interest on the Series 2018A Senior Notes will be included in a corporate taxpayer's adjusted current earnings for purposes of computing its federal alternative minimum tax. Note Counsel notes that no federal alternative minimum tax applies to corporations for taxable years beginning on and after January 1, 2018. Note Counsel is further of the opinion that interest on the Series 2018A Senior Notes is exempt from present State of California personal income taxes. For a more complete description, see “TAX MATTERS” herein.

[City Logo]

§[PAR]*

CITY OF LONG BEACH, CALIFORNIA
Harbor Revenue Refunding Short-Term Notes
Series 2018A

[Port Logo]

Dated: Date of Delivery**Due: December 15, 2020**

The City of Long Beach, California (the “City”), acting by and through its Board of Harbor Commissioners (the “Board”), is issuing its Harbor Revenue Refunding Short-Term Notes, Series 2018A (the “Series 2018A Senior Notes”) to provide funds, along with certain other available moneys, to (a) refund and pay, on the maturity date of November 15, 2018, all of the principal and interest on the City’s Harbor Revenue Short-Term Notes, Series 2014C (the “Refunded Notes”), (b) fund capitalized interest on the Series 2018A Senior Notes through [●], 2020, and (c) pay the costs of issuing the Series 2018A Senior Notes, as described herein. See “PLAN OF REFUNDING.”

The Series 2018A Senior Notes will be issued as fully registered bonds in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company (“DTC”), New York, New York. Individual purchases and sales of the Series 2018A Senior Notes may be made in book-entry form only in denominations of \$5,000 and integral multiples thereof. Purchasers will not receive certificates representing their interest in the Series 2018A Senior Notes. Interest on the Series 2018A Senior Notes will be payable on June 15 and December 15 of each year, commencing on June 15, 2019. So long as the Series 2018A Senior Notes are held by DTC, the principal of and interest on the Series 2018A Senior Notes will be payable by wire transfer to DTC, which in turn will be required to remit such principal and interest to the DTC participants for subsequent disbursement to the beneficial owners of the Series 2018A Senior Notes, as more fully described herein.

[The Series 2018A Senior Notes are not subject to redemption prior to maturity.]

The Series 2018A Senior Notes are special, limited obligations of the City and are secured by a pledge of and lien upon and will be a charge upon and will be payable solely from the Revenues and certain funds and accounts pledged under the Senior Resolution on parity with all other Senior Bonds. The Series 2018A Senior Notes are not a debt of the City, nor a legal or equitable pledge, charge, lien or encumbrance upon any of its property or upon any of its income, receipts or revenues, except the Revenues and the funds and accounts specifically pledged to the payment thereof. The general fund of the City is not liable for the payment of the Series 2018A Senior Notes or interest thereon, nor is the credit or the taxing power of the City pledged therefor. An Owner of the Series 2018A Senior Notes may not compel the exercise of the taxing power of the City or the forfeiture of any of its property. The Series 2018A Senior Notes will be issued on a parity with the Existing Senior Bonds, which as of September 1, 2018 were outstanding in the aggregate principal amount of \$945,790,000 (including the Refunded Notes), and any additional Senior Bonds issued in the future. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2018A SENIOR NOTES.”

On May 21, 2014, the City, acting by and through the Board, entered into a loan agreement with the U.S. Department of Transportation, acting by and through the Federal Highway Administrator (the “TIFIA Lender”), pursuant to which the TIFIA Lender will make a loan to the City, acting by and through the Board, in an amount not to exceed \$325 million (the “2014 Subordinate TIFIA Loan”). The proceeds of the 2014 Subordinate TIFIA Loan are expected to be drawn no later than one year after substantial completion of the Gerald Desmond Bridge Replacement Project (substantial completion is expected to be in January 2020), and such proceeds are expected to be available to pay all or a portion of the principal of the Series 2018A Senior Notes on their maturity date and/or to pay additional federally eligible costs of the Gerald Desmond Bridge Replacement Project. See “PLAN OF REFUNDING—Gerald Desmond Bridge Replacement Project.”

* Preliminary; subject to change.

Pursuant to Resolution No. HD-2762 adopted by the Board on May 5, 2014, the City, acting by and through the Board, approved certain amendments to the Master Senior Resolution (the "Master Senior Resolution Amendments"), which are described in Appendix E hereto. By the purchase and acceptance of the Series 2018A Senior Notes, the Owners and Beneficial Owners of the Series 2018A Senior Notes are deemed to have consented to the Master Senior Resolution Amendments.

This cover page is not intended to be a summary of the terms of, or security for, the Series 2018A Senior Notes. Investors are advised to read the Official Statement in its entirety to obtain information essential to the making of an informed investment decision, giving particular attention to the matters discussed under "CERTAIN INVESTMENT CONSIDERATIONS." Capitalized terms used on this cover page and not otherwise defined have the meanings set forth herein.

The Series 2018A Senior Notes are offered, when, as and if issued by the City, subject to the approval of validity by Kutak Rock LLP, Note Counsel to the City, and to certain other conditions. Certain matters will be passed upon for the City by the City Attorney of the City of Long Beach, and by Kutak Rock LLP, as Disclosure Counsel. Certain legal matters will be passed upon for the Underwriters by their counsel, Katten Muchin Rosenman LLP. It is expected that the Series 2018A Senior Notes will be available for delivery through the facilities of DTC on or about October ____, 2018.

BofA Merrill Lynch

Stern Brothers & Co.

Stifel

Date of Official Statement:

MATURITY SCHEDULE

\$(PAR)*
City of Long Beach, California
Harbor Revenue Refunding Short-Term Notes
Series 2018A

<u>Maturity Date (December 15)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP No.¹</u>
2020					
2020					
2020					

* Preliminary; subject to change.

¹ Copyright 2018, American Bankers Association. CUSIP® is a registered trademark of the American Bankers Association. The CUSIP data herein is provided by CUSIP Global Services (“CGS”), which is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. The CUSIP numbers are not intended to create a database and do not serve in any way as a substitute for the CGS database. CUSIP numbers have been assigned by an independent company not affiliated with the City, the Board or the Harbor Department and are provided solely for convenience and reference. The CUSIP numbers for a specific maturity are subject to change after the issuance of the Series 2018A Senior Notes. None of the City, the Board, the Harbor Department or the Underwriters take responsibility for the accuracy of the CUSIP numbers.

[Insert Map of Port]

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HARBOR DEPARTMENT OF THE CITY OF LONG BEACH
BOARD OF HARBOR COMMISSIONERS

Tracy J. Egoscue
President

Bonnie Lowenthal
Vice President

Frank Colonna
Secretary

Lou Anne Bynum
Commissioner

Lori Ann Guzmán
Commissioner

Richard E. Jordan
Chief of Staff to Board of Harbor Commissioners

PORT MANAGEMENT

Mario Cordero
Executive Director

Duane Kenagy
Interim Deputy Executive Director

Sam Joumblat
*Managing Director,
Finance & Administration*

Richard D. Cameron
*Managing Director,
Planning and Environmental Affairs*

Sean A. Gamette
*Managing Director,
Engineering*

Dr. Noel Hacegaba
*Managing Director,
Commercial Operations*

Don Kwok
Acting Director of Finance

CITY OF LONG BEACH, CALIFORNIA

CITY COUNCIL

Dr. Robert Garcia
Mayor

Dee Andrews
Vice Mayor, Sixth District

Lena Gonzalez, *First District*
Jeannine Pearce, *Second District*
Suzie Price, *Third District*
Daryl Supernaw, *Fourth District*

Stacy Mungo, *Fifth District*
Roberto Uranga, *Seventh District*
Al Austin, *Eighth District*
Rex Richardson, *Ninth District*

CITY OFFICIALS AND STAFF

Patrick H. West
City Manager

Tom Modica
Assistant City Manager

John Gross
*Director of
Financial Management, CFO*

David S. Nakamoto
City Treasurer

J. Charles Parkin
City Attorney

Douglas Haubert
City Prosecutor

Laura L. Doud
City Auditor

Monique De La Garza
City Clerk

Charles Gale
Principal Deputy City Attorney

PROFESSIONAL SERVICES

MUNICIPAL ADVISOR
Public Resources Advisory Group
Los Angeles, California

FISCAL AGENT
U.S. Bank National Association
Los Angeles, California

**NOTE COUNSEL AND
DISCLOSURE COUNSEL**
Kutak Rock LLP

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

No dealer, broker, salesperson or other person has been authorized by the City, the Board, the Harbor Department or the Underwriters to give any information or to make any representations with respect to the offer or sale of the Series 2018A Senior Notes other than as set forth in this Official Statement and, if given or made, such other information or representation must not be relied upon as having been authorized by the City, the Board, the Harbor Department or the Underwriters. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Series 2018A Senior Notes by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the Series 2018A Senior Notes. Statements contained in this Official Statement that involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of facts.

The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the City, the Harbor Department or the Port of Long Beach since the date hereof. This Official Statement is submitted in connection with the sale of the Series 2018A Senior Notes referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. No assurance is given that actual results will meet the City's or the Harbor Department's forecasts in any way, regardless of the level of optimism communicated in the information. Neither the City nor the Harbor Department are obligated to issue any updates or revisions to the forward-looking statements if or when their expectations, or events, conditions or circumstances on which such statements are based occur.

In connection with the offering of the Series 2018A Senior Notes, the Underwriters may overallocate or effect transactions that stabilize or maintain the market prices of the Series 2018A Senior Notes at levels above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriters may offer and sell the Series 2018A Senior Notes to certain dealers, dealer banks and banks acting as agent at prices lower than the public offering prices stated on the inside cover page of this Official Statement, and those public offering prices may be changed from time to time by the Underwriters.

The Series 2018A Senior Notes have not been registered under the Securities Act of 1933, as amended (the “Securities Act”), in reliance upon an exemption from the registration requirements contained in the Securities Act. The Series 2018A Senior Notes have not been registered or qualified under the securities laws of any state. The Senior Resolution has not been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon an exemption contained therein.

The City and the Harbor Department maintain websites, however, the information presented on such websites is not a part of this Official Statement and should not be relied on in making an investment decision with respect to the Series 2018A Senior Notes.

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OFFICIAL STATEMENT

§[PAR]*
CITY OF LONG BEACH, CALIFORNIA
Harbor Revenue Refunding Short-Term Notes
Series 2018A

INTRODUCTION

This Introduction is qualified in its entirety by reference to the more detailed information included and referred to elsewhere in this Official Statement. The offering of the Series 2018A Senior Notes (as defined below) to potential investors is made only by means of this entire Official Statement. Capitalized terms used in this Official Statement and not otherwise defined will have the respective meanings assigned to them in “APPENDIX B—SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR RESOLUTION—CERTAIN DEFINITIONS.”

General

The purpose of this Official Statement, which includes the cover page, inside cover pages, table of contents and appendices hereto, is to provide certain information concerning the sale and delivery by the City of Long Beach, California (the “City”), acting by and through the Board of Harbor Commissioners of the City (the “Board”), of §[PAR]* aggregate principal amount of City of Long Beach, California, Harbor Revenue Refunding Short-Term Notes, Series 2018A (the “Series 2018A Senior Notes”).

The City, the Harbor Department and the Board

The City is a municipal corporation and chartered city organized and existing under the Charter of the City of Long Beach, California (the “Charter”) and the Constitution and the laws of the State of California (the “State”). The Harbor Department of the City (the “Harbor Department”) was created in 1931 by an amendment to the Charter to promote, develop and operate the Port of Long Beach (the “Port”). The Charter confers on the Board exclusive control and management of the Harbor Department and control and jurisdiction over the Harbor District (as defined herein) other than the tide and submerged lands granted to the City and the State used for, or in connection with the drilling for, developing, producing, extracting, processing, taking or removing, storing and disposing of oil, gas and other hydrocarbon substances. See “THE PORT OF LONG BEACH” for additional information about the Harbor Department, the Port and the Board.

The Port of Long Beach

The Port is a harbor complex that covers approximately 12 square miles, of which approximately 6.9 square miles is water. The Port has approximately 31.5 miles of waterfront with a 76-foot deep main channel, and 65 deep-water berths, several of which are and will be capable of servicing the largest commercial ships currently afloat and the largest commercial ships currently being designed, with equipment and facilities for handling all types of cargo. According to the American Association of Port Authorities, for the calendar year ended December 31, 2017, the Port was the number two-ranked container port in the nation in terms of container cargo (the Port of Los Angeles, which is located adjacent

* Preliminary; subject to change.

to the Port, was the number one-ranked container port). The facilities at the Port moved more than 7.5 million Twenty-Foot Equivalent Units (“TEUs”) during the calendar year ended December 31, 2017. [According to statistics compiled by Alphaliner, during calendar year 2017, the Port was the 21st busiest container port in the world.] See “THE PORT OF LONG BEACH” for additional information about the Port.

Plan of Refunding

Proceeds of the Series 2018A Senior Notes, along with certain moneys to be released from the Interest Account of the Bond Service Fund, will be used to (a) refund and pay, on the maturity date of November 15, 2018, all of the principal and interest on the City’s Harbor Revenue Short-Term Notes, Series 2014C (the “Refunded Notes”), which are outstanding in the aggregate principal amount of \$325 million, (b) fund capitalized interest on the Series 2018A Senior Notes through [•], 2020, and (c) pay the costs of issuing the Series 2018A Senior Notes, all as further described herein. See “PLAN OF REFUNDING.”

The Series 2018A Senior Notes

The Series 2018A Senior Notes are authorized and being issued pursuant to Article XII of the Charter, Title 3, Chapter 3.52, Division I of the Municipal Code of the City, certain provisions of the Revenue Bond Law of 1941, Section 54300, *et seq.*, of the Government Code of the State of California, Resolution No. HD-[•], adopted by the Board on August [27], 2018 (“Resolution No. HD-[•]”), Resolution No. HD-1475, adopted by the Board on November 8, 1989, as amended and supplemented (the “Master Senior Resolution”), and the Twenty-First Supplemental Senior Resolution, which, as provided for in Resolution No. HD-[•], will be adopted by the Board after the execution and delivery of the Note Purchase Agreement (as defined herein) (the “Twenty-First Supplemental Senior Resolution,” and together with the Master Senior Resolution, the “Senior Resolution”). The Twenty-First Supplemental Senior Resolution is currently scheduled to be adopted by the Board on September [•], 2018.

The Series 2018A Senior Notes will be dated their initial date of delivery, will mature on December 15, 2020, and will bear interest at the rates shown on the inside cover page hereof, calculated on the basis of a 360-day year consisting of twelve 30-day months. Interest will be payable semiannually on June 15 and December 15 of each year, commencing June 15, 2019. [The Series 2018A Senior Notes will not be subject to redemption prior to maturity.]

The Series 2018A Senior Notes will be issued as fully registered notes and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the Series 2018A Senior Notes. Upon receipt of payments of principal and interest DTC is to remit such principal and interest to the Direct Participants (as defined herein) for subsequent disbursement by the Direct Participants and the Indirect Participants (as defined herein) to the Beneficial Owners (as defined herein) of the Series 2018A Senior Notes. See “APPENDIX F—BOOK-ENTRY-ONLY SYSTEM.”

Security for Series 2018A Senior Notes

The Series 2018A Senior Notes are special, limited obligations of the City and are secured by a pledge of and lien upon and will be a charge upon and will be payable from Revenues (as defined herein) and certain funds and accounts pledged under the Senior Resolution on parity with all other Senior Bonds (as defined herein). The Series 2018A Senior Notes are not a debt of the City, nor a legal or equitable pledge, charge, lien or encumbrance upon any of its property or upon

any of its income, receipts or revenues, except the Revenues and the funds and accounts specifically pledged to the payment thereof. The general fund of the City is not liable for the payment of the Series 2018A Senior Notes or any interest thereon, nor is the credit or the taxing power of the City pledged therefor. An Owner of the Series 2018A Senior Notes may not compel the exercise of the taxing power of the City or the forfeiture of any of its property.

“Revenues” generally consist of all revenues and all money secured or collected for the benefit of and received by the Board from or arising out of the use or operation of the Port, but exclude revenues arising from any lease, contract or other agreement providing for the drilling for, developing, producing, extracting, taking or removing, storing and disposing of oil, gas or other hydrocarbon substances from the tide and submerged lands granted to the City by the State. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2018A SENIOR NOTES.”

See “—2014 Subordinate TIFIA Loan and Subordinate Revolving Obligations” below for a discussion of the 2014 Subordinate TIFIA Loan (as defined herein) and the potential use of the proceeds of such loan to pay all or a portion of the principal of the Series 2018A Senior Notes at maturity. See also “2014 SUBORDINATE TIFIA LOAN AGREEMENT.”

Rate Covenant

Rates, charges, rentals and fees for the use of the Port are established by the Board. The Board has covenanted in the Master Senior Resolution to establish and collect rates, charges, rentals and fees that will produce Revenues in each Fiscal Year (as defined below) equal to 1.25 times Maximum Annual Debt Service on the Senior Bonds, and that, together with other moneys available or reasonably expected to be available, will be sufficient to pay debt service on all Senior Bonds and to pay the expenses of operating and maintaining the Port. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2018A SENIOR NOTES—Rate Covenant.” The City’s and the Harbor Department’s “Fiscal Year” currently begins on October 1 and ends on September 30 of the immediately following year.

Outstanding Senior Bonds

Pursuant to the Master Senior Resolution, the City, acting by and through the Board, has previously issued and, as of September 1, 2018, there was outstanding \$945,790,000 aggregate principal amount of the Refunded Notes, the City of Long Beach, California Harbor Revenue Refunding Bonds, Series 1998A (the “Series 1998A Senior Bonds”), the City of Long Beach, California Harbor Revenue Bonds, Series 2010A (the “Series 2010A Senior Bonds”), the City of Long Beach, California Harbor Revenue Refunding Bonds, Series 2010B (the “Series 2010B Senior Bonds”), the City of Long Beach, California Harbor Revenue Refunding Bonds, Series 2014B (the “Series 2014B Senior Bonds”), the City of Long Beach, California Harbor Revenue Refunding Bonds, Series 2015A (the “Series 2015A Senior Bonds”), the City of Long Beach, California Harbor Revenue Refunding Bonds, Series 2015B (the “Series 2015B Senior Bonds”), the City of Long Beach, California Harbor Revenue Bonds, Series 2015C (the “Series 2015C Senior Bonds”), the City of Long Beach, California Harbor Revenue Bonds, Series 2015D (the “Series 2015D Senior Bonds”), the City of Long Beach, California Harbor Revenue Bonds, Series 2017A (the “Series 2017A Senior Bonds”), the City of Long Beach, California Harbor Revenue Bonds, Series 2017B (the “Series 2017B Senior Bonds”), and the City of Long Beach, California Harbor Revenue Bonds, Series 2017C (the “Series 2017C Senior Bonds,” and collectively with the Refunded Notes, the Series 1998A Senior Bonds, the Series 2010A Senior Bonds, the Series 2010B Senior Bonds, the Series 2014B Senior Bonds, the Series 2015A Senior Bonds, the Series 2015B Senior Bonds, the Series 2015C Senior Bonds, the Series 2015D Senior Bonds, the Series 2017A Senior Bonds and the Series 2017B Senior Bonds, the “Existing Senior Bonds”).

The Existing Senior Bonds, the Series 2018A Senior Notes and any additional Senior Bonds issued pursuant to the terms of the Master Senior Resolution are collectively referred to herein as the “Senior Bonds.” The Senior Bonds are secured by a pledge of and lien upon and will be a charge upon and will be payable from Revenues. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2018A SENIOR NOTES” and “OUTSTANDING OBLIGATIONS AND DEBT SERVICE SCHEDULE.”

2014 Subordinate TIFIA Loan and Subordinate Revolving Obligations

The City, acting by and through the Board, entered into a loan agreement, dated as of May 21, 2014, as amended from time to time (the “2014 Subordinate TIFIA Loan Agreement”) with the U.S. Department of Transportation, acting by and through the Federal Highway Administration (the “TIFIA Lender”), pursuant to which the TIFIA Lender, subject to certain conditions, agreed to make a loan to the City, acting by and through the Board, in an amount not to exceed \$325 million (the “2014 Subordinate TIFIA Loan”), the proceeds of which, if drawn, will be used by the Harbor Department to finance and refinance a portion of the costs of constructing a replacement bridge for the existing Gerald Desmond Bridge located at the Port (the “Gerald Desmond Bridge Replacement Project”). If drawn, the 2014 Subordinate TIFIA Loan will be secured by a pledge of Subordinate Revenues (consisting of Revenues minus the payment of debt service on the Senior Bonds (including the Series 2018A Senior Notes) and the required deposits to any debt service reserve fund established with respect to the Senior Bonds) on parity with the Subordinate Revolving Obligations (defined below). Pursuant to the terms of Resolution No. HD-2763 adopted by the Board on May 12, 2014 (the “Third Supplemental Subordinate Resolution”), the Board has reserved the right to (but is not obligated to) use all or a portion of the proceeds of the 2014 Subordinate TIFIA Loan to pay all or a portion of the principal of the Series 2018A Senior Notes on their maturity date (December 15, 2020), or any obligations it may issue to refinance the Series 2018A Senior Notes, and/or to pay additional federally eligible costs of the Gerald Desmond Bridge Replacement Project. See “PLAN OF REFUNDING—Gerald Desmond Bridge Replacement Project” and “2014 SUBORDINATE TIFIA LOAN AGREEMENT.”

In addition to the 2014 Subordinate TIFIA Loan, in April 2018, the Harbor Department submitted a letter of interest with the TIFIA Lender requesting that the TIFIA Lender make an additional loan to the Harbor Department in the amount of \$155 million to finance additional costs of the Gerald Desmond Bridge Replacement Project (the “Additional Subordinate TIFIA Loan”). [As of the date of this Official Statement, the TIFIA Lender is in the process of reviewing the letter of interest.] If executed and delivered, the Harbor Department anticipates that the terms of the loan agreement to be entered into with respect to the Additional Subordinate TIFIA Loan will be substantially similar to the terms of the 2014 Subordinate TIFIA Loan Agreement, including, among other things, that the Additional Subordinate TIFIA Loan will be secured by a pledge of Subordinate Revenues on parity with the 2014 Subordinate TIFIA Loan and the Subordinate Revolving Obligations.

Pursuant to Resolution No. HD-2726 adopted by the Board on July 16, 2013, as amended (the “Master Subordinate Resolution”), Resolution No. HD-2728 adopted by the Board on July 16, 2013 (the “Second Supplemental Subordinate Resolution”), Resolution No. HD-2852 adopted by the Board on June 30, 2016 (the “Fifth Supplemental Subordinate Resolution,” and together with the Second Supplemental Subordinate Resolution, the “Subordinate Revolving Obligations Supplemental Resolutions”), and the Revolving Credit Agreement, dated as of July 1, 2016 (the “Subordinate Revolving Obligations Credit Agreement”), by and between the City, acting by and through the Board, and MUFJ Union Bank, N.A. (the “Subordinate Revolving Obligations Bank”), the City, acting by and through the Board, is authorized to issue and have outstanding, from time to time, up to \$200 million in aggregate principal amount of its City of Long Beach, California Subordinate Harbor Revenue Revolving Obligations Series B (Tax-Exempt) (the “Series B Subordinate Revolving Obligations”), and its City of

Long Beach, California Subordinate Harbor Revenue Revolving Obligations Series C (Taxable) (the “Series C Subordinate Revolving Obligations,” and together with the Series B Subordinate Revolving Obligations, the “Subordinate Revolving Obligations”). As of September 1, 2018, no Subordinate Revolving Obligations were outstanding. The Subordinate Revolving Obligations are secured by a pledge of Subordinate Revenues on parity with the 2014 Subordinate TIFIA Loan and, if received, the Additional Subordinate TIFIA Loan. All Subordinate Revolving Obligations issued by the City, acting by and through the Board, are purchased by the Subordinate Revolving Obligations Bank in accordance with the terms of the Subordinate Revolving Obligations Credit Agreement.

See “OUTSTANDING OBLIGATIONS AND DEBT SERVICE SCHEDULE—Outstanding Subordinate Obligations (2014 Subordinate TIFIA Loan and Subordinate Revolving Obligations).”

The 2014 Subordinate TIFIA Loan, the Subordinate Revolving Obligations and any additional obligations issued pursuant to the terms of the Master Subordinate Resolution (including the Additional Subordinate TIFIA Loan) are collectively referred to herein as “Subordinate Obligations.”

Capital Development Program

The Harbor Department maintains a master plan of capital projects and improvements to be undertaken at the Port (the “Port Master Plan”). On October 17, 1978 the California Coastal Commission (the “CCC”) certified the Port Master Plan as being in conformance with the policies of Chapters 8 and 3 of the California Coastal Act. The Port Master Plan has been amended on numerous occasions since 1978. The purpose of the Port Master Plan is to provide the Harbor Department with a planning tool to guide future Port development and to ensure that projects and developments in the Harbor District are consistent with the requirements of the California Coastal Act of 1976, as amended (the “California Coastal Act”). The Port Master Plan identifies proposed uses of land and water areas within the Harbor District and establishes a flexible framework allowing for development of the Port and is updated periodically.

The Harbor Department is currently in the process of reviewing and updating the Port Master Plan. The update process is guided by the California Coastal Act and involves evaluation of land use and water use designations, reconfiguration of planning districts, and identification of anticipated projects. In addition, the update will incorporate previously certified Port Master Plan amendments and update the overall goals and policies for long-range development. Additionally, the update to the Port Master Plan is needed to consider changes in the global shipping industry, technological advances, and important factors such as climate change and energy resources consistent with Harbor Department’s “Green Port Policy” objectives. The update also will revise the guidelines for public access to the waterfront by reviewing the vision for development of future recreation areas and facilities.

In June 2017, the Harbor Department selected Leidos, Inc. (“Leidos”) to provide consulting assistance to the Harbor Department with updating the Port Master Plan, evaluating the environmental impacts of proposed development and land uses, and seeking approval of the updated Port Master Plan by the Board and the California Coastal Commission.

In addition to the Port Master Plan, the Harbor Department maintains a 10-year capital plan that sets forth the specific projects the Harbor Department expects to develop and construct over the next ten years. The Harbor Department’s current 10-year capital plan (the “2018-27 Capital Plan”) includes capital projects and improvements to be undertaken at the Port between Fiscal Years 2018 and 2027. The 2018-27 Capital Plan includes the following projects: the Gerald Desmond Bridge Replacement Project, the expansion and modernization of the shipping terminals on Piers D, E, F and G, the expansion of on-dock rail facilities, the construction of a new Port administration building and two fireboat stations, the

installation of various security improvements, and various other infrastructure projects at the Port (including street, storm drain, sewer and water systems projects). As of the date of this Official Statement, the 2018-27 Capital Plan has an aggregate estimated cost of approximately \$2.4 billion. The Harbor Department expects to finance the costs of the 2018-27 Capital Plan with the following sources: (i) \$754 million of proceeds of Senior Bonds and/or Subordinate Obligations; (ii) \$1.412 billion of revenues of the Harbor Department; and (iii) \$250 million of federal and State grants and other sources of funds. In the event any of the expected federal and State grants are not received by the Harbor Department, the Harbor Department expects it will seek other sources of funding to complete these projects. See “CAPITAL DEVELOPMENT PROGRAM.”

Property Agreements

The Harbor Department operates the Port as a landlord through various property agreements entered into with tenants of the Port. The property agreements entered into by the Board, which convey the right to use, rent or lease Port assets, include leases, preferential assignment agreements, revocable permits, area assignments and pipeline licenses. Pursuant to the property agreements, the tenants of the Port pay tariff charges (including, but not limited to, wharfage (the charge assessed when cargo crosses the wharf), dockage (the charge assessed for docking a vessel at a berth), storage and demurrage (charges related to the duration that cargo may be stored at the terminal)) and other fees to the Harbor Department for the right to use, rent or lease Port facilities. Most of the Port’s long-term property agreements contain guaranteed annual minimum payments. For Fiscal Year 2017, the long-term property agreements (in the form of preferential assignment agreements) with the Port’s container terminal operators contained guaranteed annual minimum payments of approximately \$278.1 million. Over the last five Fiscal Years, property agreements covering waterfront property and facilities generated in excess of 95% of the Harbor Department’s operating revenues. The Board has property agreements with approximately 325 different entities (approximately over 85% of which are with private companies). See “THE PORT OF LONG BEACH—Property Agreements” for additional information on the property agreements entered into by the Board.

Continuing Disclosure

The City, acting by and through the Board, will covenant to provide, or to cause to be provided, to the Municipal Securities Rulemaking Board (the “MSRB”) through its Electronic Municipal Market Access system (“EMMA”), for purposes of Rule 15c2-12(b)(5) (“Rule 15c2-12”) adopted by the U.S. Securities and Exchange Commission (the “SEC”) under the Securities Exchange Act of 1934, as amended, certain annual financial information and operating data relating to the Harbor Department and the Port, and, in a timely manner, notice of certain enumerated events. These covenants are made in order to assist the Underwriters (as defined herein) of the Series 2018A Senior Notes in complying with Rule 15c2-12. See “CONTINUING DISCLOSURE” and “APPENDIX D—FORM OF CONTINUING DISCLOSURE CERTIFICATE.”

Amendments to Master Senior Resolution

Pursuant to Resolution No. HD-2762 adopted by the Board on May 5, 2014 (the “Sixteenth Supplemental Senior Resolution”), the City, acting by and through the Board, approved certain amendments to the Master Senior Resolution (the “Master Senior Resolution Amendments”), which are described in Appendix E hereto. By the purchase and acceptance of the Series 2018A Senior Notes, the Owners and Beneficial Owners of the Series 2018A Senior Notes are deemed to have consented to the Master Senior Resolution Amendments. The Underwriters of the Series 2018A Senior Notes will not be providing any consents on behalf of the Owners and Beneficial Owners of the Series 2018A Senior Notes. The Master Senior Resolution Amendments will not become effective until all of the Series 1998A Senior

Bonds, the Series 2010A Senior Bonds and the Series 2010B Senior Bonds are no longer Outstanding. Any Owners and Beneficial Owners of Senior Bonds issued on and after May 7, 2014 (including the Series 2018A Senior Notes) will be deemed to have consented to and will be subject to the Master Senior Resolution Amendments, but only after all of the Series 1998A Senior Bonds, the Series 2010A Senior Bonds and the Series 2010B Senior Bonds are no longer Outstanding.

Forward-Looking Statements

This Official Statement, including the appendices hereto, contains statements relating to future results that are “forward-looking statements.” When used in this Official Statement, the words “estimate,” “anticipate,” “forecast,” “project,” “intend,” “propose,” “plan,” “expect” and similar expressions identify forward-looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material.

Additional Information

Brief descriptions of the Series 2018A Senior Notes, the Senior Resolution, the Fiscal Agent Agreement, the 2014 Subordinate TIFIA Loan Agreement and certain other documents are included in this Official Statement. Such descriptions do not purport to be comprehensive or definitive. All references herein to such documents and any other documents, statutes, reports or other instruments described herein are qualified in their entirety by reference to each such document, statute, report or other instrument. The information herein is subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder will under any circumstances, create any implication that there has been no change in the affairs of the Board, the Harbor Department or the Port since the date hereof. This Official Statement is not to be construed as a contract or agreement between the City and/or the Board and the purchasers or Owners of any of the Series 2018A Senior Notes. The City, the Harbor Department and the Port maintain certain websites, the information on which is not part of this Official Statement, is not incorporated by reference herein and should not be relied upon in deciding whether to invest in the Series 2018A Senior Notes.

PLAN OF REFUNDING

Plan of Refunding

Proceeds from the sale of the Series 2018A Senior Notes, together with certain moneys to be released from the Interest Account of the Bond Service Fund, will be used to (a) refund and pay, on the maturity date of November 15, 2018, all of the principal and interest on the Refunded Notes, (b) fund capitalized interest on the Series 2018A Senior Notes through [•], 2020, and (c) pay the costs of issuing the Series 2018A Senior Notes, all as further described herein

The Refunded Notes include the following Harbor Revenue Short-Term Notes, Series 2014C:

Maturity Date (November 15)	Principal	Interest Rate	CUSIP Numbers¹
2018	\$ 16,325,000	3.000%	542424TN6
2018	28,025,000	4.000	542424TP1
2018	<u>280,650,000</u>	5.000	542424TQ9
	<u>\$325,000,000</u>		

¹ CUSIP numbers are provided only for the convenience of the reader. None of the City, the Board or the Underwriters undertake any responsibility for the accuracy of such CUSIP numbers or for any changes or errors in the list of CUSIP numbers.

A portion of the proceeds of the Series 2018A Senior Notes, together with certain moneys to be released from the Interest Account of the Bond Service Fund, will be deposited with U.S. Bank National Association, as escrow agent (the “Escrow Agent”) and held in an escrow fund (the “Escrow Fund”) to be created pursuant to the terms of an escrow agreement, among the City, acting by and through the Board, U.S. Bank National Association, as fiscal agent, and the Escrow Agent. Amounts deposited into the Escrow Fund will be invested in noncallable direct obligations of the United States of America (the “Escrow Securities”) or held uninvested in cash, and such amounts, together with the earnings thereon, will be used on November 15, 2018 to pay the principal of and interest on the Refunded Notes.

Grant Thornton LLP, independent certified public accountants, will verify that the Escrow Securities and the earnings thereon and the uninvested cash to be deposited to the Escrow Fund will be sufficient to pay all principal of and interest due on the Refunded Notes on November 15, 2018. See “VERIFICATION OF MATHEMATICAL COMPUTATIONS.”

Estimated Sources and Uses of Funds

The following table sets forth the estimated sources and uses of funds with respect to the Series 2018A Senior Notes.

Sources	
Principal Amount of Series 2018A Senior Notes	\$
Original Issue Premium/(Discount)	
Release of Moneys from Interest Account	
Total Sources	\$ <u> </u>
Uses	
Deposit to Escrow Fund	\$
Capitalized Interest on Series 2018A Senior Notes ¹	
Costs of Issuance ²	
Total Uses	\$ <u> </u>

¹ Represents interest accruing on the Series 2018A Senior Notes through [•], 2020.

² Includes underwriters’ discount, legal costs and expenses and other costs of issuance.

Gerald Desmond Bridge Replacement Project

The Gerald Desmond Bridge Replacement Project consists of replacing the existing four-lane Gerald Desmond Bridge, which spans the Port’s Main Channel, with a new six-lane bridge and higher clearance. Currently, the Gerald Desmond Bridge is only two lanes in each direction with no shoulder

and, depending on tide conditions, is too low to accommodate passage of the largest ships. The Gerald Desmond Bridge is a vital link in the goods movement infrastructure for the Port and the neighboring Port of Los Angeles (together, the “San Pedro Bay Ports”) because it connects to 710 Freeway, which is the primary access route for the San Pedro Bay Ports and carries approximately 15% of all U.S. port-related container traffic. The new bridge will provide improved traffic flow, emergency lanes on both the inner and outer shoulders in each direction to reduce traffic delays and safety hazards from accidents and vehicle breakdowns, a 205-foot vertical clearance to accommodate taller vessels, a reduction in the bridge’s steep grades, and a bicycle/pedestrian path with scenic overlooks. Additional improvements include reconstruction of the Terminal Island East Interchange and a new interchange with the 710 Freeway.

As of the date of this Official Statement, the Gerald Desmond Bridge Replacement Project is budgeted to cost approximately \$1.492 billion and is a joint effort between the California Department of Transportation (“Caltrans”) and the Harbor Department. The Harbor Department, the TIFIA Lender, Caltrans and the Federal Highway Administration are in the process of undertaking a comprehensive review of the cost of the Gerald Desmond Bridge Replacement Project. This review could result in an increase or decrease to the budget for the Gerald Desmond Bridge Replacement Project.

Funding for the Gerald Desmond Bridge Replacement Project is expected to come from numerous sources, including federal and State grants (\$877 million), proceeds of the Refunded Notes and the 2014 Subordinate TIFIA Loan (\$325 million), revenues of the Harbor Department (\$273 million), and a grant from the Los Angeles County Metropolitan Transportation Authority (“LACMTA”) (\$17 million). Additionally, in April 2018, the Harbor Department submitted a letter of interest to the TIFIA Lender requesting the TIFIA Lender make the Additional Subordinate TIFIA Loan to the Harbor Department in the amount of \$155 million. [As of the date of this Official Statement, the TIFIA Lender is in the process of reviewing the letter of interest.] The Harbor Department will not draw the proceeds of the 2014 Subordinate TIFIA Loan until the bridge has been opened to vehicular traffic. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2018A SENIOR NOTES” and “2014 SUBORDINATE TIFIA LOAN AGREEMENT” for a discussion of the Harbor Department’s expectation to use proceeds of the 2014 Subordinate TIFIA Loan to pay all or a portion of the principal of the Series 2018A Senior Notes on their maturity date and the Harbor Department’s alternative plans for paying the Series 2018A Senior Notes at maturity if the 2014 Subordinate TIFIA Loan has not been drawn by the time the Series 2018A Senior Notes mature.

The City, acting by and through the Board, entered into (a) a contract with Parsons Brinkerhoff Inc. to provide program management and construction management services, and (b) a lump-sum design-build contract with Shimmick Construction Company, Inc./FCC Construcción S.A./Impregilo S.p.A., a joint venture (each a “Design Builder” and collectively, the “Design Builders”), with respect to the Gerald Desmond Bridge Replacement Project. As of May 1, 2018, the design of the Gerald Desmond Bridge Replacement Project was approximately 99% complete and construction of the Gerald Desmond Bridge Replacement Project was approximately 75% complete. Construction of the new bridge began in 2013 and was originally expected to be completed by the end of 2016. Due to complexities of the site and design, in 2014, the Harbor Department revised the schedule for the Gerald Desmond Bridge Replacement Project, which included changing the date of substantial completion of the bridge (i.e. when the bridge is open to all traffic) to June 2018. However, as of May 2018, the latest schedule provided by the contractors of the bridge showed a date of substantial completion of January 2020. The Harbor Department and the contractors are currently working together to mitigate any additional schedule delays. As of the date of this Official Statement, the Harbor Department cannot predict if substantial completion of the bridge will occur as forecast by the contractor or if additional delays will occur. See “CERTAIN INVESTMENT CONSIDERATIONS—Factors Affecting 2018-27 Capital Plan” and “—Market Access

Required if 2014 Subordinate TIFIA Loan Proceeds are not Disbursed.” Following completion of the new bridge, the old bridge will be demolished and removed.

Upon completion of the new Gerald Desmond Bridge, ownership of the bridge will be transferred to Caltrans. However, the Harbor Department has agreed to pay Caltrans all operation and maintenance costs with respect to the new bridge for a 30-year period commencing on the date ownership of the bridge is transferred to Caltrans.

DESCRIPTION OF THE SERIES 2018A SENIOR NOTES

General

The Series 2018A Senior Notes will be dated their date of delivery, and will bear interest (calculated on the basis of a 360-day year consisting of twelve 30-day months) from such date at the rates per annum set forth on the inside cover page of this Official Statement, payable semiannually on June 15 and December 15 of each year commencing June 15, 2019 (each an “Interest Payment Date”). Each Series 2018A Senior Note will bear interest from the Interest Payment Date next preceding the date of authentication thereof unless such date of authentication is an Interest Payment Date, in which event such Series 2018A Senior Note will bear interest from such date of authentication, or unless such date of authentication is after a Record Date and before the next succeeding Interest Payment Date, in which event such Series 2018A Senior Note will bear interest from such succeeding Interest Payment Date, or unless such date of authentication is prior to June 1, 2019, in which event such Series 2018A Senior Note will bear interest from their date of delivery. If interest on the Series 2018A Senior Notes is in default, Series 2018A Senior Notes issued in exchange for Series 2018A Senior Notes surrendered for transfer or exchange will bear interest from the Interest Payment Date to which interest has been paid in full on the Series 2018A Senior Notes surrendered. The Series 2018A Senior Notes will mature on December 15, 2020. The principal of and interest on the Series 2018A Senior Notes will be payable in lawful money of the United States of America.

The Series 2018A Senior Notes will be issued in denominations of \$5,000 and integral multiples thereof. The Series 2018A Senior Notes will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co., as registered owner and nominee of DTC. DTC will act as securities depository for the Series 2018A Senior Notes. Individual purchases may be made in book-entry form only. Purchasers will not receive certificates representing their interest in the Series 2018A Senior Notes purchased. So long as Cede & Co., as nominee of DTC, is the registered owner of the Series 2018A Senior Notes, references herein to the Owners or registered owners will mean Cede & Co. and will not mean the Beneficial Owners of the Series 2018A Senior Notes.

So long as Cede & Co. is the registered owner of the Series 2018A Senior Notes, principal of and interest on the Series 2018A Senior Notes are payable by wire transfer by U.S. Bank National Association, as fiscal agent (the “Fiscal Agent”) to Cede & Co., as nominee for DTC, which is required, in turn, to remit such amounts to the DTC participants for subsequent disbursement to the Beneficial Owners. See “APPENDIX F—BOOK-ENTRY-ONLY SYSTEM.”

See Appendix B for a summary of certain provisions of the Senior Resolution, including, without limitation, certain covenants of the Board, provisions relating to amendments of the Senior Resolution and procedures for defeasance of the Series 2018A Senior Notes.

No Redemption of the Series 2018A Senior Notes

The Series 2018A Senior Notes will not be subject to redemption prior to their stated maturity date.

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2018A SENIOR NOTES

Following is a summary of certain provisions of the Senior Resolution, including but not limited to sections of the Senior Resolution detailing the pledge of Revenues, the rate covenant, the flow of funds, the issuance of additional Senior Bonds, and the Investments. These summaries do not purport to be comprehensive or definitive. See Appendix B for a more complete description of these provisions of the Senior Resolution. See also “APPENDIX E—AMENDMENTS TO MASTER SENIOR RESOLUTION.”

Pledge of Revenues

The Series 2018A Senior Notes are special, limited obligations of the City and are secured by a pledge of and lien upon and will be a charge upon and will be payable solely from the Revenues and certain funds and accounts pledged under the Senior Resolution.

Under the Senior Resolution, the Board has pledged, placed a charge upon and assigned all Revenues to secure the payment of all principal of, premium, if any, and interest on the Senior Bonds in accordance with their respective terms, without priority or distinction of one over the other, subject only to the provisions of the Senior Resolution permitting the application thereof for the purposes and on the terms and conditions provided therein. “Revenues” means all revenues and all money secured or collected for the benefit of and received by the Board from or arising out of the use or operation of the Port, including, without limitation, all tolls, charges, rentals, compensations or fees required to be paid for services, franchises or licenses, as permitted or required by the Charter or otherwise by law, ordinance or order, to the City for the operation of any public service utility upon lands and waters under the control and management of the Harbor Department and all investment earnings credited to the Harbor Revenue Fund and not required to be credited to a sub-fund, excepting therefrom any revenues arising from any lease, contract or other agreement providing for the drilling for, developing, producing, extracting, taking or removing, storing and disposing of oil, gas or other hydrocarbon substances from the tide and submerged lands granted to the City by the State.

As used in this Official Statement, “Port of Long Beach” or “Port” means the entire harbor system subject to and under the jurisdiction of the Board as defined in the Charter, and including, without limitation, all harbor or port improvements, works, utilities, appliances, facilities and water craft, owned, controlled or operated by the City in or upon or pertaining to the waterfront or navigable waters of the City as such system now exists together with all additions acquired, constructed or financed with surplus revenues or funds derived from the sale of indebtedness authorized by the Master Senior Resolution or any subsequent resolution of the Board, together with all improvements and extensions to said system later constructed or acquired.

The Board, on behalf of the City, also has pledged all amounts on deposit in the Principal Account and the Interest Account of the Bond Service Fund, to secure payment of the Senior Bonds without priority or distinction of one over the other. In all cases, such pledges are subject only to the provisions of the Senior Resolution permitting the application thereof for the purposes and on the terms and conditions provided in the Senior Resolution. See “—Flow of Funds” below.

The principal of and interest on any Series 2018A Senior Notes are not a debt of the City nor a legal or equitable pledge, charge, lien or encumbrance upon any of its property or upon any of its income, receipts or revenues, except the Revenues and the funds and accounts which are pledged to the payment of the Series 2018A Senior Notes and interest thereon. The general fund of the City is not liable for the payment of any Series 2018A Senior Notes or interest thereon, nor is the credit or taxing power of the City pledged for the payment of any Series 2018A Senior Notes or interest thereon. An Owner of any Series 2018A Senior Note may not compel the exercise of the taxing power by the City or the forfeiture of any of its property.

Use of Proceeds of 2014 Subordinate TIFIA Loan and/or Other Amounts to Pay Series 2018A Senior Notes

Pursuant to the terms of Resolution No. HD-2767 (the "Seventeenth Supplemental Senior Resolution") adopted by the Board on June 9, 2014, the Board reserved the right to (but is not obligated to) use all or a portion of the proceeds it expects to receive from the 2014 Subordinate TIFIA Loan to pay all or a portion of the principal of the Series 2018A Senior Notes on their maturity date. See "2014 SUBORDINATE TIFIA LOAN AGREEMENT" and "CERTAIN INVESTMENT CONSIDERATIONS—Risks Related to the Disbursement of 2014 Subordinate TIFIA Loan and Gerald Desmond Bridge Replacement Project." However, in the event proceeds of the 2014 Subordinate TIFIA Loan have not been received by the Harbor Department by the maturity date of the Series 2018A Senior Notes, the City, acting by and through the Board, expects that it will issue short-term Senior Bonds and/or Subordinate Obligations to refinance the principal of the Series 2018A Senior Notes. See "2014 SUBORDINATE TIFIA LOAN AGREEMENT" and "CERTAIN INVESTMENT CONSIDERATIONS—Risks Related to the Disbursement of 2014 Subordinate TIFIA Loan and Gerald Desmond Bridge Replacement Project—Market Access Required if 2014 Subordinate TIFIA Loan Proceeds are not Disbursed."

Rate Covenant

The Master Senior Resolution provides that the City, acting by and through the Board, shall prescribe, revise and collect such charges, rentals, compensation or fees required to be paid for services, franchises, leases or licenses, as permitted or required by the Charter or otherwise by law, ordinance or order, to the City for operation upon lands and waters under the control and management of the Board, which, after making allowances for contingencies and error in the estimates, produce Revenues in each Fiscal Year equal to 1.25 times Maximum Annual Debt Service on the Senior Bonds and which are sufficient, taking into account all other moneys available or reasonably expected to be available to the Harbor Department, to pay the following amounts:

- (a) the interest on and principal of all Outstanding Senior Bonds as the same becomes due and payable;
- (b) all payments required for compliance with the Senior Resolution including payments required to be made into any reserve fund required to be maintained pursuant to any Supplemental Senior Resolution;
- (c) the interest on and principal of all outstanding Subordinate Obligations (including the Subordinate Revolving Obligations and the 2014 Subordinate TIFIA Loan (provided the Harbor Department decides to drawdown the loan)), and any payments required to be made into any reserve fund established with respect to the Subordinate Obligations;
- (d) all Maintenance Costs; and

(e) all payments required to meet any other obligations of the City, such as the payment of the Harbor Department's Shortfall Advances (as defined herein) and Surety Obligation Payments (as defined herein), which are charges, liens and encumbrances upon or payable from the Revenues.

See "OUTSTANDING OBLIGATIONS AND DEBT SERVICE SCHEDULE" for additional information on the Outstanding Senior Bonds and Subordinate Obligations.

Flow of Funds

The Charter and the Master Senior Resolution require all Revenues of the Harbor Department to be deposited with the Treasurer and placed in the Harbor Revenue Fund established by the Charter. From Revenues on deposit in the Harbor Revenue Fund, the Treasurer is required to transfer to the Bond Service Fund established under the Master Senior Resolution and maintained by the Treasurer and any reserve fund established for a Series of Senior Bonds under a Supplemental Senior Resolution adopted in connection with the issuance of Senior Bonds, amounts sufficient to pay the principal, premium, if any, and interest on the Senior Bonds and to maintain in such funds the balances required by the Master Senior Resolution and any Supplemental Senior Resolution adopted in accordance therewith. The Master Senior Resolution requires that all Revenues remaining in the Harbor Revenue Fund after making such transfers will be used *first*, to pay the principal, premium, interest, other payment obligations and reserve fund requirements of any Subordinate Obligations, and *second*, to pay the reasonable expenses of management and other expenses necessary to operate, maintain and preserve the Port in good repair and working order ("Maintenance Costs"). After the payment of Maintenance Costs, remaining Revenues constitute surplus revenues and may be used for any lawful purpose. The Board's obligation to make the Shortfall Advances and the Surety Obligation Payments in connection with the Alameda Corridor (as defined herein) is payable from surplus revenues. For a description of the Shortfall Advances, the Surety Obligation Payments and the Alameda Corridor, see "OUTSTANDING OBLIGATIONS AND DEBT SERVICE SCHEDULE—Other Obligations—ACTA Shortfall Advances and Surety Obligation Payments" herein. The pledge of Revenues to secure the payment of principal of, premium, if any, and interest on the Senior Bonds is irrevocable until all such obligations are no longer deemed outstanding. For a further description of the flow of funds and a description of the funds and accounts established and maintained under the Senior Resolution, see "APPENDIX B—SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR RESOLUTION—MASTER SENIOR RESOLUTION—Application of Funds and Accounts."

Funds Held by Third Parties

Pursuant to Resolution No. HD-1940 (the "Sixth Supplemental Senior Resolution") adopted by the Board on November 2, 1998, the Treasurer is authorized to appoint and engage agents as may be appropriate to perform the duties and obligations of the Treasurer to establish and maintain certain funds and accounts (except the Harbor Revenue Fund). In connection with the issuance of the Series 2018A Senior Notes, the Treasurer will enter into a trustee services agreement with U.S. Bank National Association to establish and maintain the Series 2018A Capitalized Interest Fund, the Series 2018A Costs of Issuance Fund and the Series 2018A Rebate Fund. All such funds will be held in trust, disposed of and invested in accordance with instructions given by the Treasurer. None of such funds are pledged under the Senior Resolution to secure the Series 2018A Senior Notes.

Additional Senior Bonds

Under the Master Senior Resolution, the City, acting by and through the Board, has covenanted that it will not incur any indebtedness having any priority in payment from Revenues over the Senior Bonds (including the Series 2018A Senior Notes).

Under the Master Senior Resolution, the Board, on behalf of the City, has covenanted not to issue additional Senior Bonds payable from and secured by Revenues on parity with the Existing Senior Bonds and the Series 2018A Senior Notes unless (a) such additional Senior Bonds are issued to pay or discharge outstanding Senior Bonds (“Refunding Senior Bonds”), or (b) at the time such additional Senior Bonds are issued (i) the City is not in default under the terms of the Master Senior Resolution and (ii) either (A) the Net Revenues for the last completed Fiscal Year or the 12-month period ended not more than one month before the issuance or incurrence of such additional Senior Bonds as set forth in a certificate of the Board or (B) the estimated Net Revenues for the 12-month period when the improvements or extensions to the Port financed with the proceeds of the additional Senior Bonds will be in operation as estimated by and set forth in a certificate of an independent certified public accountant or an independent engineer appointed by the Board, amount to at least 1.25 times Maximum Annual Debt Service on all Senior Bonds outstanding immediately subsequent to the issuance of such additional Senior Bonds.

“Net Revenues” means, for any period, Revenues for such period less Maintenance Costs for such period. For purposes of determining compliance with clauses (b)(ii)(A) and (B) in the above paragraph, there may be included in Net Revenues either or both of the following: (1) an allowance for any increase in Net Revenues (including, without limitation, a reduction in Maintenance Costs) which may arise from any additions to and extensions and improvements to the Port to be made or acquired with the proceeds of such additional Senior Bonds or with the proceeds of Senior Bonds previously issued or incurred and also for increases in Net Revenues from any additions, extensions or improvements which have been made or acquired with moneys from any source but which, during the Fiscal Year or 12-month period used for the calculation, were not in service, all in an amount equal to the estimated additional average annual Net Revenues to be derived from such additions, extensions and improvements for the first 36-month period in which each addition, extension or improvement is respectively to be in operation, all as shown by the certificate or opinion of a qualified independent engineer employed by the Board; and/or (2) an allowance for earnings arising from any increase in the charges made for the use of the Port which has become effective prior to the issuance of such additional Senior Bonds, but which, during the last completed Fiscal Year or 12-month period, was not in effect, in an amount equal to the amount by which the Net Revenues would have been increased if such increase in charges had been in effect during the whole of such Fiscal Year or last completed 12-month period, as shown by the certificate or opinion of a qualified independent engineer employed by the Board.

The Board will provide the additional bonds certificate described in clause (b)(ii)(A) above with respect to the issuance of the Series 2018A Senior Notes. The Master Senior Resolution does not restrict the City from issuing or incurring indebtedness having a lien upon Revenues which is subordinate to that of the Senior Bonds.

Investments

All moneys in any of the funds and accounts held by the Treasurer and its agents and established pursuant to the Senior Resolution will be invested solely in Investment Securities maturing or available on demand not later than the date on which it is estimated that such moneys will be required by the Treasurer. See “FINANCIAL DATA—Investment Policy” for further information on the City’s investment policy.

2014 SUBORDINATE TIFIA LOAN AGREEMENT

General

Pursuant to the 2014 Subordinate TIFIA Loan Agreement, the TIFIA Lender has agreed to extend the 2014 Subordinate TIFIA Loan to the City, acting by and through the Board, in an amount not to exceed \$325 million. The proceeds of the 2014 Subordinate TIFIA Loan will be applied to the payment, reimbursement or refinancing of certain costs of the Gerald Desmond Bridge Replacement Project that are eligible to be financed with proceeds of the 2014 Subordinate TIFIA Loan pursuant to federal law; provided, however, total disbursement under the 2014 Subordinate TIFIA Loan cannot exceed 33% of all eligible costs of the Gerald Desmond Bridge Replacement Project and total federal assistance (including any grants received from the U.S. Department of Transportation) provided to the Gerald Desmond Bridge Replacement Project cannot exceed 80% of all eligible costs of the Gerald Desmond Bridge Replacement Project. Eligible costs of the Gerald Desmond Bridge Replacement Project include costs of design and construction, capitalized interest and certain other financing costs. The 2014 Subordinate TIFIA Loan will bear interest at a fixed interest rate of 3.42% and will mature no later than 35 years following substantial completion of the Gerald Desmond Bridge Replacement Project (currently estimated to be by January 2020).

Disbursement Requirements

The City, acting by and through the Board, expects to draw on the TIFIA Loan by December 15, 2020, to pay all or a portion of the principal of the Series 2018A Senior Notes. Requests to disburse the 2014 Subordinate TIFIA Loan have to be submitted by the City, acting by and through the Board, to the TIFIA Lender in the form of a requisition attached to the 2014 Subordinate TIFIA Loan Agreement, which form requires the City, acting by and through the Board, to make certain representations. Disbursement of the TIFIA Loan is subject to certain conditions precedent, including, among others, the following:

- (a) certain conditions precedent that were satisfied in connection with the execution and delivery of the 2014 Subordinate TIFIA Loan Agreement must continue to remain in place, including, among others, the 2014 Subordinate TIFIA Loan needs to be rated at least "A-" by two rating agencies;
- (b) substantial completion of the Gerald Desmond Bridge Replacement Project must have occurred;
- (c) an updated financial plan, acceptable to the TIFIA Lender, must be provided, which shall demonstrate that projected Revenues and Subordinate Revenues will be sufficient to satisfy the rate coverage ratios set forth in the 2014 Subordinate TIFIA Loan Agreement;
- (d) all applicable insurance policies with respect to the Port must be in full force and effect;
- (e) if the Gerald Desmond Bridge Replacement Project has not yet been transferred to Caltrans, all applicable permits and governmental approvals necessary to operate and maintain the new bridge must be in full force and effect;
- (f) no event of default under the 2014 Subordinate TIFIA Loan Agreement, the Master Subordinate Resolution or the Third Supplemental Subordinate Resolution shall have occurred and be continuing;

(g) all of the representations and warranties of the City, acting by and through the Board, set forth in the 2014 Subordinate TIFIA Loan Agreement shall be true and correct in all material respects as of the date of disbursement; and

(h) no material adverse change in (i) the business, operations, properties or condition (financial or otherwise) of (A) the Port, or (B) if the Gerald Desmond Bridge Replacement Project has not yet been transferred to Caltrans, the new bridge, (ii) the legality, validity or enforceability of any material provision of any the 2014 Subordinate TIFIA Loan Agreement, the Master Subordinate Resolution or the Third Supplemental Subordinate Resolution, (iii) the ability of the City, acting by and through the Board, to perform or comply with any of its material obligations under any of the 2014 Subordinate TIFIA Loan Agreement, the Master Subordinate Resolution or the Third Supplemental Subordinate Resolution, (iv) the validity, perfection or priority of the senior Revenue lien or the subordinate Revenue lien or (v) the TIFIA Lender's rights or remedies available under any of the 2014 Subordinate TIFIA Loan Agreement, the Master Subordinate Resolution or the Third Supplemental Subordinate Resolution, shall have occurred and be continuing since the date the Harbor Department first submitted its application to the TIFIA Lender for the 2014 Subordinate TIFIA Loan.

Events of Default and Remedies

Events of Default. The following events constitute events of default under the 2014 Subordinate TIFIA Loan Agreement:

(a) *Payment Default.* The City, acting by and through the Board, fails to pay any of the principal amount of or interest on the promissory note issued by the City, acting by and through the Board, to evidence its obligations under the 2014 Subordinate TIFIA Loan Agreement (the "2014 Subordinate TIFIA Note") or the 2014 Subordinate TIFIA Loan, when and as the payment thereof is required under the 2014 Subordinate TIFIA Loan Agreement or the 2014 Subordinate TIFIA Note or on the final maturity date of the 2014 Subordinate TIFIA Loan (each such failure, a "2014 Subordinate TIFIA Loan Payment Default");

(b) *Covenant Default.* The City, acting by and through the Board, fails to observe or perform any covenant, agreement or obligation of the City, acting by and through the Board, under the 2014 Subordinate TIFIA Loan Agreement, the 2014 Subordinate TIFIA Note or the Master Subordinate Resolution or the Third Supplemental Subordinate Resolution (other than in the case of any 2014 Subordinate TIFIA Loan Payment Default or any 2014 Subordinate TIFIA Loan Development Default (as described below)), and such failure is not cured within thirty days after receipt by the City, acting by and through the Board, from the TIFIA Lender of written notice thereof; provided, however, that if such failure is capable of cure but cannot reasonably be cured within such thirty day period, then no event of default under the 2014 Subordinate TIFIA Loan Agreement will be deemed to have occurred or be continuing under this clause (b) if and so long as within such thirty day period the City, acting by and through the Board, commences actions reasonably designed to cure such failure and diligently pursues such actions until such failure is cured; provided, however, that such failure is cured within 180 days of the first occurrence of such failure;

(c) *Development Default.* The City, acting by and through the Board, fails to (i) diligently prosecute the work related to the Gerald Desmond Bridge Replacement Project or (ii) complete the Gerald Desmond Bridge Replacement Project in accordance with the financial plan (collectively, a "2014 Subordinate TIFIA Loan Development Default").

(d) Misrepresentation Default. Any of the representations, warranties or certifications of the City, acting by and through the Board, made in or delivered pursuant to the 2014 Subordinate TIFIA Loan Agreement (or in any certificates delivered by the City, acting by and through the Board, in connection with the 2014 Subordinate TIFIA Loan Agreement) prove to have been false or misleading in any material respect when made;

(e) Cross Default; Cross Acceleration.

(i) The occurrence of any event of default under the Master Subordinate Resolution (other than as provided in sub clause (ii) below) which is not waived pursuant to the terms thereof, or any event of default or termination under the Third Supplemental Subordinate Resolution (which is not waived pursuant to the terms thereof);

(ii) The City, acting by and through the Board (A) defaults on the payment of the principal of or interest on any Senior Bonds or Subordinate Obligations (other than a 2014 Subordinate TIFIA Loan Payment Default) (whether by scheduled maturity, required redemption, required prepayment or acceleration or otherwise), beyond the period of grace, if any, provided in the senior debt documents or subordinate debt documents (as the case may be) under which such Senior Bonds or Subordinate Obligations, respectively, were created or incurred; or (B) default in the observance or performance of any agreement or condition relating to any Senior Bonds or Subordinate Obligations (other than the 2014 Subordinate TIFIA Loan obligations) or contained in any senior debt document or subordinate debt document (other than the 2014 Subordinate TIFIA Loan Agreement, the Master Subordinate Resolution or the Third Supplemental Subordinate Resolution) (as the case may be) evidencing, securing or relating thereto, or any other default, event of default or similar event occurs or condition exists, the effect of which default, event of default or similar event or condition is to cause (determined without regard to whether any notice is required) any such Senior Bonds or Subordinate Obligations to become immediately due and payable in full as the result of the acceleration, mandatory redemption, mandatory tender or mandatory prepayment of such Senior Bonds or Subordinate Obligations (whether or not any such Senior Bonds or Subordinate Obligations are in fact accelerated or subject to mandatory tender for purchase or mandatory redemption or mandatory prepayment);

(iii) The occurrence of any event of default under the Master Senior Resolution (other than as provided in sub-clause (ii) above), which is not waived pursuant to the terms thereof;

(iv) (A) The City, acting by and through the Board, fails to pay principal of, or interest on, any other material indebtedness as and when such amounts become due and payable, (B) any acceleration occurs of the maturity of any other material indebtedness, or (C) any such other material indebtedness is not paid in full upon the final maturity thereof; or

(v) The City, acting by and through the Board, defaults in the timely performance of any covenant, agreement or obligation under any other document related to the 2014 Subordinate TIFIA Loan Agreement, and the City, acting by and through the Board, has failed to cure such default or to obtain an effective written waiver prior to the expiration of the applicable grace period specified in such document, or to obtain an effective revocation of such termination (as the case may be); provided, however, that no event of default will be deemed to have occurred or be continuing under this clause if, in

the case of any termination of a construction contract related to the Gerald Desmond Bridge Replacement Project, the City, acting by and through the Board, replaces such contract with a replacement agreement (1) entered into with another counterparty that (I) is of similar or greater creditworthiness and experience as the counterparty being replaced (or otherwise reasonably acceptable to the TIFIA Lender) and (II) is not, at the time of such replacement, suspended or debarred or subject to a proceeding to suspend or debar from bidding, proposing or contracting with any federal or state department or agency, (2) that is on substantially the same terms and conditions as the contract being replaced (or otherwise reasonably acceptable to the TIFIA Lender) and (3) that is effective as of the date of termination of the contract being replaced;

(f) *Judgments.* The existence of one or more final, non-appealable judgments, attachments or levies against the City, acting by and through the Board, for the payment of money payable out of Revenues or Subordinate Revenues, the operation or result of which, individually or in the aggregate, equals or exceeds \$20,000,000, and such judgment, attachment or levy remains unpaid or the lien created thereby remains unsatisfied, undischarged or unbonded (by property other than any of the Revenues or Subordinate Revenues) for a period of ninety days;

(g) *Occurrence of a Bankruptcy Related Event.* A Bankruptcy Related Event (as defined in the 2014 Subordinate TIFIA Loan Agreement) occurs with respect to (A) the City, acting by and through the Board, or the Harbor Department (to the extent applicable) or (B) any party to the construction contracts related to the Gerald Desmond Bridge Replacement Project, provided, that, (1) a Bankruptcy Related Event in connection with one Design Builder will not constitute an event of default if at the time of such occurrence, the City, acting by and through the Board, has provided evidence satisfactory to the TIFIA Lender demonstrating that the other Design Builders have sufficient financial resources and operating expertise to complete the Gerald Desmond Bridge Replacement Project in accordance with the construction schedule, and (2) after substantial completion of the Gerald Desmond Bridge Replacement Project has occurred, the occurrence of a Bankruptcy Related Event in connection with any Design Builder will not constitute an event of default if at the time of such occurrence, (I) no error in the work or nonconforming work exists with respect to the Gerald Desmond Bridge Replacement Project, and no warranty work or claims against the warranty with respect to the Gerald Desmond Bridge Replacement Project exist or remain outstanding, or (II) the City, acting by and through the Board, provides evidence satisfactory to the TIFIA Lender showing that (x) the City, acting by and through the Board, has sufficient moneys to correct any error in the work or nonconforming work, or to carry out any warranty work, and (y) it has a plan to carry out the works referred to in clause (x) hereof;

(h) *Project Abandonment.* The City, acting by and through the Board, abandons (A) prior to the transfer to Caltrans, the Gerald Desmond Bridge Replacement Project or (B) at any time, the Port;

(i) *Cessation of Operations.* Operation of the Port ceases for a continuous period of not less than 180 days unless such cessation of operations occurs by reason of an uncontrollable force (e.g., weather, earthquake, terrorist act, etc.) and the City, acting by and through the Board, has in force an insurance policy or policies under which the City, acting by and through the Board, is entitled to recover substantially all debt service on the Senior Bonds and the Subordinate Obligations (including the 2014 Subordinate TIFIA Loan) and any costs and expenses of the City, acting by and through the Board, during such cessation of operations;

(j) TIFIA Loan Documents.

(A) Any provision of the 2014 Subordinate TIFIA Loan Agreement, the 2014 Subordinate TIFIA Note, the Master Subordinate Resolution or the Third Supplemental Subordinate Resolution related to (1) the payment of principal of or interest on the 2014 Subordinate TIFIA Loan and the 2014 Subordinate TIFIA Note or (2) the validity or enforceability of the pledge of, and lien on, the Subordinate Revenues, at any time and for any reason, ceases to be valid and binding on the City, acting by and through the Board, as a result of any legislative or administrative action by a governmental authority with competent jurisdiction, or shall be declared, in a final non-appealable judgment by any court of competent jurisdiction, to be null and void, invalid or unenforceable;

(B) the validity or enforceability of any material provision of the 2014 Subordinate TIFIA Loan Agreement, the 2014 Subordinate TIFIA Note, the Master Subordinate Resolution or the Third Supplemental Subordinate Resolution related to (1) payment of principal of or interest on the 2014 Subordinate TIFIA Loan and the 2014 Subordinate TIFIA Note, or (2) the validity or enforceability of the pledge of and lien on the Subordinate Revenues is publicly contested, repudiated or denied by the City, acting by and through the Board; or

(C) any other material provision of the 2014 Subordinate TIFIA Loan Agreement, the 2014 Subordinate TIFIA Note, the Master Subordinate Resolution or the Third Supplemental Subordinate Resolution, other than a provision described in sub clause (A) above, at any time and for any reason, ceases to be valid and binding on the City, acting by and through the Board, as a result of any legislative or administrative action by a governmental authority with competent jurisdiction or shall be declared in a final non-appealable judgment by any court with competent jurisdiction to be null and void, invalid, or unenforceable, or the validity or enforceability thereof shall be publicly contested by the City, acting by and through the Board;

(k) Ratings. To the extent the Subordinate Revolving Obligations remain outstanding, for so long as three rating agencies are then rating any Senior Bonds, any two of such rating agencies either (i) withdraw or suspend the long-term unenhanced underlying rating of any Senior Bonds for credit related reasons, or (ii) reduce the long-term underlying rating of any Senior Bonds below "A3" (or its equivalent) from Moody's, "A-" (or its equivalent) from Fitch or "A-" (or its equivalent) from S&P; provided, however, that if only two rating agencies are then rating any Senior Bonds, then the action of one rating agency as contemplated under this clause (j); or

(l) Liens. At any time or for any reason (except as expressly permitted to be released by the terms of such governing document), any lien created by the 2014 Subordinate TIFIA Loan Agreement, the Master Subordinate Resolution or the Third Supplemental Subordinate Resolution in favor of, or for the benefit of, the TIFIA Lender does not constitute a valid lien.

Remedies. Upon the occurrence of a Bankruptcy Related Event with respect to the City, acting by and through the Board, or the Harbor Department (i) all obligations of the TIFIA Lender under the 2014 Subordinate TIFIA Loan Agreement with respect to the disbursement of any undisbursed amounts of the 2014 Subordinate TIFIA Loan will automatically be deemed terminated, and (ii) the unpaid principal amount of the 2014 Subordinate TIFIA Loan, together with all interest accrued thereon and all fees, costs, expenses, indemnities and other amounts payable under the 2014 Subordinate TIFIA Loan

Agreement or the 2014 Subordinate TIFIA Note, will automatically become immediately due and payable, without presentment, demand, notice, declaration, protest or other requirements of any kind, provided that, with respect to sub clause (ii), the TIFIA Lender will not declare the unpaid principal amount of the 2014 Subordinate TIFIA Loan to be immediately due and payable until seven days after the occurrence of such event of default.

Except as otherwise described in the previous paragraph, upon the occurrence of any other event of default, the TIFIA Lender, by written notice to the City, acting by and through the Board, may (i) suspend or terminate all of its obligations under the 2014 Subordinate TIFIA Loan Agreement with respect to the disbursement of any undisbursed amounts of the 2014 Subordinate TIFIA Loan and (ii) declare the unpaid principal amount of the 2014 Subordinate TIFIA Loan to be, and the same shall thereupon forthwith become, immediately due and payable, together with the interest accrued thereon and all fees, costs, expenses, indemnities and other amounts payable under the 2014 Subordinate TIFIA Loan Agreement and the 2014 Subordinate TIFIA Note, all without presentment, demand, notice, protest or other requirements of any kind, provided, that, with respect to sub clause (ii), the TIFIA Lender shall not declare the unpaid principal amount of the 2014 Subordinate TIFIA Loan to be immediately due and payable until (A) in the case of any event of default specified in clauses (a) (Payment Default), (e)(ii) (Cross Default; Cross Acceleration), (f) (Judgments) and (j)(A) and (B) (TIFIA Loan Documents) above under "Events of Default", seven days after the occurrence of thereof, and (B) in the case of any event of default not specified in immediately preceding sub clause (A), ninety days after the occurrence thereof. Notwithstanding the foregoing, if any other holder or credit enhancer of any Senior Bonds or Subordinate Obligations or any counterparty under any hedging transaction related thereto causes any Senior Bonds or Subordinate Obligations or any other obligations of the City, acting by and through the Board, to become immediately due and payable, the TIFIA Lender may immediately, without notice, avail itself of the remedies set forth in clause (ii) of the previous paragraph or clause (ii) of this paragraph and/or declare or cause to be declared the unpaid principal amount of the 2014 Subordinate TIFIA Note, all interest accrued and unpaid thereon and all other amounts owing or payable hereunder to be immediately due and payable.

Upon the occurrence of a Development Default, the TIFIA Lender may (i) suspend the disbursement of the 2014 Subordinate TIFIA Loan proceeds under the 2014 Subordinate TIFIA Loan Agreement and (ii) pursue such other remedies as provided in the 2014 Subordinate TIFIA Loan Agreement. If so requested in connection with a Development Default, the City, acting by and through the Board, shall immediately repay any unexpended 2014 Subordinate TIFIA Loan proceeds previously disbursed to the City, acting by and through the Board.

Whenever any event of default under the 2014 Subordinate TIFIA Loan Agreement has occurred and is continuing, in addition to the remedies otherwise described above, the TIFIA Lender will be entitled and empowered to institute any actions or proceedings at law or in equity for the collection of any sums due and unpaid under the 2014 Subordinate TIFIA Loan Agreement or the 2014 Subordinate TIFIA Note, and may prosecute any such judgment or final decree against the City, acting by and through the Board, including confession of judgment by the City, acting by and through the Board, against the City, acting by and through the Board, and collect in the manner provided by law out of the property of the City, acting by and through the Board, the moneys adjudged or decreed to be payable, and the TIFIA Lender may take such other actions at law or in equity as may appear necessary or desirable to collect all amounts payable by the City, acting by and through the Board, under the 2014 Subordinate TIFIA Loan Agreement or the 2014 Subordinate TIFIA Note then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the City, acting by and through the Board, under the 2014 Subordinate TIFIA Loan Agreement or the 2014 Subordinate TIFIA Note.

Whenever any event of default under the 2014 Subordinate TIFIA Loan Agreement has occurred and is continuing, the TIFIA Lender may suspend or debar the City, acting by and through the Board,

from further participation in any government program administered by the TIFIA Lender and to notify other departments and agencies of such default.

OUTSTANDING OBLIGATIONS AND DEBT SERVICE SCHEDULE

Outstanding Senior Bonds

Pursuant to the Master Senior Resolution, the City, acting by and through the Board, issued the Existing Senior Bonds, which as of September 1, 2018, were outstanding in the aggregate principal amount of \$945,790,000. The following table sets forth the Existing Senior Bonds which have been issued and were outstanding as of September 1, 2018.

TABLE 1
Harbor Department of the City of Long Beach
Existing Senior Bonds
(as of September 1, 2018)

Existing Senior Bonds	Original Principal Amount	Principal Amount Outstanding	Final Maturity Date
Series 1998A	\$ 206,330,000	\$ 16,600,000	5/15/2019
Series 2010A	200,835,000	111,185,000	5/15/2025
Series 2010B	158,085,000	124,855,000	5/15/2027
Series 2014B	20,570,000	11,700,000	5/15/2027
Series 2014C	325,000,000 ¹	325,000,000	11/15/2018
Series 2015A	44,845,000	33,115,000	5/15/2023
Series 2015B	20,130,000	20,130,000	5/15/2025
Series 2015C	66,085,000	66,085,000	5/15/2032
Series 2015D	66,865,000	66,865,000	5/15/2042
Series 2017A	101,610,000	101,610,000	5/15/2040
Series 2017B	25,985,000	25,985,000	5/15/2043
Series 2017C	42,660,000	42,660,000	5/15/2047
Total	\$1,279,000,000	\$945,790,000	

¹ See "PLAN OF REFUNDING" above for a discussion of the refunding and payment of the Refunded Notes.

Source: Harbor Department.

Senior Bonds Debt Service Requirements

The following table sets forth the debt service requirements of the Existing Senior Bonds (after giving effect to the refunding and payment of the Refunded Notes) and the Series 2018A Senior Notes. See "—Future Financings (Additional Senior Bonds and Subordinate Obligations)" below for a discuss of the Board's plans to issue additional Senior Bonds.

TABLE 2
Harbor Department of the City of Long Beach
Senior Bonds Debt Service Requirements¹

Bond Year Ending May 15	Total Debt Service Requirements for Existing Prior Senior Bonds²	Principal Requirements for Series 2018A Senior Notes³	Interest Requirements for Series 2018A Senior Notes⁴	Total Senior Bonds Debt Service
2019	\$ 69,202,025			
2020	65,947,500			
2021	65,917,850			
2022	65,917,350			
2023	65,109,100			
2024	65,113,600			
2025	65,065,500			
2026	46,613,000			
2027	41,439,750			
2028	25,381,500			
2029	26,584,250			
2030	25,386,750			
2031	25,379,500			
2032	25,379,250			
2033	21,879,000			
2034	21,877,000			
2035	21,880,250			
2036	21,882,000			
2037	21,885,750			
2038	21,879,750			
2039	21,882,750			
2040	21,882,500			
2041	20,522,250			
2042	20,523,000			
2043	11,863,000			
2044	11,863,250			
2045	11,860,250			
2046	11,863,000			
2047	<u>11,865,000</u>			
Total	<u>\$953,845,675</u>			

¹ Numbers may not sum due to rounding.

² Total debt service after giving effect to the refunding and payment of the Refunded Notes.

³ The principal of the Series 2018A Senior Notes is expected to be paid from proceeds of the draw on the 2014 Subordinate TIFIA Loan.

⁴ Interest on the Series 2018A Senior Notes will be paid with proceeds of the Series 2018A Senior Notes.

Source: Harbor Department and Public Resources Advisory Group.

Senior Debt Service Coverage

A summary of Revenues, Maintenance Costs, Net Revenues, Senior Debt Service and debt service coverage for Fiscal Years 2013 through 2017 is presented below.

TABLE 3
Harbor Department of the City of Long Beach
Senior Debt Service Coverage
(\$000's)

Fiscal Year	Revenues ¹	Maintenance Costs ²	Net Revenues ³	Senior Debt Service ⁴	Senior Debt Service Coverage	
					Gross ⁵	Net ⁶
2013	\$346,984	\$ 97,696	\$249,288	\$79,991	4.3x	3.1x
2014	360,016	108,455	251,561	79,738	4.5	3.2
2015	359,486	133,771	225,715	78,363	4.6	2.9
2016	365,298	143,873	221,425	73,026	5.0	3.0
2017	382,716	142,641	240,076	72,076	5.3	3.3

¹ Calculated in accordance with the provisions of the Master Senior Resolution. Includes Total Port Operating Revenue and Interest Income as shown in "Table 12, Harbor Department of the City of Long Beach, Comparative Summary of Statements of Revenues and Expenses" set forth below.

² Calculated in accordance with the provisions of the Master Senior Resolution. Includes all Port Operating Expenses excluding Depreciation and Amortization as shown in "Table 12, Harbor Department of the City of Long Beach, Comparative Summary of Statements Revenues and Expenses" set forth below.

³ Revenues less Maintenance Costs.

⁴ Includes debt service on all Senior Bonds, except for the Refunded Notes. Interest on the Refunded Notes was paid with capitalized interest.

⁵ Revenues divided by Senior Debt Service.

⁶ Net Revenues divided by Senior Debt Service.

Source: Revenues and Maintenance Costs are derived from the Harbor Department's audited financial statements for Fiscal Years 2013-2017.

Outstanding Subordinate Obligations (2014 Subordinate TIFIA Loan and Subordinate Revolving Obligations)

2014 Subordinate TIFIA Loan. The City, acting by and through the Board, entered into the 2014 Subordinate TIFIA Loan Agreement with the TIFIA Lender, pursuant to which the TIFIA Lender, subject to certain conditions, agreed to make the 2014 Subordinate TIFIA Loan to the City, acting by and through the Board, in an amount not to exceed \$325 million. The proceeds of the 2014 Subordinate TIFIA Loan, if drawn, will be used by the Harbor Department to finance and refinance the costs of the Gerald Desmond Bridge Replacement Project. See "CAPITAL DEVELOPMENT PROGRAM—2018-2027 Capital Plan—Gerald Desmond Bridge Replacement Project." The 2014 Subordinate TIFIA Loan, if and when made, will be secured by a pledge of Subordinate Revenues on parity with the Subordinate Revolving Obligations. The proceeds of the 2014 Subordinate TIFIA Loan are expected to be drawn, if ever, no later than one year after substantial completion of the Gerald Desmond Bridge (i.e. when the bridge is open to all traffic). Pursuant to the terms of Third Supplemental Subordinate Resolution, the Board has reserved the right (but is not obligated to) use all or a portion of the proceeds of the 2014 Subordinate TIFIA Loan to pay all or a portion of the principal of the Series 2018A Senior Notes on their maturity date (December 15, 2020), or any obligations that may be issued to refinance the Series 2018A Senior Notes, and/or to pay additional federally eligible costs of the Gerald Desmond Bridge

Replacement Project. The final maturity date of the 2014 Subordinate TIFIA Loan will be approximately 35 years after the date the proceeds are first drawn. Pursuant to the provisions of the 2014 Subordinate TIFIA Loan Agreement, the TIFIA Lender has the right to accelerate the payment of the principal of and interest on the 2014 Subordinate TIFIA Loan upon the occurrence of certain events of default set forth in the 2014 Subordinate TIFIA Loan Agreement. See “CERTAIN INVESTMENT CONSIDERATIONS—Remedies Upon Default.”

Subordinate Revolving Obligations. Pursuant to the Master Subordinate Resolution, the Subordinate Revolving Obligations Supplemental Resolutions and the Subordinate Revolving Obligations Credit Agreement, the City, acting by and through the Board, is authorized to issue and have outstanding, from time to time, up to \$200 million in aggregate principal amount of its Subordinate Revolving Obligations. As of September 1, 2018, there were no Subordinate Revolving Obligations outstanding. The Subordinate Revolving Obligations are secured by a pledge of Subordinate Revenues (consisting of Revenues minus the payment of debt service on the Senior Bonds (including the Series 2018A Senior Notes) and the required deposits to any debt service reserve fund established with respect to the Senior Bonds). All Subordinate Revolving Obligations issued by the City, acting by and through the Board, are purchased by the Subordinate Revolving Obligations Bank (MUFJ Union Bank, N.A.) in accordance with the terms of the Subordinate Revolving Obligations Credit Agreement. Pursuant to the terms of the Subordinate Revolving Obligations Credit Agreement, the Subordinate Revolving Obligations bear interest at floating rates set forth in the Subordinate Revolving Obligations Credit Agreement. Except as otherwise provided in the Subordinate Revolving Obligations Credit Agreement, the principal of all Subordinate Revolving Obligations outstanding is due and payable on July 11, 2019. However, subject to the terms of the Subordinate Revolving Obligations Credit Agreement, on July 11, 2019, the City, acting by and through the Board, can convert any outstanding Subordinate Revolving Obligations to a term loan that will be payable over a three year period after the July 11, 2019 maturity date. Pursuant to the provisions of the Subordinate Revolving Obligations Credit Agreement, the Subordinate Revolving Obligations Bank has the right to accelerate the payment of the principal of and interest on the Subordinate Revolving Obligations upon the occurrence of certain events of default set forth in the Subordinate Revolving Obligations Credit Agreement. See “CERTAIN INVESTMENT CONSIDERATIONS—Remedies Upon Default.”

Future Financings (Additional Senior Bonds and Subordinate Obligations)

See “CAPITAL DEVELOPMENT PROGRAM—Funding Sources of 2018-27 Capital Plan” for a discussion of the Harbor Department’s plans to issue additional Senior Bonds and/or Subordinate Obligations in the future to finance a portion of the costs of the 2018-27 Capital Plan.

In addition to the 2014 Subordinate TIFIA Loan, in April 2018, the Harbor Department submitted a letter of interest with the TIFIA Lender requesting that the TIFIA Lender make the Additional Subordinate TIFIA Loan to the Harbor Department in the amount of \$155 million to finance additional costs of the Gerald Desmond Bridge Replacement Project. [As of the date of this Official Statement, the TIFIA Lender is in the process of reviewing the letter of interest.] If executed and delivered, the Harbor Department anticipates that the terms of the loan agreement to be entered into with respect to the Additional Subordinate TIFIA Loan will be substantially similar to the terms of the 2014 Subordinate TIFIA Loan Agreement, including, among other things, that the Additional Subordinate TIFIA Loan will be secured by a pledge of Subordinate Revenues on parity with the 2014 Subordinate TIFIA Loan and the Subordinate Revolving Obligations.

Additionally, the City, acting by and through the Board, may issue additional Senior Bonds and/or additional Subordinate Obligations in the future to refund outstanding Senior Bonds and/or Subordinate Obligations.

Other Obligations

ACTA Shortfall Advances and Surety Obligation Payments. In 1999, the Alameda Corridor Transportation Authority (“ACTA”) issued and entered into obligations to finance a portion of the cost of the design and construction of a 20-mile long, multiple-track rail system linking the railyards and tracks at the San Pedro Bay Ports with the Railroads’ (as defined in the following paragraph) transcontinental mainlines originating near downtown Los Angeles (the “Alameda Corridor”). See “THE PORT OF LONG BEACH—Current Port Facilities—General.” The Alameda Corridor was financed with contributions from the Harbor Department and the Port of Los Angeles, proceeds of taxable and tax-exempt bonds issued by ACTA, a federal loan (which was prepaid in May 2004 with the proceeds of subordinate taxable and tax-exempt bonds issued by ACTA), a grant from the Los Angeles County Metropolitan Transportation Authority, and various other grant moneys. As of June 30, 2018, ACTA had outstanding approximately \$2.1 billion aggregate principal and initial amount of taxable and tax-exempt bonds (collectively, the “ACTA Obligations”).

On October 12, 1998, the City, acting by and through the Board, the City of Los Angeles, acting by and through its Board of Harbor Commissioners, ACTA, the Union Pacific Railroad Company (“Union Pacific”), and BNSF Railway Company (formerly known as The Burlington Northern and Santa Fe Railway Company) (“BNSF” and together with Union Pacific, the “Railroads”) entered into the Alameda Corridor Use and Operating Agreement, as amended (the “ACTA Operating Agreement”). The ACTA Operating Agreement governs the administration, operation and maintenance of the Alameda Corridor and the collection and application of use fees, container charges, maintenance and operation charges and Shortfall Advances. The ACTA Obligations are payable from the use fees and container charges, payable by the Railroads, and from Shortfall Advances.

The ACTA Operating Agreement requires the Harbor Department and the Port of Los Angeles, severally and not jointly, to make payments (the “Shortfall Advances”) in the event the amount of use fees and container charges collected from the Railroads are not sufficient to make the debt service payments on the ACTA Obligations. Pursuant to the ACTA Operating Agreement, the Harbor Department and the Port of Los Angeles are each obligated to make up one-half of any deficiency in the payment of debt service on the ACTA Obligations. However, the Harbor Department and the Port of Los Angeles are liable only for a maximum of 40% (20% each) of the total amount of debt service due in each year on the ACTA Obligations. Additionally, neither the Harbor Department nor the Port of Los Angeles is required to make Shortfall Advances that should have been paid by the other party. Based upon the June 30, 2018 outstanding amount of the ACTA Obligations, the Harbor Department and the Port of Los Angeles are potentially liable for a maximum of approximately \$1.5 billion (the Harbor Department and the Port of Los Angeles each being liable for approximately \$750 million) of debt service payments on the ACTA Obligations through 2037. Pursuant to the ACTA Operating Agreement, the Harbor Department is obligated to include any forecasted Shortfall Advances in its budget for each Fiscal Year. The Harbor Department and the Port of Los Angeles were first required to pay Shortfall Advances in calendar year 2011 when they paid a total of \$5.9 million (\$2.95 million each) for debt service payments due on October 1, 2011. The Harbor Department and the Port of Los Angeles were again required to pay Shortfall Advances in calendar year 2012 when they paid a total of \$5.9 million (\$2.95 million each) for debt service payments due on October 1, 2012. Since the 2012 payment, the Harbor Department and the Port of Los Angeles have not been required to pay Shortfall Advances and do not expect to pay Shortfall Advances through 2026.

In May 2016, ACTA issued its Tax-Exempt Subordinate Lien Revenue Refunding Bonds, Series 2016A, and Tax-Exempt Second Subordinate Lien Revenue Refunding Bonds, Series 2016B Bonds (collectively, the “Series 2016 ACTA Bonds”), the proceeds of which were used to, among other things, refund a portion of ACTA’s outstanding Tax-Exempt Subordinate Lien Revenue Bonds, Series 2004A

Bonds. The issuance of the Series 2016 ACTA Bonds included extending the payment of principal that was scheduled to mature in Fiscal Years 2017 through 2026, and thereby the projected Shortfall Advances that the Harbor Department and the Port of Los Angeles were expected to make in those years were eliminated. Although this restructuring increased the overall amount of the debt service on the outstanding ACTA bonds, it generated significant relief from projected Shortfall Advances for the Harbor Department and the Port of Los Angeles through Fiscal Year 2026. The Harbor Department expects that it (and the Port of Los Angeles) may be required to make one or more additional Shortfall Advances between 2026 and 2037, however, as of the date of this Official Statement, the Harbor Department cannot predict either the amount or timing of any such Shortfall Advances.

In connection with ACTA's issuance of \$83,710,000 of its Taxable Senior Lien Revenue Refunding Bonds, Series 2012 (the "Series 2012 ACTA Bonds"), the Harbor Department and the Port of Los Angeles entered into a debt service reserve surety agreement (the "Series 2012 ACTA Surety Agreement"). Pursuant to the Series 2012 ACTA Surety Agreement, the Harbor Department and the Port of Los Angeles each agreed to make individual payments of up to \$3.6 million (the "Surety Obligation Payments") to pay the principal of and interest on the Series 2012 ACTA Bonds in the event the amount of use fees and container charges collected from the Railroads are not sufficient to make the debt service payments on the Series 2012 ACTA Bonds. The Harbor Department's (and the Port of Los Angeles') obligation under the Series 2012 Surety Agreement will decrease as deposits, if any, are made to the debt service reserve fund established for the Series 2012 ACTA Bonds. Since the execution of the Series 2012 ACTA Surety Agreement, ACTA has made cash deposits of approximately \$5.3 million to the debt service reserve fund for the Series 2012 ACTA Bonds, thereby reducing the Surety Obligation Payments to a maximum of approximately \$800,000 for each of the Harbor Department and the Port of Los Angeles. The Harbor Department's (and the Port of Los Angeles's) obligation under the Series 2012 Surety Agreement to make the Surety Obligation Payments will decrease further to the extent that deposits, if any, are made to the debt service reserve fund for the Series 2012 ACTA Bonds. According to ACTA, deposits are scheduled to be made to the debt service reserve fund for the Series 2012 ACTA Bonds each October 1 in an amount of approximately \$1 million, so that the debt service reserve fund for the Series 2012 ACTA Bonds will be fully funded by October 1, 2019.

The Harbor Department is obligated to make the Shortfall Advances and the Surety Obligation Payments from any legally available source of excess revenues after making all payments due with respect to the Senior Bonds (including the Series 2018A Senior Notes) and the Subordinate Obligations, and the payment of all Maintenance Costs. The Harbor Department's obligation to make Shortfall Advances and Surety Obligation Payments is to continue even though use fees may be abated as a result of complete blockage of the rail corridor for more than five days. Shortfall Advances and Surety Obligation Payments are to be reimbursed to the Harbor Department and the Port of Los Angeles from use fees and container charges to the extent available, after payment of debt service on the ACTA Obligations, the funding of any reserves associated with the ACTA Obligations, the payment of maintenance and operating expenses of the Alameda Corridor, and the payment of administrative and other amounts.

Transfers to City. Pursuant to Chapter XII, Section 1209(c)(4) of the Charter, at the beginning of each Fiscal Year, by a two-thirds vote of the members of the City Council of the City (the "City Council") may determine that an amount not to exceed 5% of the gross operating revenues of the Harbor Department for the previous Fiscal Year shall be transferred from the Harbor Revenue Fund to the City's Tideland's Operating Fund. Any amounts transferred to the City's Tideland's Operating Fund must be approved by a majority of all members of the Board. When approving any transfer, the Board must determine that the amount to be transferred will not be needed for Harbor Department operations, including, without limitation, operating expenses and capital projects, and that such transfer will not result in insufficient funds to pay the principal and interest on the Senior Bonds, or otherwise impair the ability

to meet covenants with respect to the Senior Bonds. The Harbor Department transferred approximately \$18 million (5% of the Harbor Department's Fiscal Year 2016 gross operating revenue) from the Harbor Revenue Fund to the City's Tideland's Operating Fund for the Fiscal Year ended September 30, 2017. The Harbor Department expects to transfer approximately \$19.1 million (5% of the Harbor Department's Fiscal Year 2017 gross operating revenue) from the Harbor Revenue Fund to the City's Tideland's Operating Fund during Fiscal Year 2018. The Board expects that for the foreseeable future transfers will continue to be made each Fiscal Year from the Harbor Revenue Fund to the City's Tideland's Operating Fund.

Repayment Obligations. Under certain circumstances the obligation of the Board, pursuant to a written agreement, to reimburse the provider of a credit facility or a liquidity facility (a "Repayment Obligation") may be secured by a pledge of and lien on Revenues on parity with the Senior Bonds. If a credit provider or liquidity provider advances funds to pay principal or the purchase price of or the interest on Senior Bonds, all or a portion of the Board's Repayment Obligation may be afforded the status of a Senior Bond under the Senior Resolution. The Board currently does not have any Repayment Obligations outstanding.

Harbor Department Internal Debt Management Policy

As part of its Debt Management Policy (which was approved via ordinance in 2011 by the Board), the Harbor Department is required to (a) maintain a minimum debt service coverage ratio ([operating revenue plus interest income minus operating expenses before depreciation and amortization] divided by [annual debt service on all of the Harbor Department's debt]) of 2.0, and (b) maintain a minimum unrestricted cash balance of 600 days of prior Fiscal Year operating expenses (before depreciation and amortization). This policy is an internal guide for the Harbor Department and if not maintained will not be an event of default under the Senior Resolution. Although the Board currently intends to maintain these requirements in the Debt Management Policy, the Board could take future actions that reduce or eliminate these requirements.

THE PORT OF LONG BEACH

General

According to the American Association of Port Authorities, the Port was the number two-ranked container port in the nation in terms of container cargo for the year ended December 31, 2017. The facilities at the Port moved approximately 7.5 million TEUs for the year ended December 31, 2017. [According to statistics compiled by Alphaliner, during calendar year 2017, the Port was the 21st busiest container port in the world.] See "CERTAIN INVESTMENT CONSIDERATIONS—Port Competition" for additional information about the Port's competitors. The Port is a harbor complex located two miles from open sea in an 11.9 square-mile area (the "Harbor District") within the City and on 359 acres of the City of Los Angeles adjacent to the City. The Port is held in trust by the City pursuant to certain tideland and submerged land grants from the State to the City and is operated by the Harbor Department. The Harbor Department was created in 1931 by an amendment to the Charter. See "—Power and Authority of the Board" below.

Development of a harbor in the City began in 1905 when private interests acquired 800 acres of property for port purposes. An ocean entrance to this area was completed in 1909, and in the same year voters of the City approved a \$245,000 bond issue for the purchase of water frontage and construction of the first pier. In 1911, the wharf was opened, and the Port was established. General obligation bond issues were authorized in 1916, 1924 and 1928 for channel work and construction of additional terminal facilities. With the discovery of oil in 1936, Port development was financed with petroleum revenues,

and the general obligation bond issues were fully retired. Since 1965, Port development has been financed primarily with surplus revenues and the proceeds of revenue bonds. No general obligation bonds have been issued for Port development since the 1920's.

In 1990, the U.S. Congress enacted the Defense Base Closure and Realignment Act of 1990 ("DBCRA"), which established a decision making process for the closure of U.S. military bases throughout the world. Pursuant to DBCRA, the Long Beach Naval Station and the Long Beach Naval Shipyard (collectively, the "Naval Complex") were included in the base closures announced during 1991 and 1995, respectively. The Naval Complex consists of 1,140 acres (686 acres of water and 454 acres of land) located on the west side of the Harbor District. The City owns 1,084 acres of the Naval Complex and leases the remaining 56 acres from the United States pursuant to the Lease in Furtherance of Conveyance dated as of August 11, 1998 (the "Naval Complex Lease"). The Naval Complex Lease terminates in 2048 unless terminated earlier by the conveyance of the leased property in fee from the United States to the City. The Board anticipates that the remaining 56 acres will be transferred to the City in the future.

The Port currently has 65 deep-water berths (several of which are and will be capable of servicing the largest commercial ships currently afloat and the largest commercial ships currently being designed) with equipment and facilities to handle all types of cargo. See "—Current Port Facilities" below. As of September 30, 2017, the total investment in land, structures and facilities at the Port was approximately \$6.4 billion, including the value of work in progress and rights of way, but before accumulated depreciation.

The Harbor Department operates the Port as a landlord through various property agreements entered into with tenants of the Port. The property agreements entered into by the Board, which convey the right to use, rent or lease Port assets, include leases, preferential assignment agreements, revocable permits, area assignments and pipeline licenses. The Harbor Department leases and/or assigns docks, wharves, transit sheds, terminals and other facilities to shipping or terminal companies and other private firms for operation of such facilities. Pursuant to the property agreements, the tenants of the Port pay tariff charges (including, but not limited to, wharfage (the charge assessed when cargo crosses the wharf), dockage (the charge assessed for docking a vessel at a berth), storage and demurrage (charges related to the duration that cargo may be stored at the terminal)) and other fees to the Harbor Department for the right to use, rent or lease Port facilities. See "—Property Agreements" and "—Port Tariffs." Comparative operating statistics for the Harbor Department are presented under the caption "—Operating Performance" below. See also "FINANCIAL DATA."

Power and Authority of the Board

Pursuant to Chapter 676, Statutes of 1911, Chapter 102, Statutes of 1925, and Chapter 158, Statutes of 1935, the State conveyed to the City certain tide and submerged lands in trust, for the establishment, improvement and conduct of a harbor to accommodate and promote commerce, navigation and fishing. Consistent with this grant, the Charter confers on the Board exclusive control and management of the Harbor Department and control and jurisdiction over the Harbor District other than the lands used for or in connection with the drilling for, developing production, extracting, processing, taking or removing, storing and disposing of oil, gas and other hydrocarbon substances previously transferred by the State from the Harbor Department's control to the control of the City. Pursuant to the Charter, the Board is authorized, on behalf of the City, to make provisions for the needs of commerce, navigation, recreation and fishery in the Harbor District; to promote, develop, construct, reconstruct, alter, repair, maintain, equip and operate all waterfront properties including piers, wharves, sea walls, docks, basins, channels, slips, landings, warehouses, floating and other plants or works; dredge and reclaim land; construct, equip and operate terminal rail trackage; and to establish, equip and operate all other facilities

or aids incident to the development, protection and operation of the Port both inside and outside the Harbor District.

The Charter grants the Board the exclusive power and duty for and on behalf of the City to enter into contracts, leases and agreements, to take legal actions in any matter within its jurisdiction, to exercise the right of eminent domain and to make and enforce general rules and regulations throughout the Harbor District, including the regulation of public service, public utilities and private construction; to fix and collect all rates, tolls and other charges, including tariffs, for the use and occupation of the public facilities and appliances of the Port; to take charge of, control and supervise the Port and to perform any and all other acts and things which are necessary and proper to carry out the general powers of the City. The Board's actions are not subject to review by the Mayor of the City or the City Council, except that the City Council must approve the issuance of revenue bonds, the annual budget and appeals of California Environmental Quality Act determinations regarding the environmental impacts of capital projects at the Port. The City Council has approved the issuance of the Series 2018A Senior Notes.

Management and Administration

The Board. The Board is composed of five members ("Commissioners") appointed by the Mayor of the City subject to confirmation by the City Council. Commissioners must be qualified electors of the City. To assure continuity, the Commissioners serve overlapping six-year terms. Every year the Board selects a President, Vice President and Secretary from among its members. The current Commissioners are as follows:

Tracy J. Egoscue–President. Ms. Egoscue was appointed to the Board in 2014 and her six-year term ends on June 30, 2020. She was elected President of the Board by the other members of the Board in July 2018. Ms. Egoscue is owner and founder of the City-based environmental law firm, Egoscue Law Group. Before founding Egoscue Law Group, Ms. Egoscue served as counsel for the environmental practice group of the international law firm of Paul Hastings LLP. Prior to that, Ms. Egoscue served as Executive Officer of the State of California Regional Water Quality Control Board-Los Angeles Region and as Executive Director of the Santa Monica Baykeeper. Ms. Egoscue has also served as a Deputy Attorney General for the California Department of Justice. She currently serves on the Board of Directors of the California League of Conservation Voters, the Bay Foundation and Mujeres de la Tierra. Ms. Egoscue received a bachelor's degree from the University of California, Santa Barbara, and a juris doctorate from George Washington University in Washington, D.C.

Bonnie Lowenthal–Vice President. Ms. Lowenthal was appointed to the Board in July 2017 and her six-year term ends on June 30, 2023. She was elected Vice President of the Board by the other members of the Board in July 2018. She is a former California Assemblywoman, Long Beach City Councilwoman and Vice Mayor, and Long Beach Unified School District Board member. In 1994, Ms. Lowenthal was elected to the first of two terms on the Long Beach school board. She then won the First District City Council seat in a 2001 special election and was elected to full terms in 2002 and 2006 before being elected to the Assembly in 2008. While a City Council member, Ms. Lowenthal was selected as Vice Mayor in 2006. As a Councilwoman, she also served on the board for the LACMTA. She also has served as a licensed family counselor, mental health consultant and educator. Ms. Lowenthal's pre-political work is rooted in the local Cambodian community, beginning as Director of Planning for the United Cambodian Community in 1989. She earned a Bachelor's Degree in Sociology from the University of Wisconsin and a Master's Degree in Community and Clinical Psychology from California State University, Long Beach.

Frank Colonna–Secretary. Mr. Colonna was appointed to the Board in July 2017 and his six-year term ends on June 30, 2023. He was elected Secretary of the Board by the other members of the Board in July 2018. He has been a real estate professional and business owner in Long Beach for more than 30 years. Mr. Colonna recently served on the City’s Economic Development Commission, from 2015 to 2017. He was elected as Long Beach Councilmember for the Third District in 1998 and reelected in 2002, serving as Vice Mayor from 2002 to 2004. Before entering public service, Mr. Colonna began his own successful real estate business and served eight years as the President of the Belmont Shore Business Association. He also has served in leadership roles with the San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy, the Governing Board of ACTA, and the Gateway Cities Council of Governments. Mr. Colonna graduated from California State University, Long Beach, with a Bachelor of Science degree, and received his master’s degree in Environmental Health from California State University, Northridge. After graduation, he joined the military where he honorably served as 1st Lieutenant in the California Army National Guard.

Lou Anne Bynum–Commissioner. Ms. Bynum was appointed to the Board in 2014 to fill a vacant seat and was reappointed to the Board in 2015. Her six-year term ends on June 30, 2021. Ms. Bynum recently retired from a 20-year career at Long Beach City College (“LBCC”), where she served as Executive Vice President of College Advancement and Economic Development since 2012. Under her leadership, LBCC brought in and administered more than \$125 million in grants and contracts leading to a number of awards for the quality and success of the programs. Ms. Bynum has served in volunteer leadership roles for local, regional and national organizations and currently serves as an executive committee member of the Los Angeles Area Chamber of Commerce Board and is a current appointee by the U.S. Secretary of Commerce to the National Advisory Council on Innovation and Leadership. Ms. Bynum received a bachelor’s degree in History from California State University, Long Beach and a master’s Degree in Applied Linguistics/Teaching English to Speakers of Other Languages from the University of California, Los Angeles.

Lori Ann Guzmán–Secretary. Ms. Guzmán was appointed to the Board in 2013 and her six-year term will end on June 30, 2019. Since December 2010, she has served as Director of Finance for the City of Huntington Beach, and, previously, served the City, first as City Controller and then as Chief Financial Officer. Prior to her roles at the City, Ms. Guzmán worked for the New York State Division of the Budget and the New York City Administration for Children’s Services, overseeing budgets of over two billion dollars. A Long Beach resident, she has served on the Long Beach Transit Board and is a 2000 graduate of Leadership Long Beach. Ms. Guzmán received a bachelor’s degree from Barnard College at Columbia University and a master’s degree in Public Administration from Columbia University School of International and Public Affairs.

The Staff. The Charter provides that the Board appoint and employ an Executive Director, who acts as the chief executive of the Harbor Department and who exercises the management of all affairs of the Harbor Department. The management and administration of the Harbor Department is divided into four bureaus (the Finance and Administration Bureau, the Commercial Operations Bureau, the Planning and Environmental Affairs Bureau and the Engineering Services Bureau) reporting to the Executive Director. The Finance and Administration Bureau consists of four divisions: the Finance Division, the Information Management Division, the Real Estate Division and the Risk Management Division. The Commercial Operations Bureau consists of three divisions: the Business Development Division, the Security Division and the Tenant Services and Operations Division. The Planning and Environmental Affairs Bureau consists of three divisions: the Environmental Planning Division, the Master Planning Division and the Transportation Planning Division. The Engineering Services Bureau consists of six divisions within two groups (the Design and Maintenance Group and the Program Delivery Group): the Design and Maintenance Group consists of the Design Division and the Maintenance Division, and the Program Delivery Group consists of the Program

Management Division, the Construction Management Division, the Project Controls Division and the Surveys Division. In addition to the four bureaus discussed above, the Deputy Executive Director and the Capital Program Executive report directly to the Executive Director. The Communications Division, the Government Relations Division and the Human Resources Division also report directly to the Executive Director. The executive management of the Harbor Department includes the following individuals:

Mario Cordero—Executive Director. Mr. Cordero was appointed Executive Director of the Harbor Department effective May 2017. Prior to assuming the position of Executive Director of the Harbor Department, he served as chairman of the Federal Maritime Commission; being appointed by President Obama in 2011. Between 2003 and 2011, Mr. Cordero served as a Commissioner on the Board. During his tenure as a Commissioner, he played key roles in developing the Green Port Policy and expanding the Port's community outreach program. Mr. Cordero holds a law degree from the University of Santa Clara and a bachelor's degree in Political Science from California State University at Long Beach. He has practiced law for more than thirty years, and taught Political Science at Long Beach City College.

Duane Kenagy—Interim Deputy Executive Director. Mr. Kenagy was appointed Interim Deputy Executive Director of the Harbor Department May 16, 2017. Prior to this appointment, he served as the Interim Executive Director of the Harbor Department beginning in September 21, 2016 while the Board sought a permanent candidate for the Executive Director position. Mr. Kenagy joined the Harbor Department in 2014 as the Capital Programs Executive to oversee all elements of the Harbor Department's Capital Development Program. He has more than 35 years of engineering and design project management experience in the United States and internationally, most recently with Moffatt & Nichol, an engineering consulting firm. Mr. Kenagy joined Moffatt & Nichol in 1994 and during his tenure served in various roles, both domestically and internationally. His experience working with goods movement, alternative project delivery and transportation-related commercial investments closely aligns with his role at the Harbor Department.

Sam Joumblat—Managing Director, Finance and Administration. Mr. Joumblat was appointed Managing Director, Finance and Administration in August 2017, when he rejoined the Harbor Department after being away for three and a half years. Prior to rejoining the Harbor Department, Mr. Joumblat managed the financial and human resources areas for approximately year and a half at Port Solutions Holdings, a private equity-owned transportation company. Prior to working for Port Solutions Holdings, he spent approximately two years with Metrolink, as the Chief Financial Officer and Treasurer. He also served as interim Chief Executive Officer of Metrolink for a period of four months. Prior to going to work at Metrolink, Mr. Joumblat was the Chief Financial Officer of the Harbor Department for eight years, and prior to that, he was the Deputy City Auditor with the City for three years. Mr. Joumblat holds a master's degree in business administration, a master's of science degree in mechanical engineering and a master's of science degree in industrial engineering, all from the University of Southern California. He also holds a bachelor's of science degree in mechanical engineering. Mr. Joumblat is a Certified Public Accountant, licensed to practice in the State of California, and a Certified Internal Auditor.

Richard D. Cameron—Managing Director, Planning and Environmental Affairs. Mr. Cameron is the Managing Director, Planning and Environmental Affairs Bureau of the Harbor Department, and has served in this post since January 2014. He oversees the Planning and Environmental Affairs Bureau that includes Environmental Planning, Master Planning and Transportation Planning. Mr. Cameron joined the Harbor Department in 1996 as an Environmental Specialist, was promoted to Manager of Environmental Planning and named Director of the newly-created Division of Environmental Planning in 2007 before being appointed Acting Managing

Director in July 2013. Earlier in his career he managed environmental programs for the Port of Los Angeles and served as a consultant for various clients. Mr. Cameron has a bachelor's degree in urban and regional planning from California State Polytechnic University, Pomona.

Sean A. Gamette, –Managing Director, Engineering Services. Mr. Gamette was appointed Managing Director, Engineering Services of the Harbor Department in February 2017. He previously served as the Senior Director of the Program Delivery Group, and Chief Harbor Engineer. Mr. Gamette joined the Harbor Department in 2003 in the Program Management Division where he worked on several projects, including the conversion of the former Long Beach Naval Complex to the Pier T Container Terminal. Prior to joining the Harbor Department, he worked on Port projects as a contractor with the firms Pacific Edge Engineering, and McLaren/Hart Environmental Engineering. He is a California Registered Professional Civil Engineer and holds a Bachelor of Science Degree in Civil Engineering from California Polytechnic State University in San Luis Obispo.

Dr. Noel Hacegaba –Managing Director, Commercial Operations, and Chief Commercial Officer. Dr. Hacegaba was appointed Managing Director, Commercial Operations, and Chief Commercial Officer of the Harbor Department in October 2014. As Managing Director, Commercial Operations, and Chief Commercial Officer, he leads a team of over 100 employees in the Harbor Department's operations, business development, customer service and security and is responsible for the development and implementation of the Harbor Department's commercial strategy. Before his appointment as Managing Director, Commercial Operations, and Chief Commercial Officer, Dr. Hacegaba served as Acting Deputy Executive and Chief Operating Officer and was responsible for managing the daily business activities of the Harbor Department. Dr. Hacegaba's 20 years of public and private sector experience, spanning a variety of industries, includes working for the nation's second-largest environmental services company, serving as chief of staff for an elected official, a business executive for an international trading company, a research analyst for a policy research group and as a management consultant. He is a graduate of the University of Southern California, with degrees in economics (bachelors and masters), business administration (bachelors) and urban planning (masters). He also holds a doctorate in public administration from the University of La Verne. He also has received the professional designations of Certified Port Executive and Port Professional Manager and serves on boards and committees of various industry-related organizations, including Marine Exchange of Southern California, Harbor Association of Industry and Commerce and the American Association of Port Authorities.

Don Kwok, Acting Director of Finance. Mr. Kwok was appointed on October 2017 as the Acting Director of the Finance Division in the Finance and Administration Bureau of the Harbor Department. He leads and oversees all financial operations of the Harbor Department, including general accounting, financial planning and analyses, budget development, contract compliance, and the Harbor Department's financial audits and issuance of the Comprehensive Annual Financial Report. Mr. Kwok joined the Harbor Department as the Assistant Director of Finance in September 2016. Prior to joining the Harbor Department, he was a Complex Controller for 8 years with the International Paper Company responsible for multiple manufacturing facilities in Southern California. Before that, Mr. Kwok was a Finance Manager with the Johnson & Johnson Company in its largest business segment, the Medical Devices and Diagnostics sector. He has a Bachelor of Science Degree in Accounting from the University of Southern California. He is a member of the Government Finance Officers Association.

Employee Relations

As of July 1, 2018, the Harbor Department employed approximately 521 people. With the exception of management and unclassified positions, all employees are hired through the City Civil Service system and are represented by the International Association of Machinists and Aerospace Workers (“IAM”), the Long Beach Association of Engineering Employees (“LBAEE”), the Association of Long Beach Employees (“ALBE”), the Long Beach Supervisors Employee Association (“LBSEA”), or the Long Beach Management Association (“LBMA”) under the terms of separate Memoranda of Understanding. The Memorandum of Understanding with the IAM became effective October 1, 2016 and will expire on September 30, 2019. The Memorandum of Understanding with the LBAEE became effective October 1, 2015 and will expire on September 30, 2019. The Memorandum of Understanding with the ALBE was imposed for one year effective October 1, 2017, which expiration date can be extended. The City expects negotiations with the ALBE will begin in the fall of 2018. The Memorandum of Understanding with the LBSEA became effective July 15, 2016 and will expire on September 30, 2019. The Memorandum of Understanding with the LBMA became effective retroactive to October 1, 2015 and will expire on September 30, 2019. The employees of the Harbor Department do not work for the tenants of the Port and therefore any work stoppage related to the negotiations of new Memoranda of Understanding would not affect the collection of Revenues. See “—Stevedoring and Cargo Handling.” There never has been a work stoppage by the employees of the Harbor Department.

Current Port Facilities

General. The Port covers approximately 7,600 acres (or approximately 11.9 square miles), of which approximately 4,400 acres (or approximately 6.9 square miles) are water and includes all harbor facilities of the City. The Port has approximately 31.5 miles of waterfront with 65 deep-water cargo berths. The Port’s main channel is 76 feet deep. Container terminals occupy 1,253 acres, auto terminals occupy 144 acres, break-bulk and general cargo terminals occupy 77 acres, dry bulk terminals occupy 84 acres, and petroleum and liquid bulk terminals occupy 44 acres. The Port has six container terminals with 74 gantry cranes, all of which are post-panamax cranes, and all of which are owned by various tenants of the Port. Five container terminals are served by on-dock rail yards. Additional cargo handling facilities include three transit sheds and one warehouse. Transit sheds are of concrete and steel construction. Wharves are constructed of reinforced concrete supported by reinforced concrete pilings or sheet pile bulkhead. Wharf aprons at all transit shed berths average 50 feet in width. Rail tracks serve all major marine facilities. The Harbor Department owns a total of 82 miles of rail trackage. Current Harbor Department plans include enlarging and consolidating several of the container terminals due to the demand for larger facilities. See “CAPITAL DEVELOPMENT PROGRAM” for information on the expansion of the Port.

The Port is protected by a federally financed breakwater over nine miles in length. Water depths throughout the Port range from 76 feet at the entrance channel to 45 feet in the inner harbor and 55 feet in part of the middle harbor. Depth alongside wharves ranges from 32 to 55 feet, except that the bulk petroleum terminal provides berthing depths of over 70 feet. This facility, at maximum depth, is capable of handling supertankers of up to 265,000 dead weight tons.

Shipments to and from the Port can be received or dispatched by water, rail or truck. Two major rail lines, BNSF and Union Pacific, serve the Port. These rail carriers have connections with the Port’s rail system and offer reciprocal switching arrangements. Rail service to and from the Port increased after the opening in 2002 of the Alameda Corridor. The Alameda Corridor consists of a 20-mile long, multiple-track rail system that links the rail yards and tracks at the Port and the Port of Los Angeles with the Railroads’ transcontinental mainlines originating near downtown Los Angeles, California. The Alameda Corridor consolidated 90 miles of pre-existing rail lines on four separate routes, into an

integrated system that is separated from non-rail traffic along Alameda Street. The consolidated rail route eliminated more than 200 at-grade points of conflict between east-west streets and highways and north-south railroad traffic. ACTA was responsible for administering the overall design and construction of the Alameda Corridor (with the exception of specific work that was completed by the Railroads, certain utility owners and local agencies), and ACTA is now responsible for the operation of the Alameda Corridor, including all activities related thereto. See “OUTSTANDING OBLIGATIONS AND DEBT SERVICE SCHEDULE—Other Obligations—ACTA Shortfall Advances and Surety Obligation Payments.”

In addition, the Port is located at the end of Interstate 710 (the “710 Freeway”), which provides access to the interstate highway system. Major highway carriers serve the Port and provide transportation to all parts of the United States. Some of the containers leaving and entering the Port are also handled at the Intermodal Container Transfer Facility (the “ICTF”), a specialized rail yard located four miles from the Port for the transfer of containers between trucks and railcars, and to the switchyards of BNSF and Union Pacific. Truck travel to such switchyards takes approximately 30 to 60 minutes. The ICTF was financed and constructed by Southern Pacific Transportation Company and the Intermodal Container Transfer Facility Joint Powers Authority, a joint powers authority organized by the San Pedro Bay Ports. The ICTF is now operated by Union Pacific.

Container Terminals. Containerized cargo represents the largest source of revenue for the Harbor Department. For the 12 months ended September 30, 2017, containerized cargo accounted for approximately 76% of the Harbor Department’s total operating revenue, primarily through the collection of wharfage. See “—Property Agreements” and “—Port Tariffs.” See “CAPITAL DEVELOPMENT PROGRAM—2018-27 Capital Plan” for information on the construction and improvement of the container terminals at the Port. The following is a summary of the major container facilities at the Port.

Pier A. SSA Terminals (Long Beach), LLC, a joint venture among SSA Terminals, L.L.C. (“SSAT”), and Matson Navigation Co., currently operates the container terminal on Pier A (the “Pier A Container Terminal”). The Pier A Container Terminal is an approximately 193-acre facility that includes three berths, a 3,600-foot-long wharf with a water depth of 50 feet, two gate facilities with a total of 28 truck lanes, a storage area for approximately 24,000 on-ground containers, power outlets for 650 refrigerated containers and an on-site railyard capable of handling two double-stack trains simultaneously. Ten gantry cranes with capacities ranging from 40 tons to 60 tons facilitate cargo movement. The facilities at the Pier A Container Terminal can handle ships carrying up to 9,500 TEUs. See “—Operating Performance—Leading Revenue Producers—Restructuring of Preferential Assignment Agreements for Pier A and T Container Terminals.”

Pier C. SSAT operates a 68-acre container terminal at Pier C (the “Pier C Container Terminal”), which includes two berths, an 1,800 foot-long wharf with a water depth of 42 feet, a storage area for approximately 4,000 on-ground containers and power outlets for 272 refrigerated containers. Three 40-ton to 60-ton capacity gantry cranes facilitate cargo movement. The facilities at the Pier C Container Terminal can handle ships carrying up to 4,500 TEUs.

Middle Harbor Terminal. The container terminals on Piers D, E and F (collectively, the “Middle Harbor Terminal”) are currently being consolidated into one 311-acre container terminal as part of the “Middle Harbor Terminal Redevelopment Project.” Phases 1 and 2 of the Middle Harbor Terminal were completed and became operational in 2015 and 2017, respectively. Phases 1 and 2 of the Middle Harbor Terminal are capable of handling ships carrying approximately 22,000 TEUs. Phase 3 is underway and is scheduled to be completed in late-2020. Once the overall Middle Harbor Terminal Redevelopment Project is fully complete, the facility will include a new 4,200-foot long concrete wharf with three deepwater berths that will support 14 modern gantry cranes that will be able to handle ships carrying up to

24,000 TEUs and able to move up to an estimated 3.3 million TEUs annually. See “CAPITAL DEVELOPMENT PROGRAM—2018-27 Capital Plan—Middle Harbor Terminal Redevelopment (Piers D, E and F).”

In 2012, the Harbor Department and Orient Overseas Container Line LLC (“OOCL”) entered into a 40-year preferential assignment agreement for the Middle Harbor Terminal. Based on the guaranteed annual minimum payments required to be made by OOCL pursuant to the terms of the preferential assignment agreement, the Harbor Department expects the agreement will generate a minimum of approximately \$4.6 billion of operating revenue for the Harbor Department over the 40-year term. The facility is currently operated by OOCL’s subsidiary and sublessee, LBCT LLC (“LBCT”). In 2017, China Overseas Shipping Company (“COSCO”) agreed to purchase the parent company of OOCL. However, in order to receive U.S. government approval for the purchase, COSCO has agreed to divest its ownership in LBCT. Any purchaser of COSCO’s interest in LBCT, would be required to assume all of the obligations (including guaranteed annual minimum payments) of OOCL under the preferential assignment agreement for the Middle Harbor Terminal. The party that agrees to assume OOCL’s obligations, including any guarantor, under the preferential assignment agreement would be subject to the approval of the Board. While the sale of LBCT is pending, ownership is expected to be transferred to a trust, whose principal trustee must be a U.S. citizen. As of the date of this Official Statement, the Harbor Department does not know who will purchase COSCO’s interest in LBCT or what affect such a purchase may have on operations at the Middle Harbor Terminal.

Pier G. International Transportation Service Inc. (“ITS”) operates a container terminal at Pier G (the “Pier G Container Terminal”). The Pier G Container Terminal is an approximately 258-acre facility that includes five berths, a 6,379 foot-long wharf with water depths ranging from 42 feet to 52 feet, a storage area for approximately 12,800 on-ground containers, power outlets for 1,100 refrigerated containers and an on-dock railyard. The Pier G Container Terminal has 15 gantry cranes, with capacities ranging from 30-tons to 60-tons. The facilities at the Pier G Container Terminal can handle ships carrying up to 14,000 TEUs.

Pier J. Pacific Maritime Services LLC (a joint venture between SSAT, CMA CGM and COSCO) operates from Pier J (the “Pier J Container Terminal”). The Pier J Container Terminal is an approximately 256-acre facility that includes five berths, a 5,900 foot-long wharf with water depths ranging from 49 feet to 50 feet, a storage area for approximately 12,320 on-ground containers, power outlets for 685 refrigerated containers and an on-dock railyard. The Pier J Container Terminal has 17 gantry cranes, with capacities ranging from 40-tons to 60-tons. The facilities at the Pier J Container Terminal can handle ships carrying up to 18,000 TEUs.

Pier T. Total Terminals International, LLC (a joint venture between Terminal Investment Limited SARL (a subsidiary of Mediterranean Shipping Company) and Hyundai Merchant Marine), operates the Port’s largest container terminal on Pier T (the “Pier T Container Terminal”). The Pier T Container Terminal is an approximately 380-acre facility that includes five berths, a 5,000 foot-long wharf with a water depth of 55 feet, a storage area for approximately 8,300 on-ground containers, power outlets for 1,850 refrigerated containers and an on-dock railyard. The Pier T Container Terminal has fourteen 65-ton gantry cranes. The facilities at the Pier T Container Terminal can handle ships carrying up to 18,000 TEUs. See “—Operating Performance—Leading Revenue Producers—Restructuring of Preferential Assignment Agreements for Pier A and T Container Terminals.”

Dry Bulk. For the 12 months ending September 30, 2017, dry bulk accounted for approximately 9% of the Harbor Department’s total operating revenue, primarily through the collection of wharfage. The following is a summary of the major dry bulk facilities at the Port.

Piers G and F. Approximately 6.9 million and 5.8 million metric tons of dry bulk products were exported through the dry bulk terminals on Piers G and F in each of the Fiscal Years 2017 and 2016, respectively. These products include petroleum coke, calcined petroleum coke, coal and sulfur.

The Pier G bulkloader consists of two conveyor system shiploaders operated by Metropolitan Stevedore Company. Dry bulk products are stored temporarily in seven specifically-designed sheds that have a total capacity of 586,000 tons and are moved automatically to dockside, where ships are loaded at 3,900 tons per hour. An eighth storage shed, used to store coal, has a capacity of 150,000 tons of product and includes two rotary plow feeders, with a capacity of 3,000 metric tons per hour, which are connected via conveyor to the Pier G shiploaders. The storage sheds are leased to industrial firms that transport their products to the Port for sale abroad. The entire facility is automated and is capable of high-speed handling of cargo by truck or rail. A rotary railroad car dumper is capable of emptying an entire 100-car train in less than four hours, and bottom dumpers on two different track systems also operate at high capacity.

The Pier F bulkloader consists of an automated conveyor shiploader and a ten acre silo complex operated by Koch Carbon Inc. for the storage and exporting of petroleum coke. The petroleum coke is delivered by rail or truck to the silos, screened, sorted and stored for shipment overseas.

Cement Facilities. There are two cement terminals at the Port. CEMEX Pacific Coast Cement Corporation operates a 50,000 ton capacity bulk cement terminal from Pier D. This terminal has six silos and a pollution free enclosed unloader that can unload directly into the silos. The screw type unloader has a capacity to handle up to 800 tons of cement per hour. A second cement terminal is located on Pier F and utilizes a vacuum type unloader. Operated by MCC Terminal, Inc., this facility can handle 800 tons per hour and, instead of a silo system, utilizes a warehouse (with a capacity of 52,000 tons) to house and transfer product.

Salt. At Pier F, Morton Salt Co. handles bulk solar salt shipped from Baja, California. This salt is used primarily in water softeners and by chemical companies. Conveyor belts, cranes and other equipment are used for unloading and stockpiling the crude salt, which is then graded and bagged or delivered in bulk.

General Cargo. For the 12 months ending September 30, 2017, general cargo accounted for approximately 5% of the Harbor Department's total operating revenue, primarily through the collection of wharfage and facilities rentals. The following is a summary of the major general cargo facilities at the Port.

Vehicles. The Toyota Motor Sales automobile terminal occupies a total of 144 acres in the northern area of the Port on Pier B. Vehicles are unloaded at this terminal, cleaned, processed and transported to destinations from Southern California to the Midwest. Approximately 196,000 vehicles were shipped through this terminal during Fiscal Year 2017 as compared to approximately 199,000 vehicles during Fiscal Year 2016. A majority of all Lexus cars imported into the United States pass through this terminal. Toyota Motor Sales also exports vehicles manufactured at its factories in the United States through this terminal.

Mercedes Benz vehicles arrive and are unloaded at Pier F, Berths 206 and 207. Crescent Terminals, Inc. ("Crescent Terminals") operates Berths 206 and 207. Mercedes received approximately 66,000 vehicles in Fiscal Year 2017 and approximately 72,000 vehicles in Fiscal Year 2016 through these facilities.

Forest Products. Weyerhaeuser Company, a subtenant of Fremont Forest Group Corporation, located at Pier T, transports framing lumber by barge from Coos Bay, Oregon, and Longview and Aberdeen, Washington. At this facility, approximately 188 million board feet of lumber are handled annually.

Metals. SA Recycling, LLC operates a recycled steel and iron ore facility on Pier T that includes an 850 foot wharf with a steel reinforced concrete storage area and two loading cranes. The facility is served by rail and truck and has the capacity to handle 650,000 tons per year.

Break Bulk. CSA Equipment Inc. (a joint venture of SSA and Cooper/T. Smith) occupies Berths 204-205 on Pier F, and mainly handles machinery, equipment and steel products imported from the Far East. The CSA terminal has an 180,000 square foot storage shed on-site. At Berths F206 and F207 Crescent Terminals, in addition to the Mercedes Benz vehicles, handles other products, including finished steel and project cargo. The Crescent terminal has a 190,000 square foot storage shed on-site.

Petroleum/Liquid Bulk. For the 12 months ending September 30, 2017, petroleum/liquid bulk accounted for approximately 5% of the Harbor Department's total operating revenue, primarily through the collection of wharfage per barrel. The following is a summary of the major petroleum/liquid bulk facilities at the Port.

Petroleum Bulk. The Port maintains five bulk oil terminals; two are leased to Tesoro Refining and Marketing Company ("Tesoro") (on Pier B); one is leased to Carson Cogeneration Company, a Tesoro subsidiary (on Pier T); one is leased to Petro Diamond Terminal Co. ("Petro Diamond") (on Pier B); and one is leased to Chemoil Marine Terminal ("Chemoil") (on Pier F). Each terminal is connected directly to the storage and tank farms of the respective lessee. The three Tesoro terminals handle primarily crude oil, while the Petro Diamond and Chemoil terminals primarily handle finished petroleum products such as gasoline, vessel bunker fuel and jet fuel. The total movement of crude and refined petroleum products during Fiscal Year 2017 was approximately 32.6 million metric tons as compared to approximately 31.2 million metric tons during Fiscal Year 2016.

Liquid Bulk (Chemical and Oils). Liquid bulk is handled by Vopak North America at Pier S, Berth S101. Large heavy duty pumps handle a variety of bulk liquids such as chemicals. Additional tank storage capacity is nearby at locations linked by direct pipeline to the berth facilities.

Marine Commerce and Cargoes

The Harbor Department derives the majority of its revenue from containerized cargo operations. The Port handles "local cargo" that "naturally" moves through Southern California (e.g., cargo consumed within the locally defined region) and "discretionary cargo" (cargo that is not consumed within the locally defined region but moves through Southern California for other reasons (e.g., inland distribution capability)). Currently, approximately 65% of the cargo handled by the Port is discretionary cargo. Most discretionary cargo is moved via rail to inland destinations both within and outside California. The amount of discretionary cargo handled by the Port varies on a month-to-month basis and on a year-to-year basis because ocean carriers and cargo owners can choose between various ports to get their cargoes to inland destinations. See "CERTAIN INVESTMENT CONSIDERATIONS—Port Competition."

Tonnage. The Harbor Department tracks the volume of marine commerce by Metric Revenue Tons ("MRTs"). Marine commerce passing through the Port by MRTs and TEUs during the last five Fiscal Years is summarized in the following table:

TABLE 4
Harbor Department of the City of Long Beach
Revenue Tonnage and TEU Summary
(Fiscal Year Ended September 30)

	2013	2014	2015	2016	2017
Inbound/Outbound Cargo in Revenue Tonnage (MRTs)¹					
<i>Inbound Cargo</i>					
Foreign	101,026,699	104,245,298	98,464,085	93,927,997	99,467,872
Coastwise/InterCoastal	18,476,723	17,998,456	26,060,757	29,008,568	30,977,282
Total Inbound Cargo	119,503,422	122,243,754	124,524,842	122,936,565	130,445,154
<i>Outbound Cargo</i>					
Foreign	36,768,609	37,066,641	33,592,125	32,737,305	32,922,688
Coastwise/InterCoastal	5,141,434	5,348,303	4,843,410	3,995,516	3,257,747
Bunkers	843,291	866,945	1,313,215	1,652,476	1,474,261
Total Outbound Cargo	42,753,334	43,281,889	39,748,750	38,385,297	37,654,696
Total Cargo in Revenue Tonnage	162,256,756	165,525,643	164,273,592	161,321,863	168,099,850
Container Count in TEUs²	6,647,975	6,817,591	7,087,700	6,946,257	7,231,758

¹ A Metric Revenue Ton is equal to either 1,000 kilograms or one cubic meter.

² A TEU represents a twenty-foot equivalent unit.

Source: Harbor Department

Cargo volumes as measured by MRTs and by TEUs increased by approximately 4.2% and 4.1%, respectively, in Fiscal Year 2017 as compared to Fiscal Year 2016. These increases were primarily a result of higher cargo volumes resulting from the opening of Pier E of the Middle Harbor Terminal. Also, see "FINANCIAL DATA" for a discussion of the Harbor Department's Fiscal Year 2017 financial results.

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The following table sets forth the number of TEUs handled by the Port in the first nine months (October through June) of Fiscal Years 2017 and 2018.

TABLE 5
Harbor Department of the City of Long Beach
TEUs Handled by Port
(First Nine Months of Fiscal Years 2017 and 2018)

Month	First Nine Months Fiscal Year 2017 ¹	First Nine Months Fiscal Year 2018 ²	Percentage Change
October	581,808	669,218	15.0%
November	534,308	612,659	14.7
December	548,929	696,918	27.0
January	582,689	657,830	12.9
February	498,311	661,790	32.8
March	505,382	575,258	13.8
April	558,014	618,438	10.8
May	648,287	687,427	6.0
June	658,727	752,188	14.2
Total	5,116,455	5,931,726	15.9

¹ October 2016 through June 2017.

² October 2017 through June 2018.

Source: Harbor Department

TEUs handled at the Port increased 15.9% during the first nine months of Fiscal Year 2018 as compared to Fiscal Year 2017. The main contributing factors to such increases were (i) the normalization of cargo passing through the Port following Hanjin’s bankruptcy filing in August 2016 that resulted in a slowdown of cargo passing through the Pier T Container Terminal (see “—Operating Performance—Leading Revenue Producers—Hanjin Bankruptcy”), and (ii) the opening of Pier E of the Middle Harbor Terminal. See “CERTAIN INVESTMENT CONSIDERATIONS—Alliances and Consolidation of Container Shipping Industry.”

Cargo Summary. For the year ended September 30, 2017, the Port’s principal inbound cargoes were bulk petroleum, metal and metal products, furniture, machinery, motor vehicle parts, electronics, apparel, chemicals, plastics and food products, and its principal outbound shipments were petroleum coke, wastepaper, food products, animal feed, scrap metal, chemicals, plastics, coal, bulk petroleum and mineral ores and ash.

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The following is a breakdown of cargo handled at the Port during the past two Fiscal Years in tonnage and operating revenues:

TABLE 6
Harbor Department of the City of Long Beach
Cargo Summary
(Fiscal Years Ended September 30, 2016 and 2017)

Type of Cargo	2016				2017			
	Metric Revenue Tons (000's)	Percent of Total Tons	Operating Revenue (000's) ¹	Percent of Operating Revenue ¹	Metric Revenue Tons (000's)	Percent of Total Tons	Operating Revenue (000's) ¹	Percent of Operating Revenue ¹
Containerized	123,014	76%	\$274,732	76%	127,037	76%	\$291,421	76%
Petroleum/Liquid Bulk	31,174	19	17,177	5	32,628	19	18,126	5
Dry Bulk	6,028	4	29,389	8	7,170	4	34,719	9
General Cargo	1,106	1	26,873	7	1,265	1	20,221	5
Total Cargo	<u>161,322</u>	<u>100%</u>	<u>\$348,171</u>	<u>96%</u>	<u>168,100</u>	<u>100%</u>	<u>\$364,486</u>	<u>95%</u>
Other Operating Revenues			<u>\$12,531</u>	<u>4%</u>			<u>\$16,525</u>	<u>4%</u>
Total			<u>\$360,660</u>	<u>100%²</u>			<u>\$381,010</u>	<u>100%²</u>

¹ Operating Revenue includes operating revenues from wharfage, dockage, storage/demurrage, rentals, bunkers, special facilities rentals, utilities and other. See "TABLE 8—Harbor Department of the City of Long Beach; Sources of Operating Revenues."

² Numbers may not sum due to rounding.

Source: Harbor Department

Trading Countries. The top five trading countries with the Harbor Department for the past five Fiscal Years, ranked based upon Fiscal Year 2017 results, are summarized in the following table:

TABLE 7
Harbor Department of the City of Long Beach
Five Leading Trading Countries
(Fiscal Year Ended September 30)
(Ranked on Fiscal Year 2017 Results)
(Metric Tons)

Countries	2013	2014	2015	2016	2017
Inbound					
China	14,860,528	15,693,666	15,741,891	14,025,907	14,550,772
Saudi Arabia	238,081	689,147	1,232,156	2,439,698	2,910,743
Panama	2,181,606	2,844,573	2,639,291	2,554,182	2,204,626
Ecuador	2,238,208	1,274,199	2,826,985	1,951,651	1,820,279
South Korea	1,203,568	1,639,582	1,684,992	1,641,842	1,646,986
Outbound					
China	8,986,568	9,957,376	6,959,538	7,190,713	6,078,161
Japan	4,305,008	4,082,910	3,414,694	2,805,124	2,926,459
Taiwan	1,778,155	1,921,029	1,358,072	1,257,552	1,168,901
South Korea	955,389	931,765	1,144,523	995,048	1,164,972
Indonesia	620,569	636,142	674,926	638,699	799,529

Source: Harbor Department

In addition to the trading countries listed above, the other major inbound trading countries include Mexico, Vietnam, Kuwait, Japan and Iraq, and the other major outbound trading countries/regions include Australia, Hong Kong, Vietnam, Mexico and India.

Supply Chain Optimization Initiative. The Harbor Department is actively evaluating the movement of goods through the Port, including ways to increase reliability, reduce costs, increase efficiencies, enhance the timely exchange of information, establish meaningful performance metrics and strengthen relationships with all supply chain stakeholders. The San Pedro Bay Ports have conducted over 60 working group sessions and are actively developing specific efficiency improvement initiatives related to chassis utilization, data transparency, and intermodal rail optimization.

Property Agreements

The Harbor Department operates the Port as a landlord through various property agreements entered into with the tenants of the Port. The property agreements, which convey the right to use, rent or lease Port assets, include leases, preferential assignment agreements, revocable permits, area assignments and pipeline licenses. Pursuant to the property agreements, the tenants of the Port pay the Harbor Department tariff charges (including, but not limited to, wharfage, dockage, storage and demurrage) and other fees, including crane and land rentals. See “—Port Tariffs” below.

Property agreements for industrial and commercial use constitute one of the Harbor Department’s largest and most stable sources of income. The City, acting by and through the Board, has property agreements with approximately 325 different entities (approximately over 85% of which are with private companies). These agreements include preferential assignments, leases, revocable permits and area assignments. Over the last five Fiscal Years, property agreements covering waterfront property and facilities have generated in excess of 95% of the Harbor Department’s operating revenues. Under these agreements, the Board assigns or leases property and facilities to terminal operators for terms of up to 40 years. The property agreements with the Port’s top ten revenue producers have expiration dates ranging from 2022 to 2051, with nine of these agreements (including most of the agreements for the major container terminals) expiring between 2022 and 2034.

Most of the property agreements entered into by the cargo terminal operators are in the form of preferential assignment agreements. Under the preferential assignment agreements, the terminal operators primarily pay the Harbor Department tariff charges, mainly wharfage (the charge assessed when cargo crosses the wharf), dockage (the charge assessed for docking a vessel at a berth), storage, and demurrage (charges related to the duration that cargo may be stored at the terminal), for the use of the Port facilities. Most of the preferential assignment agreements with the cargo terminal operators contain a guaranteed annual minimum payment. For Fiscal Year 2017, the preferential assignment agreements with the Port’s major container terminal operators contained guaranteed annual minimum payments of approximately \$278.1 million. The preferential assignment agreements require that the compensation payable to the Harbor Department be renegotiated at various intervals ranging from two to five years, and if the parties cannot agree, compensation is to be set through arbitration.

Under most of the current property agreements, the terminal operators are responsible for the operation and maintenance of the property and facilities, but the Harbor Department retains responsibility for maintaining the structural integrity of the piers, wharves, bulkheads, retaining walls and fender systems. Under the property agreements, Port tenants are required to comply with all applicable environmental standards set by federal, state or local laws. Port tenants are liable for all costs, expenses, losses, damages, claims, cleanup costs and penalties arising from such tenant’s failure to comply with applicable environmental standards. Additionally, Port tenants are required to carry commercial general liability insurance, including bodily injury and property damage liability on the leased premises and to

name the City, the Board and the officers and employees of the Harbor Department as additional insureds. The property agreements also provide that if the property or facilities covered thereby are damaged by acts of God such as fire, flood or earthquake, or if work stoppages or strikes prevent operation of the property or facilities, compensation payable to the Harbor Department will be reduced in proportion to the interference with operations. See “—Stevedoring and Cargo Handling” below. See also “CERTAIN INVESTMENT CONSIDERATIONS—Security at the Port” and “—Seismic Risks.”

During the last five Fiscal Years ended September 30, 2017, revenues from non-waterfront properties and miscellaneous sources have accounted for approximately 3.4% of the Harbor Department’s operating revenues. These agreements generally provide for flat rentals or require payment of a percentage of gross revenues, subject to a fixed minimum rental.

Port Tariffs

The Board sets tariff charges for wharfage, dockage, pilotage, land usage, storage and demurrage applicable to all ships and cargo at municipal berths and wharves or otherwise using City owned property in the Harbor District. The current tariffs are published in the Port of Long Beach Tariff No. 4 (the “Port Tariff”). Under the terms of the various property agreements, the terminal operators, as permittees or lessees are responsible for collecting tariff charges and for remitting to the Harbor Department, all or any portion of such tariff charges required to be paid to the Harbor Department. The Harbor Department charges wharfage on a per container load of freight basis for container cargoes and a commodity rate per ton of cargo basis for bulk and break-bulk cargoes. Dockage is also charged on a per vessel, per day basis. See “—Property Agreements” above.

The Harbor Department 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 assignment of marine terminal facilities, as well as rates and provisions for vessel dockage, wharfage, wharf storage, wharf demurrage and other miscellaneous terminal charges necessary for the orderly movement of cargo. The goal is to permit California ports to obtain an adequate return on investment in order to facilitate the necessary maintenance, expansion and improvement of marine facilities. CAPA enjoys an exemption from federal antitrust laws which permits this cooperative rate setting. See “CERTAIN INVESTMENT CONSIDERATIONS—Factors Affecting Demand for Port Facilities.”

The Harbor Department may increase tariff charges without amending the property agreements or receiving the consent of the tenants of the Port. See “CERTAIN INVESTMENT CONSIDERATIONS—Factors Affecting Demand for Port Facilities” and “—Port Competition.”

Operating Performance

Sources of Operating Revenues. As discussed under “—Property Agreements” and “—Port Tariffs” above, the Harbor Department derives income from tariffs assessed on shipping activity (primarily wharfage and dockage) and from leases, rentals and utility services. The following table summarizes the sources of the Harbor Department’s operating revenues for the past five Fiscal Years.

TABLE 8
Harbor Department of the City of Long Beach
Sources of Operating Revenues
(Fiscal Year Ended September 30)
(000's)

	2013	2014	2015	2016	2017 ¹
Operating Revenues					
Berths & Special Facilities					
Wharfage	\$296,623	\$307,561	\$312,074	\$322,522	\$342,022
Dockage	12,055	10,877	10,773	8,089	7,134
Bunkers	1,375	703	1,048	1,412	1,269
Special Facilities Rentals	12,426	13,758	16,247	15,612	13,289
Crane Rentals ²	12,789	12,789	2,372	-	-
Other	601	570	620	536	771
<i>Total Berths & Special Facilities</i>	<u>\$335,869</u>	<u>\$346,258</u>	<u>\$343,134</u>	<u>\$348,171</u>	<u>\$364,486</u>
Rental Properties	\$ 9,374	\$ 9,360	\$ 9,881	\$ 9,958	\$13,732
Utilities/Miscellaneous	1,001	1,262	2,435	2,531	2,793
Total Operating Revenues	<u>\$346,244</u>	<u>\$356,880</u>	<u>\$355,450</u>	<u>\$360,660</u>	<u>\$381,010</u>

¹ See "FINANCIAL DATA" for a discussion of the Harbor Department's Fiscal Year 2017 financial results.

² The Harbor Department sold all of the cranes that it previously owned and leased to certain of the tenants at the Port. As a result of such sale, the Harbor Department no longer collects any crane rentals.

Source: Harbor Department

Wharfage is the Harbor Department's primary source of operating revenue, generating approximately 90% of the Harbor Department's operating revenues. The following table compares revenues generated from wharfage charges to tonnage during the last five Fiscal Years:

TABLE 9
Harbor Department of the City of Long Beach
Wharfage Revenues
(Fiscal Year Ended September 30)

	2013	2014	2015	2016	2017
Total Metric Revenue Tons (000's)	162,257	165,526	164,274	161,322	168,100
Wharfage Revenue (000's)	\$296,623	\$307,561	\$312,074	\$322,522	\$342,022
Average Wharfage Revenues Per Ton	\$1.83	\$1.86	\$1.90	\$2.00	\$2.03

Source: Harbor Department

Leading Revenue Producers.

General. The following companies represent the Harbor Department's twenty largest customers in terms of revenues, listed alphabetically. These customers accounted for approximately 96% of the Harbor Department's operating revenue in Fiscal Year 2017. The largest single customer accounted for approximately 22% of the Harbor Department's operating revenues in Fiscal Year 2017

TABLE 10
Harbor Department of the City of Long Beach
Leading Revenue Producers
Fiscal Year 2017

Carson Cogeneration Company	OOCL, LLC – LBCT LLC ¹
CEMEX USA	Oxbow Carbon & Minerals, LLC
Chemoil Corp.	Pacific Maritime Services – Pacific Container Terminal
Crescent Terminals, Inc.	SA Recycling, LLC
CSA Equipment	SSA Terminal C60 / Matson Navigation
Energia Logistics Ltd.	SSA Terminals Long Beach, LLC
International Transportation Service, Inc.	Tesoro Refining & Marketing Co.
Jacobsen Pilot Service, Inc.	Tesoro Logistics LP
Koch Carbon, Inc.	Total Terminals International, LLC ²
Metropolitan Stevedore Company	Toyota Logistics Services

¹ See “THE PORT OF LONG BEACH—Current Port Facilities—Container Terminals—Middle Harbor Terminal” for a discussion of COSCO’s purchase of OOCL’s parent company and its obligation to divest its interest in LBCT.

² See “Hanjin Bankruptcy” below for a discussion of the Hanjin bankruptcy and the sale of its interest in Total Terminals to a subsidiary of Mediterranean Shipping Company and Hyundai Merchant Marine.

Source: Harbor Department

Hanjin Bankruptcy. On August 31, 2016, Hanjin filed for bankruptcy protection in the United States and various other courts around the world, including South Korea. Prior to its bankruptcy filing, Hanjin owned 54% of Total Terminals, which operates the Pier T Container Terminal. In connection with its bankruptcy proceedings, Hanjin sold its interest in Total Terminals to a subsidiary of Mediterranean Shipping Company (Terminal Investment Limited SARL) and Hyundai Merchant Marine. After the sale, Mediterranean’s subsidiary Terminal Investment Limited SARL, now owns 80% of Total Terminals, and Hyundai Merchant Marine owns 20%. As a direct result of the Hanjin bankruptcy proceedings, between September 1, 2016 and January 1, 2017, cargo throughput at the Pier T Container Terminal decreased by 36.9%, and cargo throughput at the entire Port decreased by 7.7%. However, during the bankruptcy proceedings of Hanjin, operating revenues of the Harbor Department only decreased by 0.17% as compared to the same period in Fiscal Year 2016 and Total Terminals made all guaranteed annual minimum payments under its preferential assignment agreement with the Harbor Department.

Restructuring of Preferential Assignment Agreements for Pier A and T Container Terminals. In past years, some of the same shipping lines called at both the Pier A Container Terminal and the Pier T Container Terminal. As a result of the use of larger container ships in the maritime industry, some of these shipping lines shifted cargo from the Pier A Container Terminal to the larger terminal facilities at the Pier T Container Terminal. This shift in cargo volume led the Harbor Department and the operators of the Pier A and Pier T Container Terminals to restructure certain financial terms of the Pier A and Pier T Container Terminal Preferential Assignment Agreements. These restructurings resulted in Mediterranean Shipping Company relinquishing its interest in the Pier A Container Terminal and transferring its operations to the Pier T Container Terminal in late 2016. Additionally, in 2017, SM Line, Hapag-Lloyd, and Hamburg Süd began operating at the Pier A Container Terminal. The number of TEUs handled at the Pier A Container Terminal decreased in 2017 as a result of Mediterranean Shipping moving its operations to the Pier T Container Terminal, but the number of TEUs to be handled at the Pier A Container Terminal in 2018 are expected to increase as compared to 2017 as a result of the new shipping lines providing a full year of service at the Pier A Container Terminal. The Harbor Department expects that the number of TEUs to be handled at the Pier A Container Terminal in 2018 will be higher

than the number handled in the year Mediterranean Shipping moved its operations to the Pier T Container Terminal (2016) but not as high as the number of TEUs handled in 2014 and 2015 at the Pier A Container Terminal.

Stevedoring and Cargo Handling

Arranging for stevedoring and cargo handling services is the responsibility of each marine terminal operator. Stevedoring and cargo handling at the Port are provided pursuant to a contract between the Pacific Maritime Association (the "Association") and the International Longshore and Warehouse Union ("ILWU"). The contract covers approximately 20,000 dockworkers on the West Coast. The Association represents most of the ocean carriers, marine terminal operators and stevedore companies on the Pacific Coast. The major providers of stevedoring and terminal services include Cooper/T. Smith Stevedoring, Metropolitan Stevedore Company (doing business as Metro Ports), Stevedoring Services of America, and Ports America Inc., along with ocean carrier-owned terminal operating companies such as OOCL, LLC - LBCT and Total Terminals International, LLC.

The current contract between the Association and the ILWU was entered into on May 21, 2015 and was ratified by the ILWU membership on May 22, 2015, retroactive to July 1, 2014. The current contract originally had an expiration date of June 30, 2019, but a three-year extension was negotiated by the Association and the ILWU and ratified by the ILWU membership on August 7, 2017. The current contract now has an expiration date of July 1, 2022.

The previous contract between the Association and ILWU expired on June 30, 2014. The Association and the ILWU began negotiating a new contract in May 2014, but did not agree on a new contract until February 2015. The protracted negotiations had a compounding effect on congestion issues that slowed container cargo movements through the Port between September 2014 and February 2015. The Harbor Department's revenues and container volumes at the Port were temporarily impacted during Fiscal Year 2015 as a result of the slowdown and other congestion factors, but full-Fiscal Year revenues were not materially affected and container volumes recovered and were slightly higher than the prior Fiscal Year (4%).

In December 2012, a strike by the members of the Office Clerical Unit ("OCU") of the ILWU resulted in an eight-day closure affecting only three container terminals in the San Pedro Bay that used OCU workers. The members of the OCU are employed by some of the shipping lines and terminal operators that operate at the San Pedro Bay Ports. The OCU and the shipping lines and terminal operators, subsequently agreed to new contracts and the closed terminals were reopened. There was no financial impact to the Harbor Department as a result of the OCU strike.

Prior to the OCU related work stoppage in December 2012, there had been no prolonged work stoppage since October 2002. In October 2002, after the Association and the ILWU failed to agree upon a new contract, the shipping lines and terminal operators instituted a lock-out of ILWU workers, thereby shutting down all West Coast ports, including the Port, for 10 days. Work resumed when the President of the United States ordered the ports to re-open pursuant to the Taft-Hartley Act. Prior to the 2002 lock-out, there had not been a prolonged work stoppage since 1971. Other than the work stoppages in 1971 and 2002, there has generally been a history of excellent working relationships between the ILWU and the employers represented by the Association. Prolonged work slowdowns or stoppages, particularly if combined with excessive congestion, could adversely affect revenues of the Harbor Department. The employees of the Harbor Department do not work for the tenants of the port or the stevedoring companies.

Environmental Compliance

General. The Harbor Department is required to comply with the provisions of a number of federal and state laws designed to protect or enhance the environment. The two basic laws are the Federal National Environmental Policy Act (“NEPA”) and the State of California Environmental Quality Act (“CEQA”). Other federal environmental laws applicable to the Port include the Resources Conservation and Recovery Act, which governs the cleanup, treatment and disposal of hazardous waste; the Clean Air Act, which governs the release of air pollutants; the Toxic Substances Control Act, which governs the handling and disposition of polychlorinated biphenyls (PCBs) and other toxic substances; the Marine Protection, Research and Sanctuary Act of 1972, which governs the ocean dumping of dredged materials; the Rivers and Harbors Act, which governs navigable waterways; and the Clean Water Act, which governs discharge of surface waters. Enforcement agencies include the U.S. and California Environmental Protection Agencies and the U.S. Army Corps of Engineers, which rely on consultation and advice from various federal resource agencies.

The Harbor Department also is required to conform to provisions of a number of other State environmental laws, including the Hazardous Waste Control Act, which governs hazardous waste treatment and disposal, and the Porter-Cologne Act, which governs surface and ground water quality. State enforcement agencies include the Department of Toxic Substances Control, the State Water Resources Control Board and the local Regional Water Quality Control Board. The California Air Resources Board (“CARB”) and the regional Air Quality Management District administer the federal Clean Air Act.

Additional environmental laws and regulations may be enacted and adopted, and/or court cases decided, in the future that could be applicable to the Harbor Department and the Port. See “Air Pollution Reduction Programs—2016 AQMP Indirect Source Rule” below. The Harbor Department is not able to predict what those laws, regulations and/or cases may provide or the costs to the Harbor Department to comply with such laws and regulations. Any additional environmental laws and regulations could significantly delay or limit the Harbor Department’s plans to construct and develop new revenue generating facilities at the Port. See “CAPITAL DEVELOPMENT PROGRAM.”

In conforming to these laws and their implementing regulations, the Harbor Department has instituted a number of compliance programs and procedures. Some of these are ongoing, including the sampling and analysis of harbor sediments to comply with dredging permit requirements; monitoring of water quality at stormwater outfalls; and oversight of the Harbor Department and tenant housekeeping practices. Other compliance activities are carried out on an intermittent basis as necessary. These include disposal of contaminated soil excavated from construction sites, surveys of Harbor Department-owned buildings for asbestos, and associated remedial actions, other hazardous substances site cleanup related to spills, release and illegal disposal of materials and substances on Port property by third parties, and monitoring and reporting pursuant to construction permits related to air and water quality.

The Harbor Department’s agreements with its tenants require the tenants to take the responsibility for financing the cost associated with cleaning up spills of fuels, oils and other hazardous substances.

Hazardous Materials/Waste Management. The Harbor Department administers a number of hazardous materials and waste management programs designed to ensure compliance with applicable federal, State, and local regulations. These programs include surveys to identify the presence of hazardous materials, including asbestos and lead-based paint; assessment and remediation investigations for the cleanup of soil and groundwater contaminated by the long history of industrial development within the Harbor District; and hazardous material spill response. The Harbor Department has adopted a number of contingency plans, some of which are mandated by law, regarding potential spills of fuel, oil and other

hazardous substances for the Port's marine terminal facilities. The Harbor Department's agreements with its tenants require the tenants to take on the responsibility for financing the cost associated with cleaning up spills of fuels, oils and other hazardous substances.

CEQA Document Preparation Process.

General. As the "Lead Agency" under CEQA, the Harbor Department completes CEQA determinations and documentation for all CEQA-regulated projects within the Harbor District. The Harbor Department's CEQA process includes, among other elements, (a) the establishment of a documents preparation protocol for the project description and all key analyses and (b) the establishment of a quality assurance review team, consisting of outside experts in various specialties, that will monitor the process of preparing environmental impact reports ("EIR") and environmental impact statements ("EIS") and make technical, regulatory and other recommendations. The Harbor Department's CEQA process helps reduce the potential for disagreement and challenges from federal, State and local agencies and environmental groups.

Current CEQA Projects. The Harbor Department and the U.S. Army Corps of Engineers are preparing a Port of Long Beach Deep Draft Navigation Feasibility Study and joint EIR/EIS. The study will analyze if there is a federal interest in deepening channels at the Port. The Harbor Department has prepared a Notice of Preparation under CEQA and has solicited input from agencies, organizations and interested parties on the scope of environmental issues to be addressed in the EIR for this project. A Draft EIR is currently being prepared and is expected to be released in late 2019.

The Harbor Department is currently in the process of updating the Port Master Plan which includes a corresponding programmatic EIR ("PEIR"). The project description for the PEIR is currently being developed. It is anticipated that Notice of Preparation for the PEIR will be released in late summer/early fall of 2018. The final PEIR is expected to be completed in late 2019.

Past CEQA Projects. On May 13, 2009, the Middle Harbor Terminal Redevelopment Project EIR/EIS was certified by the Board. On August 9, 2010, the Board certified the Final EIR for the Gerald Desmond Bridge Replacement Project (the "Gerald Desmond Bridge EIR"), and on September 23, 2010, Caltrans issued a Finding of No Significant Impacts with respect to the Gerald Desmond Bridge Replacement Project (the "Gerald Desmond Bridge FONSI"). Subsequent to August 9, 2010, the Board approved certain addenda to the Gerald Desmond Bridge EIR, which were reviewed by Caltrans and, in each case, Caltrans determined that the Gerald Desmond Bridge FONSI remained valid. In October 2013, an EIR/EIS with respect to development of Pier S for navigational improvements to the Back Channel and the Cerritos Channel and a shore realignment at Pier S was approved by the Board.

On December 15, 2016, the Harbor Department released a Draft EIR and an Application Summary Report for the Pier B On-Dock Rail Support Facility Project for public review. The proposed project would provide for additional railcar storage and staging capacity, including additional rail tracks for locomotive fueling, railcar repair and to accommodate assembly of cargo trains up to 10,000 feet long. The public comment period for the Draft EIR closed on March 13, 2017. The Board certified the final EIR for the Pier B On-Dock Rail Support Facility Project on January 22, 2018.

Air Pollution Reduction Programs (Clean Air Action Plan). In 2006, the Harbor Department, together with the Port of Los Angeles, developed the San Pedro Bay Ports Clean Air Action Plan (the "CAAP") with input from the EPA, CARB, and the South Coast Air Quality Management District ("SCAQMD"). The CAAP was updated and reauthorized in 2010 and again in 2017. The CAAP is the Harbor Department's long-term comprehensive plan to address air pollution emissions from Port-related sources. The CAAP addresses every category of Port-related emission sources (ships, trucks, trains,

cargo handling equipment and harbor craft), and outlines specific, detailed strategies to reduce emissions from each category. Through implementation of the CAAP, since 2005, there has been an 84% reduction in diesel particulate matter, a 97% reduction in sulfur oxides and a 56% reduction in nitrogen oxides emissions from Port-related sources. The 2017 update to the CAAP includes several updates, including goals of achieving zero emission cargo handling equipment by 2030 and zero emission drayage truck fleets by 2035. The CAAP has and will require a significant investment by the Harbor Department, the Port of Los Angeles and private sector businesses and will expedite the introduction of new and innovative methods of reducing emissions prior to any federal or State requirements being imposed on the San Pedro Bay Ports. See “2016 AQMP Indirect Source Rule” below.

Pursuant to the CAAP, the Harbor Department has undertaken several programs to lower air pollution levels at the Port, including, but not limited to: (a) an incentive-based program that encourages vessels entering the San Pedro Bay Ports to lower their speeds (faster speeds produce higher emissions) (the “Green Flag Incentive Program”); (b) an incentive-based program to encourage vessel operators to deploy their lowest pollution-emitting ships to San Pedro Bay Ports (the “Green Ship Incentive Program”); (c) accelerated replacement of cargo handling equipment with equipment that produces near-zero or zero emissions; (d) use of shore-side electrical power for ships calling at the Port (also known as “cold ironing”); (e) a Technology Advancement Program which seeks to accelerate the verification or commercial availability of new, clean technologies, through evaluation and demonstration in port operations; (f) replacement of the entire fleet of 16 switcher locomotives operated by Pacific Harbor Line with less polluting locomotives and the purchase of six generator set locomotives which meet the cleanest engine standards; and (g) the Clean Trucks Program, which requires progressively cleaner engine standards for trucks operating at the Port with a goal of having a zero emission drayage truck fleet by 2035.

Green Flag Incentive Program. The Green Flag Incentive Program was approved by the Board in 2005 to boost compliance with the voluntary vessel speed reduction program, which was then around 60%. The Green Flag Incentive Program provides financial incentives and recognition to the Port’s vessel operators who consistently participate in a voluntary speed-reduction program designed to reduce air pollution.

Under the original Green Flag Incentive Program, ocean vessels that observed a 12-knot speed limit within 20 nautical miles of the Port during an entire year of voyages to and from the Port were awarded a Green Flag environmental achievement award to recognize their contributions to improved air quality. The ocean carriers who operated the individual ships qualified for a dockage rate reduction of 15% during the following 12 months if 90% of their vessels complied with the 12-knot speed limit for the previous year. In 2009, the program was expanded to 40 nautical miles offshore. Ships observing the speed limit 40 nautical miles offshore qualify for a dockage rate reduction of 25%.

For calendar year 2017, the Green Flag Incentive Program had participation rates of 97% and 91% for 20 nautical miles and 40 nautical miles, respectively. In 2016 (the latest information available), air pollution reductions included avoided emissions of approximately 1,224 tons of smog-forming nitrogen oxides, approximately 25 tons of diesel particulate matter and approximately 53,135 tons of carbon dioxide, a greenhouse gas pollutant. In calendar year 2017, the Harbor Department provided discounts to qualified participants in the Green Flag Incentive Program of approximately \$2.6 million. The Harbor Department estimates that it will provide approximately \$2.6 million of discounts to qualified participants in the Green Flag Incentive Program in calendar year 2018.

Green Ship Incentive Program. The Green Ship Incentive Program is a voluntary clean-air initiative targeting the reduction of smog-causing nitrogen oxides (NOx). It rewards qualifying vessel operators for deploying today’s greenest ships to the Port and accelerating the use of tomorrow’s greenest

ships. Vessels with main engines meeting 2011 Tier 2 standards established by the International Maritime Organization will be eligible for an incentive of \$2,500 per ship call. For vessels meeting the 2016 Tier 3 standards, the incentive will increase to \$6,000 per ship call. Tier 2 engines reduce NOx emissions by 15%, and Tier 3 engines reduce NOx emissions by 80%. In calendar year 2017, approximately 30.2% of the vessel calls at the Port were eligible for the Green Ship Incentive Program and the Harbor Department provided approximately \$1,202,500 in incentive payments.

Shore-Side Electrical Power. Exhaust emissions from auxiliary engines operated by vessels while at berth represent a significant source of air pollution at the Port. A docked cargo ship operates auxiliary engines to power onboard operations which emits several types of air contaminants. The Harbor Department has installed shore-side electric power at all of the container terminals at the Port, so that vessels can plug-in and use electric power, rather than using internal combustion power (diesel), to power ships while at berth. When shore-side electricity is provided to the vessel, the auxiliary engines can be turned off. Shore-side electrical power will significantly reduce diesel emissions, the major source of air pollution, from large ships while at berth. In November 2007, the Port's first shore-side electrical powered container berth was commissioned at the International Transportation Service terminal on Pier G. In June 2009, the world's first shore-side electrical powered tanker berth was commissioned at the BP terminal on Pier T. In addition, bulk vessels have been using shore-side electrical power at the Mitsubishi Cement terminal on Pier F since 2007. All remaining container terminal berths were equipped with shore-side electrical power by the end of Fiscal Year 2016. The Harbor Department incurred approximately \$136.3 million of costs in connection with equipping facilities at the Port with shore-side electrical power.

In December 2007, the CARB approved the "Airborne Toxic Control Measure for Auxiliary Diesel Engines Operated on Ocean-Going Vessels At-Berth in a California Port" regulation, commonly referred to as the "At-Berth Regulation." The purpose of the At-Berth Regulation is to reduce emissions from diesel auxiliary engines on container ships, passenger ships, and refrigerated-cargo ships while berthing at a California Port. The At-Berth Regulation defines a California Port as any of the Ports of Los Angeles, Long Beach, Oakland, San Diego, San Francisco, and Hueneme. The At-Berth Regulation provides vessel fleet operators visiting these ports two options to reduce at-berth emissions from auxiliary engines: (1) turn off auxiliary engines and connect the vessel to some other source of power, most likely shore-side electrical power; or (2) use alternative control technique(s) that achieve equivalent emission reductions. Starting in 2014, at least 50% of a fleet's visits to the Port were required to use one of these two options to reduce emissions. The percentage of fleet visits required to use one of these two options increased to 70% in 2017, and will increase to 80% starting in 2020. The Harbor Department expects most vessels using Port facilities to use shore-side electrical power in order to comply with the At-Berth Regulation.

CARB is currently considering updates to the At-Berth Regulation, which may include phased-in requirements for use of shorepower or alternatives for auto carriers, bulk and general cargo vessels, and tankers. The timing of final adoption of the amendments to the regulation is anticipated in 2019.

Clean Trucks Program. Another program the Harbor Department has undertaken in an effort to lower air pollution levels at the Port is the Clean Trucks Program (the "CTP"). The CTP instituted a series of progressive bans adopted by the San Pedro Bay Ports designed to gradually restrict older, more polluting trucks from operating at the marine terminals at the San Pedro Bay Ports until eventually all trucks operating at San Pedro Bay Port terminals would be required to meet the EPA's 2007 On-Road Heavy Duty emissions standards. The CTP targets emissions from heavy duty trucks that move cargo in and out of the marine terminals at the Port. The CTP successfully reduced air emissions and health risks by modernizing the Port's trucking fleet. As a result of continued modernization of the truck fleet, currently about half have been upgraded to meet the even cleaner EPA 2010 on-road heavy duty

emissions standards. In the CAAP, the Harbor Department committed to advancing the CTP to phase out older trucks and transition to near-zero emissions in the near-term and zero-emission trucks by 2035. The Harbor Department has no remaining financial obligations under the CTP.

2016 AQMP Indirect Source Rule. In 2017, SCAQMD approved its 2016 Air Quality Management Plan (the “2016 AQMP”). The 2016 AQMP contains an “Indirect Source Rule” or “backstop rule” (also known as MOB-01) that would require the San Pedro Bay Ports to develop a strategy to reduce air emissions at the respective ports to levels still to be developed in accordance with the 2016 AQMP. The emission reduction levels could be more strict than what is already set forth in the CAAP. In March 2017, CARB adopted the 2016 AQMP as part of its amendments to the State Implementation Plan pursuant to the Clean Air Act. The amended State Implementation Plan has been submitted to the EPA for review and approval, which review and approval could take up to 18 months. In May 2018, the SCAQMD’s Board decided to postpone any action on development of an Indirect Source Rule for the San Pedro Bay Ports, to allow time for 2017 updates to the CAAP to be implemented. However, SCAQMD has proposed to enter into a Memorandum of Understanding with the San Pedro Bay Ports related to implementation of the 2017 updates to the CAAP and may choose to proceed with development of an Indirect Source Rule at a later date if it determines that adequate progress has not been made related to emission reductions for the region.

The Harbor Department does not believe SCAQMD or CARB have the authority to impose rules or regulations on the San Pedro Bay Ports that would require the Ports to regulate emissions from shipping companies, terminal operators, the railroads or the trucking companies because (i) the San Pedro Bay Ports are not regulators and do not have regulatory authority, and (ii) those industries are regulated under international treaties and federal and state laws and thus enjoy various levels of preemption. As of the date of this Official Statement, the Harbor Department cannot predict what final rules and regulations may result from the 2016 AQMP and the State Implementation Plan, the results of any legal challenges to such rules and regulations, or the costs of such rules and regulations, if enforceable against the San Pedro Bay Ports and their respective tenants

Water Quality Improvement. The Harbor Department faces water quality issues that include not only stormwater runoff from Port lands, but also the on-water activities of industrial harbors, legacy sediment contamination, and inputs from intensely developed urban watersheds upstream. Recognizing the advantages of addressing these issues on a port-wide basis, in 2009, the Harbor Department and the Port of Los Angeles worked cooperatively with regulatory agencies and the public to develop a Water Resources Action Plan (the “WRAP”). The WRAP is a joint plan for managing water and sediment quality at the San Pedro Bay Ports. The WRAP identifies the key issues in the port complex; identifies control measures to address those issues; and assembles existing, as well as proposed, water and sediment programs into those measures. The WRAP describes the implementation tools available to the San Pedro Bay Ports (lease and tariff provisions, incentives, and port-sponsored initiatives) and establishes a schedule for implementing the control measures. A key aspect of the WRAP is its dynamic nature: the WRAP is revisited periodically to add detail and to add or modify measures where appropriate. The control measures described in the WRAP consist largely of plan formulation and the expansion and reorganization of activities that the San Pedro Bay Ports are already engaged in. Accordingly, the cost of implementing the control measures will consist predominately of staff and consultant time. Several of the control measures set forth in the WRAP will likely involve capital costs at the implementation phase. Costs of the WRAP will be paid with Harbor Department revenues, federal, state and local grant funding and other sources of funds. The Board does not expect these costs to be material to the Harbor Department.

In March 2012, the Los Angeles and Long Beach Harbors Toxic and Metals Total Maximum Daily Load (the “TMDL”) was adopted by the State of California Water Resources Control Board. The

Harbor Department has begun to implement the requirements of the TMDL, mainly by implementing the programs identified in the WRAP. Additionally the Harbor Department has established a technical working group with the Port of Los Angeles, the Los Angeles Regional Water Quality Control Board and the State Water Resources Control Board, to conduct the special studies and analysis required to make sound environmental management decisions and support modifications to the TMDL, which is scheduled to be reconsidered in 2019. The Harbor Department expects to spend approximately \$1 million in 2018 to conduct studies, required monitoring and development of related implementation plans associated with the TMDL.

Additionally, the City developed a Watershed Management Program (“WMP”) in coordination with the Harbor Department to address the Harbor watershed as well as other near shore watersheds in the City. The WMP is required to comply with the City’s Municipal Stormwater National Pollutant Discharge Elimination System Permit. The WMP is intended to ensure that the Port and the City will achieve all established water quality standards.

Port Energy Planning. As described above, the Harbor Department’s aggressive air-emission reduction programs have resulted in significant improvements in air quality since the Green Port Policy was adopted in 2005. As the Harbor Department moves toward a zero-emission goal, its reliance on electrical power has dramatically increased. On-terminal electricity usage is predicted to quadruple by 2030, compared with a 2005 base year. At the same time, the electrical grid which is maintained by a local utility company is aging and the region experiences power outages. The Harbor Department is currently developing an energy program that seeks to provide energy reliability, resiliency and economic competitiveness to its own operations and those of its tenants.

This long term strategy is designed to assist the region in attracting new businesses, promoting job growth, advanced technologies and customer retention, and to provide reliable assets that can be used in the event of natural or man-made disasters. The Harbor Department expects to spend approximately \$3 million in each of 2018 and 2019, to evaluate the feasibility of various energy strategies, as well as to support appropriate emerging energy technologies. The Harbor Department anticipates that these costs will be partially financed with various grants.

CAPITAL DEVELOPMENT PROGRAM

Master Plan; Long-Term Land Use Study

Master Plan. On October 17, 1978 the California Coastal Commission (the “CCC”) certified the Port Master Plan as being in conformance with the policies of Chapters 8 and 3 of the California Coastal Act. The Port Master Plan has been amended on numerous occasions since 1978. All amendments to the Port Master Plan that required the approval of CCC were approved by CCC. The purpose of the Port Master Plan is to provide the Harbor Department with a planning tool to guide future Port development and to ensure that projects and developments in the Harbor District are consistent with the requirements of the California Coastal Act. The Port Master Plan identifies proposed uses of land and water areas within the Harbor District and establishes a flexible framework allowing for development of the Port and is updated periodically.

The Harbor Department is currently in the process of reviewing and updating the Port Master Plan. The update process is guided by the California Coastal Act and involves evaluation of land use and water use designations, reconfiguration of planning districts, and identification of anticipated projects. In addition, the update will incorporate previously certified Port Master Plan amendments and update the overall goals and policies for long-range development. Additionally, the update to the Port Master Plan is needed to consider changes in the global shipping industry, technological advances, and important factors

such as climate change and energy resources consistent with Harbor Department's "Green Port Policy" objectives. The update also will revise the guidelines for public access to the waterfront by reviewing the vision for development of future recreation areas and facilities. The Harbor Department expects that the update to the Port Master Plan will be certificated by CCC by the end of 2019.

In June 2017, the Harbor Department selected Leidos to provide assistance with updating the Port Master Plan, evaluating the environmental impacts of proposed development and land uses and Port Master Plan approval by the Board and the CCC.

2018-27 Capital Plan

In addition to the Port Master Plan, the Harbor Department maintains a 10-year capital plan which sets forth the specific projects the Harbor Department expects to develop and construct over the next ten years. The 2018-27 Capital Plan is the Harbor Department's current 10-year capital plan. The 2018-27 Capital Plan includes, but is not limited to, the following capital projects and improvements: the Gerald Desmond Bridge Replacement Project, the expansion and modernization of the shipping terminals on Piers D, E, F and G, the expansion of on-dock rail facilities, the construction of a new Port administration building and two fireboat stations, the installation of various security improvements, and various other infrastructure projects at the Port (including street, storm drain, sewer and water systems projects). As of the date of this Official Statement, the 2018-27 Capital Plan has an aggregate estimated cost of approximately \$2.4 billion. The Harbor Department expects to finance the costs of the 2018-27 Capital Plan with the following sources: (i) \$754 million of proceeds of Senior Bonds and/or Subordinate Obligations; (ii) \$1.412 billion of revenues of the Harbor Department; and (iii) \$250 million of federal and State grants and other sources of funds. See also "THE PORT OF LONG BEACH—Environmental Compliance."

Many of the improvements to the marine terminals set forth in the Port Master Plan and the 2018-27 Capital Plan, include, but are not limited to, longer wharves, deeper berths and larger storage areas necessary to accommodate the docking and loading/unloading requirements of the current and future container cargo ships. Currently, the largest container cargo ships have the capacity to carry upwards of 21,000 TEUs.

Following is a brief description of some of the major projects included in the 2018-27 Capital Plan:

Middle Harbor Terminal Redevelopment Project (Piers D, E and F). The Middle Harbor Terminal Redevelopment Project is a 10-year approximately \$1.49 billion modernization of the container terminals on Piers D, E and F. The project will consolidate the Pier E terminal (176 acres), the Pier F terminal (101 acres), and the Berth E24 subsided oil area (five acres), into a single, modern, 311-acre container terminal. The project will add on-dock rail capacity, shore-side electrical power, battery charging stations for electric yard equipment, electric rail-mounted gantry cranes, and deeper channels to accommodate the newest container ships. The project is being constructed in three phases. Phases 1 and 2 were completed in 2015 and 2017, respectively, and are currently in operation. Construction of Phase 3 is underway and is scheduled to be completed in late-2020. When completed, the Middle Harbor Terminal is expected to be able to move up to an estimated 3.3 million TEU's annually, twice the amount of cargo that was moved through the old facilities. See "THE PORT OF LONG BEACH—Current Port Facilities—Container Terminals—Middle Harbor Terminal" for information about the preferential assignment agreement the Harbor Department entered into with OOCL for the Middle Harbor Terminal.

Pier G Terminal Redevelopment Project. The Pier G Terminal Redevelopment Project is mostly complete. The project consisted of a multi-year renovation of the Pier G Container Terminal that

upgraded rail, wharf, gate, container yard, maintenance and administration facilities. Portions of the Pier G on-dock rail yard were built over 40 years ago. The “Double Track Access” from Pier G to Pier J is the next project in the Pier G Terminal Redevelopment Project. This project will add a second lead track serving both the Pier G Terminal and the Pier J Terminal, together with construction of additional storage tracks to replace those taken out of service to construct the second lead track. The California Transportation Commission selected this project for \$14 million in National Highway Freight Program federal funds authorized by block grant to California. Construction is scheduled begin in December 2019 following federal environmental and right of way certifications.

Rail Program. A major transportation element of the 2018-27 Capital Plan is to move more cargo by rail. The Port has a significant railroad infrastructure improvement program that includes four rail-related projects with an approximate cost of over \$1 billion. These rail-related projects are located adjacent to, but outside of, the marine terminal lease boundaries. The location and design of these rail-related projects are intended to support a significant increase in the amount of cargo moved by on-dock rail. The largest project within the Rail Program is the Pier B On-Dock Rail Support Facility. The Pier B On-Dock Rail Support Facility, which is currently underway, is expected to be a 14 year program. Right-of-way acquisition, utility relocations, street re-alignment and traffic improvements are significant work elements that will be undertaken prior to a phased railyard expansion. The expansion will increase on-dock rail activity at the container terminals by providing a staging yard for on-dock rail operations. This staging yard will (1) allow longer, 10,000-ft trains to be operated consistently from each container terminal without congesting main line operations; (2) improve utilization at each on-dock railyard by shifting train arrival and departure activities, locomotive fueling, and potentially railcar maintenance work to the Pier B yard; (3) act as a central classification yard where the railroads could assemble railcars from different container terminals into a single train; (4) provide space where each on-dock terminal could stage railcars until the on-dock terminal is ready to load and unload them; and (5) convert certain truck trips to rail trips between the Port and shippers in California, Arizona and Nevada. This project would increase the rail modal share of cargo activity in the harbor, with a corresponding reduction in modal share moving to and from the Port by truck.

Gerald Desmond Bridge Replacement Project. See “PLAN OF REFUNDING—Gerald Desmond Bridge Replacement Project” for a description of the Gerald Desmond Bridge Replacement Project.

Civic Center Plaza (Port Headquarters Building). The new Port of Long Beach Administrative Headquarters Building project is a part of the City of Long Beach Civic Center project. The project includes the construction of a new headquarters building for the Harbor Department in downtown Long Beach, co-located with a new city hall, a library, a public park and other shared facilities. The Harbor Department’s total project cost, including certain costs associated with facilities that will be shared with the City, the purchase of the land upon which the Port Headquarters Building is being constructed and non-construction cost, is budgeted at approximately \$235 million. Procurement of the Port Headquarters Building will be under a modified design-build-finance-operate-maintain approach. The Port Headquarters Building and the City of Long Beach Civic Center are being developed by Plenary Properties Long Beach LLC (“Plenary”). The project agreement with Plenary (the “Project Agreement”) was approved by the Board on December 17, 2015, and closing of the transaction occurred in April 2016. Construction started in August 2016 and is expected to be completed in mid-2019. Plenary, through a loan provided by Sumitomo Mitsui Banking Corporation, is providing the financing for the costs of construction of the Port Headquarters Building. Pursuant to the terms of the Project Agreement, upon completion of the Port Headquarters Building, the Harbor Department has agreed to make a completion payment in the amount of \$210.6 million to Plenary, which will generally equal the amount necessary for Plenary to pay off the construction loan from Sumitomo Mitsui Banking Corporation.

Fire Safety Projects. The fire safety projects include the construction of two new fireboat stations. The two proposed fireboat stations would replace one older station and one temporary facility. The cost of the new fireboat stations is estimated to be approximately \$100 million. Construction of one new fireboat station is expected to be complete by August 2020 and the second station is expected to be completed by December 2021.

Infrastructure Capital Improvement Programs. The Harbor Department owns and maintains infrastructure outside of operating terminals including roadways, water distribution system, sanitary sewer system, storm drain system, electrical distribution system, wharf structures and rock dikes and other assets. To manage the infrastructure condition efficiently, the Harbor Department has developed a 10-year plan for roadway, bike and pedestrian paths and wet utilities improvements, including water, sanitary sewer and storm drain, with an approximate cost of \$216 million. To proactively monitor and manage infrastructure conditions throughout the Port, the Harbor Department intends to update the plan periodically.

Funding Sources of 2018-27 Capital Plan

The Harbor Department plans to finance the 2018-27 Capital Plan with the following sources of funding:

TABLE 11
Harbor Department of the City of Long Beach
Funding Sources of 2018-27 Capital Plan
(\$000's)

Funding Source	Amount
Senior Bonds/Subordinate Obligations ¹	\$ 754,000
Harbor Department Revenues	1,412,000
Federal and State Grants	250,000
Total	\$2,416,000

¹ Includes (i) \$102.2 million of proceeds of the previously issued Series 2017A Senior Bonds, Series 2017B Senior Bonds and Series 2017C Senior Bonds, and (ii) \$651.8 million of proceeds of Senior Bonds and Subordinate Obligations to be issued in the future.
Source: Harbor Department.

In the event any of the expected federal or State grants are not received by the Harbor Department, the Harbor Department will need to obtain alternative sources of funding. See also “CERTAIN INVESTMENT CONSIDERATIONS—Unavailability of, or Delays in, Anticipated Funding Sources.”

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FINANCIAL DATA

The following table presents the Harbor Department's Statements of Revenues, Expenses and Changes in Net Position for Fiscal Years 2013-2017.

TABLE 12
Harbor Department of the City of Long Beach
Comparative Summary of Statements of Revenues, Expenses and Changes of Net Position
Fiscal Years Ended September 30, 2013-2017
(\$000's)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Port Operating Revenues:					
Berths and Special Facilities	\$335,869	\$346,258	\$343,134	\$348,171	\$364,486
Rental Properties	9,374	9,360	9,881	9,958	13,732
Miscellaneous	1,001	1,262	2,435	2,531	2,792
Total Port Operating Revenues	<u>\$346,244</u>	<u>\$356,880</u>	<u>\$355,450</u>	<u>\$360,660</u>	<u>\$381,010</u>
Port Operating Expenses:					
Operating/Administrative	\$ 97,696	\$108,455	\$133,771	\$143,873	\$142,641
Depreciation/Amortization	90,849	117,966	137,709	146,721	148,445
Total Port Operating Expenses	<u>\$188,545</u>	<u>\$226,421</u>	<u>\$271,480</u>	<u>\$290,594</u>	<u>\$291,086</u>
Income from Port Operations	<u>\$157,699</u>	<u>\$130,459</u>	<u>\$83,970</u>	<u>\$70,066</u>	<u>\$89,924</u>
Non-Operating Revenues (Expense):					
Clean Air Action Plan Income (Expense)	\$(3,420)	\$(2,474)	\$ (3,488)	\$(4,656)	\$(1,127)
Gain/(Loss) on Sale of Assets	(6)	16	35,979	48	42
Income from Equity in Joint Ventures, Net	2,049	3,640	2,811	2,544	2,162
Interest Expense, Net of Interest Capitalized	(65)	(1,205)	(878)	(13,244)	(5,883)
Interest Income	740	3,136	4,036	4,637	1,706
Other Income (Expense), Net	(182)	(298)	5,048	139	5,662
Total Non-Operating Revenues (Expenses)	<u>\$(884)</u>	<u>\$2,816</u>	<u>\$43,508</u>	<u>\$(10,532)</u>	<u>\$2,562</u>
Income Before Transfers and Capital Grants	<u>\$156,815</u>	<u>\$133,275</u>	<u>\$127,478</u>	<u>\$59,533</u>	<u>\$92,486</u>
Net Operating Transfers	\$(17,312)	\$(17,844)	\$(17,772)	\$(18,693)	\$(19,448)
Capital Grants	250,543 ¹	178,295 ¹	121,008 ¹	128,282 ¹	73,072 ¹
Contributions to/from Others	-	(10,203)	-	4,008	-
Change in Net Position	<u>\$ 390,046</u>	<u>\$283,523</u>	<u>\$230,713</u>	<u>\$173,130</u>	<u>\$146,110</u>
Total Net Position (beginning of fiscal year)	\$2,793,319	\$3,178,686	\$3,462,209	\$3,609,819	\$3,780,027
Adjustment for GASB 65 Implementation ²	(4,678)	-	-	-	-
Adjustment for GASB 68 Implementation ²	-	-	(83,104)	-	-
Adjustment for GASB 75 Implementation ²	-	-	-	(2,922)	-
Total Adjusted Net Position (beginning of fiscal year)	<u>\$2,788,640</u>	<u>\$3,178,686</u>	<u>\$3,379,105</u>	<u>\$3,606,897</u>	<u>\$3,780,027</u>
Total Net Position (end of fiscal year)	<u>\$3,178,686</u>	<u>\$3,462,209</u>	<u>\$3,609,818</u>	<u>\$3,780,027</u>	<u>\$3,926,137</u>

¹ In Fiscal Years 2013, 2014, 2015, 2016 and 2017, the Harbor Department received \$230 million, \$126 million, \$97 million, \$96 million and \$66 million, respectively, of federal and state grants in connection with the Gerald Desmond Bridge Replacement Project.

² Certain Governmental Accounting Board Standards Board statements, affecting accounting and financial reporting requirements, were implemented thereby affecting the manner in which the Harbor Department reports its financial information.

Source: The Harbor Department's audited financial statements for Fiscal Years 2013-2017.

Fiscal Year 2017 Results. Fiscal Year 2017 operating revenues were \$381.0 million, an increase of 5.6% from Fiscal Year 2016. The revenue categories of containerized cargo and dry bulk (the Harbor Department's highest revenue producing cargo categories) increased 6.1% and 18.1%, respectively, in

Fiscal Year 2017. The revenue category of petroleum/liquid bulk increased 5.5% in Fiscal Year 2017 and the revenue category of general cargo decreased 24.8% in Fiscal Year 2017. Cargo volume for Fiscal Year 2017 was 168,099,850 MRTs, an increase of 4.2% from Fiscal Year 2016. Fiscal Year 2017 operating and administrative expenses were \$142.6 million, a decrease of 0.9% from Fiscal Year 2016.

First Nine Months of Fiscal Year 2018 Results. Operating revenues through the first nine months of Fiscal Year 2018 were \$305.2 million, an increase of 11.2% from the same period in Fiscal Year 2017. Containerized cargo revenue increased 14.4% during the first nine months of Fiscal Year 2018 due to (i) the normalization of cargo passing through the Port following Hanjin’s bankruptcy filing in August 2016 that resulted in a slowdown of cargo passing through the Pier T Container Terminal, and (ii) the opening of Pier E of the Middle Harbor Terminal. Cargo volume for the first nine months of Fiscal Year 2018 was 134.7 MRTs, an increase of 11.7% from the same period in Fiscal Year 2017. Operating and administrative expenses in the first nine months of Fiscal Year 2018 were \$92.4 million, an increase of 3.8% compared to the same period in Fiscal Year 2017. Operating revenues of \$305.2 million for the first nine months of Fiscal Year 2018 were 9.1% more than budgeted operating revenues of \$279.8. As of June 30, 2018, 90.7% of Fiscal Year 2018 projected guaranteed annual minimums had been earned.

Financial Statements

The audited financial statements of the Harbor Department for the Fiscal Year ended September 30, 2017 (the “2017 Audited Financial Statements”) are included as Appendix A attached hereto. The 2017 Audited Financial Statements were audited by KPMG LLP, Los Angeles, California, independent certified public accountants, whose report with respect thereto also appears in Appendix A hereto. The Harbor Department has not requested, nor did the Harbor Department obtain, permission from KPMG LLP to include the 2017 Audited Financial Statements as an appendix to this Official Statement. KPMG LLP has not been engaged to perform and has not performed, since the date of its report included in Appendix A hereto, any procedures on the financial statements addressed in that report. KPMG LLP also has not performed any procedures relating to this Official Statement.

Accounting and Annual Budget

The City’s and the Harbor Department’s Fiscal Year begins on October 1 and ends on the subsequent September 30. All accounting functions for the Harbor Department are computerized. The Harbor Department’s practice of establishing separate operating accounts for each berth, special facility and leased property in the Port allows the Harbor Department to determine the relative profitability of every individual Port installation at any time. All operating records of the Harbor Department are, as provided by the Charter, audited annually by the City Auditor of the City of Long Beach as well as by an independent certified public accountant. See “—Financial Statements” above.

An annual operating budget is developed by Harbor Department staff and is reviewed and approved by the Board. In accordance with the terms of the Charter, the Harbor Department’s budget is then submitted to the City Manager for inclusion in the City budget. The City Council must approve the City budget prior to the beginning of each Fiscal Year.

Retirement Programs

Pension Plan.

General. Salaries and benefits costs of the Harbor Department include funding of retirement benefits for employees of the Harbor Department who, as City employees, participate in the California

Public Employees Retirement System (“CalPERS”). Retirement payments paid from Harbor Department revenues were \$6.0 million in Fiscal Year 2014, \$6.7 million in Fiscal Year 2015, \$8.1 million in Fiscal Year 2016 and \$9.1 million in Fiscal Year 2017. The Harbor Department estimates that the required contribution for Fiscal Year 2018 will be approximately \$11.7 million. Payments to CalPERS constitute Maintenance Costs of the Harbor Department.

For a variety of reasons, including investment losses, the City has experienced significant unfunded liabilities, and retirement costs payable with respect to all City employees, including employees of the Harbor Department, have increased in recent years. The Harbor Department is allocated approximately 19.2% of the City’s total CalPERS liability. As of June 30, 2016, the City’s “Miscellaneous Plan” with CalPERS (in which the Harbor Department employees participate) had an unfunded liability (with respect to all participating City employees, including employees assigned to the General Fund, the Harbor Department, and other enterprise funds) of approximately \$675.9 million (market value basis), which resulted in a funding ratio of 74.13% (market value basis).

In December 2016, the CalPERS Board lowered the actuarial assumption relating to the investment rate of return to be phased in over three years: for the fiscal year ending June 30, 2018 the rate will be 7.375%; for the fiscal year ending June 30, 2019 the rate will be 7.25%; and for the fiscal year ending June 30, 2020 the rate will be 7.00%. This is projected to result in increases in the City’s (and the Harbor Department’s) required contributions to CalPERS, and such increases could be significant. See “Note 15 – Retirement Program” in “APPENDIX A—HARBOR DEPARTMENT OF THE CITY OF LONG BEACH AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017” for additional information about the pension plan.

Changes to Pension Reporting. On June 25, 2012, the Governmental Accounting Standards Board (“GASB”) approved two new standards with respect to pension accounting and financial reporting standards for state and local governments and pension plans. The new standards are set forth in GASB Statements 67 and 68 and replaced GASB Statement 27 and most of GASB Statements 25 and 50. The changes impact the accounting treatment of pension plans in which state and local governments participate, including the City’s pension plans. Major changes include: (1) the inclusion of unfunded pension liabilities on the government’s balance sheet (such unfunded liabilities were previously typically included as notes to the government’s financial statements); (2) more components of full pension costs are shown as expenses regardless of actual contribution levels; (3) lower actuarial discount rates are required to be used for underfunded plans in certain cases for purposes of the financial statements; (4) closed amortization periods for unfunded liabilities are required to be used for certain purposes of the financial statements; and (5) the difference between expected and actual investment returns are recognized over a closed five-year smoothing period.

In addition, GASB Statement 68 states that, for pensions within the scope of the statement, a cost-sharing employer that does not have a special funding situation is required to recognize a net pension liability, deferred outflows of resources, deferred inflows of resources related to pensions, and pension expense based on its proportionate share of the net pension liability for benefits provided through the pension plan. While the new accounting standards change financial statement reporting requirements, they do not impact funding policies of the pension systems. The reporting requirements for pension plans took effect for the fiscal year beginning mid-2013 and the reporting requirements for government employers will take effect for the fiscal year beginning mid-2014. The audited financial statements of the Harbor Department for Fiscal Year 2017 reflect implementation of the new GASB requirements, and resulted in the recognition of a net pension liability of the Harbor Department of approximately \$129.9 million. See “Note 15 – Retirement Programs” in “APPENDIX A—HARBOR DEPARTMENT OF THE CITY OF LONG BEACH AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017” for a discussion of the impact of GASB 68.

Other Post-Employment Benefits. In addition to required contributions for retirement benefits for employees, the City pays certain post-employment health care and other non-pension benefits (“OPEB”) for such employees. The City’s OPEB expenses (for all employees of the City, including employees of the Harbor Department) were approximately \$4.2 million in Fiscal Year 2017, and are expected to increase in the future. See “Note 15 – Retirement Program” in “APPENDIX A—HARBOR DEPARTMENT OF THE CITY OF LONG BEACH AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017” for additional information about the post-retirement health care benefits provided to the employees of the City).

Risk Management and Insurance

The Master Senior Resolution does not specify any minimum amount of insurance coverage. Instead, the Master Senior Resolution requires the Board to maintain insurance or qualified self-insurance on the Port as is customarily maintained with respect to works and properties of like character against accident to, loss of or damage to the Port. The Master Senior Resolution does not require the Board to carry insurance against losses due to seismic activity. The Harbor Department presently carries an all-risk property insurance program covering physical loss or damage by fire and other risks (excluding earthquake and flood) with a loss limit of \$1.427 billion, and a deductible of \$500,000 per occurrence. Coverage for property damage caused by foreign and domestic acts of terrorism also is included in the all-risk property insurance program. Excluded from the terrorism coverage, among other things, is property damage caused by acts of terrorism arising directly or indirectly from nuclear detonation and reaction, nuclear radiation, radioactive contamination or chemical release or exposure of any kind. Coverage for property damage caused by foreign and domestic acts of terrorism is also subject to the federal Terrorism Risk Insurance Act, which limits the amount insurance providers are required to pay in the event of foreign and domestic acts of terrorism. See also “CERTAIN INVESTMENT CONSIDERATIONS—Security at the Port.”

The Harbor Department also carries a comprehensive excess liability insurance program in the amount of \$150 million, in excess of \$1 million of self-insurance carried by the Harbor Department, covering all of the Harbor Department’s operations, including acts of sabotage and domestic and foreign acts of terrorism. Primary policies for liability and physical damage are in force covering the Harbor Department’s fire and work boats and contractor type equipment. The Harbor Department has elected to self-insure the first \$1 million of its auto liability exposure.

There can be no assurance as to the ability of an insurer to fulfill its obligations under any insurance policy and no assurance can be given as to the adequacy of such insurance to fund necessary repair or replacement of the damaged property. When renewing its insurance policies the Harbor Department makes no guarantee as to the ability to continue receiving the existing coverage or deductible amounts.

Port tenants are required to carry commercial general liability insurance coverage, auto liability insurance coverage, workers compensation and insurance coverage as required by the Federal U.S. Long Shore and Harbor Workers Act. Pollution liability insurance coverage also is required where warranted by exposure. Liability insurance requirements include bodily injury and property damage liability, on the leased premises and to name the City, the Board and the officers and employees of the Harbor Department as additional insured parties. Risk of loss is also transferred from the Harbor Department through the use of insurance endorsements and indemnification provisions contained in the various lease documents.

To further mitigate the adverse effects of a business disruption, the Harbor Department has developed and implemented a business continuity plan. The plan responds to incidents that impact key

facilities, personnel, systems, applications, and resources and is coordinated with key stakeholders and civil authorities.

Investment Policy

The Harbor Department's cash and investments, including restricted cash and investments, are pooled with the other City funds and maintained by the City Treasurer, except for the cash and investments that are held by U.S. Bank National Association, as trustee pursuant to the Sixth Supplemental Senior Resolution. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2018A SENIOR NOTES—Funds Held by Third Parties." Interest income and gains and losses earned on pooled cash and investments are allocated monthly to the various pool participants based on their average daily cash balances. The Harbor Department is required by the Charter to participate in the City Treasurer's pool.

The City maintains an Investment Policy, which, pursuant to the provisions of Section 53646 of the California Government Code, is annually submitted to and reviewed by the Investment Committee of the City and approved by the City Council. Quarterly reports are also provided to the City Manager, City Auditor, and the City Council which detail investment activity and portfolio balances. In addition, the Investment Advisory Committee, comprised of the Deputy City Attorney, the Assistant City Auditor, the City Treasurer, the City Controller, Budget and Performance Management Bureau staff, and designated representatives of the Harbor Department and the Water Departments meets monthly, or as needed, with the City's investment advisor to review investment policies and strategies and to make recommendations consistent with approved investment policies.

The goal of the Investment Policy is to invest public funds in a prudent manner, maintaining maximum security, meeting the daily cash flow demand of the City and conforming to all State and local statutes governing the investment of public funds. The objectives of the Investment Policy are, in the following order of priority:

(a) Safety: safety of principal is the foremost objective of the investment program, however risk is inherent throughout the investment process. The City's investments shall be undertaken in a manner that seeks to maximize the preservation of capital in the overall portfolio and minimize the risk related to capital losses from institutional default, broker-dealer default, or erosion of market value.

(b) Liquidity: the City's investment portfolio will remain sufficiently liquid to meet all operating requirements that might be reasonably anticipated.

(c) Yield: the City shall manage its funds to maximize the return on investments consistent with the two primary objectives of safety and liquidity. The investment goals are to maximize interest income through the prudent implementation of the Investment Policy and developed guidelines.

The City has established three benchmark measures for the pool funds portfolio: the three month U.S. Treasury Bill rate for the short maturity portfolios, the 1-year Constant Maturity Treasury index or equivalent index whose duration is equal to one year for the intermediate term portfolios, and the BofA Merrill Lynch 1-5 year U.S. Treasury and Agency Index for the long maturity portfolios.

The City's investment alternatives are specified in the California Government Code, Sections 53600 et seq. Within this framework, the Investment Policy specifies authorized investments, subject to certain limitations.

According to the City Treasurer’s Monthly Report for the quarter ending June 30, 2018, the City’s invested funds totaled approximately \$1.7 billion (of which approximately \$464.8 million consisted of Harbor Department moneys). The City’s investment portfolio includes a variety of fixed income securities that vary in maturity from one day to five years. As of June 30, 2018, the City’s investment portfolio consisted of U.S. Treasury Notes (44.55%), U.S. Agency Notes (37.87%), the State of California Local Agency Investment Pool (10.65%), and certain other types of securities (6.93%).

A summary of the City Treasurer’s Monthly Report for the quarter ending June 30, 2018, is set forth below:

TABLE 13
City of Long Beach
Invested Funds
(Quarter Ending June 30, 2018)

	Pooled Fund
Invested Market Balance	\$1,690,127,716
Portfolio Market Yield	1.3254%
Short-term Weighted Average Maturity	0.27 years
Intermediate-term Weighted Average Maturity	0.84 years
Long-term Weighted Average Maturity	2.61 years

Source: The City

CERTAIN INVESTMENT CONSIDERATIONS

The purchase and ownership of the Series 2018A Senior Notes involve investment risk and may not be suitable for all investors. Prospective purchasers of the Series 2018A Senior Notes are urged to read this Official Statement, including all Appendices, in its entirety. The factors set forth below, among others, may affect the security of the Series 2018A Senior Notes. However, the following does not purport to be an exhaustive listing of all considerations which may be relevant to investing in the Series 2018A Senior Notes. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such considerations.

Risks Related to the Disbursement of 2014 Subordinate TIFIA Loan and Gerald Desmond Bridge Replacement Project

Disbursement of 2014 Subordinate TIFIA Loan. It is expected that all or a portion of the principal of the Series 2018A Senior Notes will be paid at maturity from the proceeds of a disbursement of the 2014 Subordinate TIFIA Loan. The proceeds of the 2014 Subordinate TIFIA Loan are expected to be drawn no later than one year after substantial completion of the Gerald Desmond Bridge Replacement Project, which is currently projected to be by January 2020. Disbursement of the 2014 Subordinate TIFIA Loan is subject to several conditions precedent as described in more detail under “2014 SUBORDINATE TIFIA LOAN AGREEMENT—Disbursement Requirements” above. In the event the conditions to disbursement of the 2014 Subordinate TIFIA Loan cannot be satisfied on or before the maturity date of the Series 2018A Senior Notes, the Harbor Department will be required to use an alternate method of repaying the Series 2018A Senior Notes, including the issuance of additional Senior Bonds and/or Subordinate Obligations. See “Market Access Required if 2014 Subordinate TIFIA Loan Proceeds are not Disbursed” below.

Completion of the Gerald Desmond Bridge Replacement Project. As described above under “Disbursement of 2014 Subordinate TIFIA Loan,” substantial completion of the Gerald Desmond Bridge Replacement Project must occur prior to the TIFIA Lender disbursing proceeds under the 2014 Subordinate TIFIA Loan. Under the 2014 Subordinate TIFIA Loan Agreement, substantial completion of the Gerald Desmond Bridge Replacement Project is generally defined as the opening of the new bridge to vehicular traffic.

Completion of the construction of the Gerald Desmond Bridge Replacement Project within budget and on schedule may be adversely affected by various factors including: (a) estimating errors; (b) design and engineering errors; (c) material and/or labor shortages; (d) unforeseen site conditions; (e) adverse weather conditions and other force majeure events, including, earthquakes (see “—Seismic Risks” below), tornados, hurricanes or other natural disasters, epidemics, blockades, rebellions, war, riots, acts of sabotage, terrorism or civil commotion, and spills of hazardous materials, among other events; (f) defaults of the one or more of the Design Builders and litigation involving one or more of the Design Builders; (g) labor disputes; (h) environmental issues; (i) unavailability of other funding sources; (j) changes in law; and (k) delays in obtaining or renewing required permits and revocation of permits and other approvals. No assurance can be made that the Gerald Desmond Bridge Replacement Project will not cost more than the current budget. Any delays in completing the Gerald Desmond Bridge Replacement Project could result in the proceeds of the 2014 Subordinate TIFIA Loan not being available to pay the principal of the Series 2018A Senior Notes at maturity.

As described herein, the Harbor Department anticipates that funding for the Gerald Desmond Bridge Replacement Project will come from numerous sources, including, federal and State grants (\$877 million), the proceeds of the Refunded Notes and the 2014 Subordinate TIFIA Loan (\$325 million), revenues of the Harbor Department (\$273 million), and a grant from LACMTA (\$17.3 million). Additionally, in April 2018, the Harbor Department submitted a letter of interest to the TIFIA Lender requesting the TIFIA Lender make the Additional Subordinate TIFIA Loan to the Harbor Department in the amount of \$155 million. In the event that payment of the federal, State and LACMTA grants are delayed or if such grants are reduced and the Harbor Department is not able to replace such grants with funds of the Harbor Department or proceeds of additional Senior Bonds and/or Subordinate Obligations, the completion of the Gerald Desmond Bridge Replacement Project could be substantially delayed.

Market Access Required if 2014 Subordinate TIFIA Loan Proceeds are not Disbursed. In the event the conditions to disbursement of the 2014 Subordinate TIFIA Loan cannot be satisfied on or before the maturity date of the Series 2018A Senior Notes, the Harbor Department will be required to use an alternate method of repaying the Series 2018A Senior Notes, which could include issuing additional Senior Bonds or additional Subordinate Obligations. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2018A SENIOR NOTES—Additional Senior Bonds.” No assurances can be given that the City, acting by and through the Board, will be able to access the capital markets in the event proceeds are not disbursed under the 2014 Subordinate TIFIA Loan.

Damage or Destruction of New Bridge Prior to Transfer to Caltrans. As described under “2014 SUBORDINATE TIFIA LOAN AGREEMENT—Disbursement Requirements”, one of the conditions precedent to the disbursement of the 2014 Subordinate TIFIA Loan is that no material adverse change has occurred to the new bridge prior to its transfer to Caltrans. In the event the Gerald Desmond Bridge Replacement Project has been substantially completed, but the City, acting by and through the Board, has not yet transferred the new bridge to Caltrans and the new bridge is damaged either through a natural event (e.g., earthquake) or other event (e.g., terrorist act), the TIFIA Lender may refuse to disburse the proceeds of the 2014 Subordinate TIFIA Loan. See “—Security at the Port” and “—Seismic Risks” below.

Ability to Meet Rate Covenant

As discussed in “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2018A SENIOR NOTES—Rate Covenant,” the Master Senior Resolution provides that the City, acting by and through the Board, prescribe, revise and collect such charges, rentals, compensation or fees required to be paid for services, franchises, leases or licenses, as permitted or required by the Charter or otherwise by law, ordinance or order, to the City for operation upon lands and waters under the control and management of the Board, which, after making allowances for contingencies and error in the estimates, produce Revenues in each Fiscal Year equal to 1.25 times Maximum Annual Debt Service on the Senior Bonds.

In California, marine terminal services and facilities are priced through leases, and preferential, management and user agreements with water carriers and/or terminal operators. These arrangements generally provide for economic discounts from established tariffs in exchange for term commitments and/or minimum payment guarantees. A substantial majority of the Harbor Department’s maritime revenues are generated by such agreements. As payments under those agreements are usually based on current tariff rates, the Harbor Department can generally increase its revenues under those agreements either by increasing its tariff rates or through increases in shipping line volume. However, there are contractual, statutory, regulatory, practical, procedural and competitive limitations on the extent to which the Harbor Department can increase tariffs. Implementation of an increase in the schedule of rentals, rates, fees and charges for the use of the Port could have a detrimental impact on the operation of the Port by making the cost of operating at the Port unattractive to shipping lines and others in comparison to other locations, or by reducing the operating efficiency of the Port. See “THE PORT OF LONG BEACH—Property Agreements” above and “—Port Competition” below.

Factors Affecting Demand for Port Facilities

The demand for Port facilities and the Revenues of the Harbor Department are significantly influenced by a variety of factors, including, among others, global, domestic and local economic and political conditions, governmental regulation (including tariffs and trade restrictions), fuel prices, construction activity, currency values, international trade, availability and cost of labor, vessels, containers and insurance, the efficiency and adequacy of transportation and terminal infrastructure at the Port, the adequacy and location of major distribution hubs, the financial condition of maritime related industries, the proliferation of operational alliances and other structural conditions affecting maritime carriers. See “—Alliances and Consolidation of Container Shipping Industry” below.

The global, domestic and local economies play a very important role in the Port’s container volumes and resulting revenues. In 2008 and 2009, the global economic recession resulted in a significant drop in global trade. This was exemplified by an approximately 8.5% decrease in the Port’s contained volume in Fiscal Year 2008 as compared to Fiscal Year 2007 and an additional decrease of 21.6% in Fiscal Year 2009 as compared to Fiscal Year 2008. Future adverse economic conditions or actions that could negatively affect the economy (i.e., tariffs) could have an adverse effect the Revenues of the Harbor Department.

In the past, most recently being in late 2014 and early 2015, another factor affecting demand at the Port (and the Port of Los Angeles) has been congestion which has been caused by, among other things, ocean carriers divesting chassis ownership, shipping alliances and consolidation of the container ship industry, prolonged labor contract negotiation, and large volume ships straining marine terminal operating methods. Between October 2014 and March 2015, cargo throughput at the San Pedro Bay Ports decreased by 1.8% as compared to the period between October 2013 and March 2014. The Harbor Department cannot predict if congestion again will result in decreased demand of the Port’s facilities.

Marine terminals continue to adjust to the deployment of mega vessels, defined as vessels with a TEU capacity of 10,000 or more. The Port is one of few ports nationwide that has the physical infrastructure to handle the so-called “big ships”. At 76 feet, the Port has one of the deepest harbors of any seaport in the world. Five years ago, the average size vessel calling at the Port carried 8,000 TEUs. Today, vessels carrying up 13,000 TEUs call regularly and larger vessels are expected to arrive in the coming years as Middle Harbor reaches full development.

The San Pedro Bay Ports complex is the focal point for roughly 20 weekly vessel calls from East Asian ports, more than any other port complex in North America. The frequency of these vessel calls provides the Ports with operating flexibility and capacity. The Port offers features that extend beyond the piers, docks and waterways, in that Port tenants are serviced by the Union Pacific and BNSF Railways with over 60 weekly on-dock rail departures from Long Beach linking to an extensive network of rail connections. Additionally, southern California has the largest collection of logistics facilities in the nation, with approximately 900 million square feet of warehouses and distribution centers.

Port Competition

The Revenues of the Harbor Department may be adversely impacted by increasing competition from other port facilities; however the Harbor Department cannot predict the scope of any such impact at this time. In addition, the imposition of fees that apply only to the Port or to a group of ports that includes the Port, may increase the cost to ocean carriers of utilizing the Port and may ultimately result in those ocean carriers using competing port facilities. The Harbor Department may reduce the tariffs or other charges applicable to its ocean carriers to moderate some or all of the potential impact, which in turn would reduce Revenues. See “—Factors Affecting Demand for Port Facilities” above.

There is significant competition for container traffic among North American ports. Success depends largely on the size of the local market and the efficiency of the port and inland transportation systems for non-local destinations. According to the American Association of Port Authorities, for the calendar year ended December 31, 2017, the top nine container ports in the nation in terms of container cargo were: (1) Port of Los Angeles (9.3 million TEUs), (2) Port of Long Beach (7.5 million TEUs), (3) Ports of New York and New Jersey (6.7 million TEUs), (4) Port of Savannah (4.0 million TEUs); (5) The Northwest Seaport Alliance (Ports of Seattle and Tacoma) (3.7 million TEUs), (6) Port of Norfolk (2.8 million TEUs), (7) Port of Houston (2.5 million TEUs), (8) Port of Oakland (2.4 million TEUs), and (9) Port of Charleston (2.2 million TEUs).

Primary competition for the Port comes from the U.S. West Coast Ports of Los Angeles, Oakland, Seattle and Tacoma and the Canadian Ports of Vancouver and Prince Rupert. All-water service from Asia to the U.S. Gulf Coast and East Coast ports through the Panama Canal and through the Suez Canal also compete for the same cargoes. Improvements completed in 2016 to the Panama Canal will allow larger ships to traverse the canal and some diversion of Asian imports from West Coast ports to the U.S. East and Gulf Coast ports may increase. In addition, there may be longer-term competition from the West Coast ports of Mexico. All of these ports compete with the Port for discretionary intermodal cargo destined for locations in the Central and Eastern United States and Canada. Currently, this discretionary cargo moves eastward primarily by rail, after being off-loaded at West Coast ports in the United States and Canada. Discretionary cargo is highly elastic and is controlled largely by cargo owners and/or ocean carriers who can direct and redirect cargo to any port they choose. Currently, approximately 65% of the cargo handled by the Port is discretionary cargo. Each port has various competitive advantages and disadvantages in attracting this cargo, but overall cost is the primary factor in routing decisions. The greatest risk to the Port’s market share is with the intermodal discretionary cargo segment. Reduced market share ultimately could impact revenue for the Harbor Department. See “THE PORT OF LONG BEACH—Stevedoring and Cargo Handling.”

Southern California. The Port and the Port of Los Angeles compete for cargo that “naturally” moves through Southern California. Such cargo includes both local cargo (e.g., cargo consumed within the locally defined region) and cargo that is routed through Southern California for other reasons (e.g., superior inland distribution capability). The population base in Southern California has been a key driving force for the growth of container cargo moving through the San Pedro Bay Ports. The roughly 24 million people living in Southern California are a lucrative market for imported goods which cargo owners and ocean carriers need to service directly. The development of large efficient container terminals and connections to intermodal rail links benefit the carriers and cargo owners due to the economies of scale at the San Pedro Bay Ports. Most container services calling on the West Coast include stops in Southern California and of these stops, a majority utilize the San Pedro Bay Ports as their first port of call and primary intermodal gateway. Over the past ten calendar years, total container throughput at the San Pedro Bay Ports increase slightly from approximately 14.3 million TEUs in 2008 to approximately 16.9 million TEUs in 2017. Over the last five years, as the economy recovered from the recession, total container throughput at the San Pedro Bay Ports increased by 16.5% from approximately 14.5 million TEUs in 2013 to approximately 16.9 million TEUs in 2017. The San Pedro Bay Ports’ share of total West Coast TEU throughput was approximately 61.8% in 2017.

The Port of Los Angeles is effectively the Port’s only competition for the local market areas of Southern California, Arizona, New Mexico, Southern Nevada and Utah because of its proximity to the Port and shared inland infrastructure. Other Southern California ports, such as San Diego and Hueneme, account for a very small percentage of total West Coast cargo volume and are not expected to increase their market shares significantly in the foreseeable future. The Port of Los Angeles was the number one container port in the nation during calendar year 2017, moving approximately 9.3 million TEUs, as compared to the Port (the second busiest container port in the nation) which moved approximately 7.5 million TEUs. For calendar year 2017, the Port’s share of total West Coast containerized cargo was approximately 27.6% as compared to approximately 34.2% for the Port of Los Angeles.

Oakland. The Port of Oakland is the primary container port for the San Francisco Bay Area. Although the Port of San Francisco has cargo handling facilities, its primary focus is waterfront commercial real estate. Therefore, the Port of Oakland dominates container traffic through Northern California. The Port of Oakland handled approximately 2.4 million TEUs in calendar year 2016, accounting for approximately 9.3% of the West Coast container market. In calendar year 2017, the Port of Oakland handled approximately 2.4 million TEUs, and its share of the West Coast container market was approximately 8.8%.

Pacific Northwest. Despite the relatively small population base of western Washington, the Ports of Seattle and Tacoma have some advantages over other ports. Located on Puget Sound, the Ports of Seattle and Tacoma enjoy naturally deep harbors and are one day’s sailing time closer to the ports in the Pacific Rim countries than the Port. Unlike the Port, the Ports of Seattle and Tacoma are subsidized by general property tax revenues, which allow them to price their marine terminal facilities below the Port’s. The Ports of Seattle and Tacoma handled approximately 3.6 million TEUs in calendar year 2016, and together accounted for a total of approximately 14.3% of the West Coast container market. The Ports of Seattle and Tacoma handled approximately 3.7 million TEUs, in calendar year 2017, and together accounted for a total of approximately 13.4% of the West Coast container market.

On December 1, 2014 the Ports of Tacoma and Seattle announced the formation of The Northwest Seaport Alliance to unify management at the two ports’ marine cargo terminals and collaborate on business objectives, strategic maritime investments, financial returns, performance metrics, organizational structure and communications and public engagement.

The development of additional container handling capacity at Port Metro Vancouver (“PMV”), which was formed by the merger of the Ports of Vancouver, Fraser River and North Fraser River, has added a competitive threat to the Puget Sound ports and provides an alternative gateway for some U.S. intermodal cargo. Like the Ports of Seattle and Tacoma, PMV is one day’s sailing time closer to the ports in the Pacific Rim countries than the Port. In January 2010, PMV opened a third berth at Deltaport, which increased PMV’s capacity by up to 600,000 TEUs and added 50 acres of container storage facilities to the existing two berth container terminal (210 acres after expansion). In addition, PMV is planning the Robert Banks Terminal 2 Project at Deltaport, which will add a new, three-berth container facility with 200 acres of upland container terminal. PMV handled approximately 2.9 million TEUs in calendar year 2016, accounting for approximately 11.6% of the West Coast container market. PMV handled approximately 3.2 million TEUs in calendar year 2017, accounting for approximately 11.9% of the West Coast container market.

All-Water Routes. The use of all-water routes to the East and Gulf Coasts of the U.S. is an alternative to Asian intermodal cargo moving through United States West Coast ports. Demand for these all-water services increased substantially following the 2002 labor problems that occurred on the West Coast. The primary appeal of the all-water routes is the expected reliability of the services (e.g., the lack of perceived labor shortages or stoppages). Historically, constraints to all-water routes included lack of channel depth at many Gulf and East Coast ports compared to West Coast ports, longer shipping times, and vessel size limitations of the Panama Canal. The latter constraint was by an expansion of the Panama Canal, the completion of which occurred in 2016 and will allow larger vessels to navigate the isthmus in order to reach Gulf and East Coast ports. However, increased Panama Canal fees may impact routing decisions in the long-term, and newly delivered container ships and those in design or on order will not fit the newly expanded Panama Canal. The competitive landscape also includes plans now in the works for many ports to increase channel depth and remove other physical obstacles which prevent the calling of “big ships,” and enhancing operational efficiency, through the purchase and use of new equipment and automation, as well as augmenting transportation infrastructure.

Alliances and Consolidation of Container Shipping Industry

As illustrated by the bankruptcy of Hanjin in 2016, since 2007, the financial health of the container-shipping industry has been under substantial stress because of numerous factors, including, among others, the world financial crisis which occurred between 2008 and 2009, overcapacity of available ships, decreasing freight rates and volatile fuel costs. In response to these challenges, the container-shipping industry has seen the forming of strategic alliances and the merger of certain shipping lines. As of the date of this Official Statement, there are three main shipping alliances, 2M+H, THE Alliance and OCEAN Alliance. In 2014, Maersk and Mediterranean Shipping Company established the “2M Alliance,” which according to Maersk, is a 10-year pact for Asia-Europe, trans-Atlantic and trans-Pacific routes. In 2017, Hyundai Merchant Marine Shipping became a partner in 2M through a strategic cooperation agreement, and the name of the alliance changed to 2M+H. “THE Alliance,” established in 2017, consists of NYK Line, MOL, “K” Line, Yang Ming, and Hapag-Lloyd. In April 2018, NYK Line, MOL and “K” Line became one company, the Ocean Network Express (ONE). According to THE Alliance, the pact will be for five years and will include Asia-Europe, Asia-Mediterranean, trans-Pacific to United States West Coast and East Coast ports, trans-Atlantic and Asia-Middle East routes. “OCEAN Alliance,” established in 2017 consists of CMA CGM, Evergreen, OOCL and COSCO. According to OCEAN Alliance, the pact will be for ten years and will include Asia-Europe, Asia-Mediterranean, trans-Pacific to United States West Coast and East Coast ports, trans-Atlantic, Asia-Red Sea and Asia-Middle East routes. According to IHS Markit/PIERS, these three alliances shipped over 85% of all imports from Asia to the United States during calendar year 2017. Many of the container-shipping lines that are part of 2M+H, THE Alliance and OCEAN Alliance operate at the Port.

In addition to the alliances described above, numerous shipping lines have merged in the past five years. In 2017, COSCO agreed to purchase the parent company of OOCL. However, in order to receive U.S. government approval for the purchase, COSCO has agreed to divest its ownership in LBCT, the operator of the Middle Harbor Terminal. Any purchaser of COSCO's interest in LBCT would be required to assume all of the obligations (including guaranteed annual minimum payments) of OOCL under the 40-year preferential assignment agreement for the Middle Harbor Terminal. While the sale of LBCT is pending, ownership is expected to be transferred to a trust, whose principal trustee must be a U.S. citizen. As of the date of this Official Statement, the Harbor Department does not know who will purchase COSCO's interest in LBCT. See "THE PORT OF LONG BEACH—Current Port Facilities—Container Terminals—Middle Harbor Terminal."

Additional alliances and mergers could occur in the future. Although, at this time, the Harbor Department cannot predict what effect 2M+H, THE Alliance and OCEAN Alliance and the pending sale of LBCT, will have on container traffic at the Port or the Revenues of the Harbor Department, alliances and consolidation in the container-shipping industry could impact container traffic at the Port and affect Revenues.

Factors Affecting 2018-27 Capital Plan

The ability of the Harbor Department to complete the projects in the 2018-27 Capital Plan may be adversely affected by various factors including: (a) estimating errors; (b) design and engineering errors; (c) changes to the scope of the projects, including changes to federal security regulations; (d) delays in contract awards; (e) material and/or labor shortages; (f) unforeseen site conditions; (g) adverse weather conditions and other force majeure events, such as earthquakes; (h) contractor defaults; (i) labor disputes; (j) unanticipated levels of inflation; (k) environmental issues; and (l) unavailability of, or delays in, anticipated funding sources. The Harbor Department can provide no assurance that the existing projects in the 2018-27 Capital Plan will not cost more than the current budget for these projects. Any schedule delays or cost increases could result in the need to incur additional indebtedness.

Unavailability of, or Delays in, Anticipated Funding Sources

As described herein, the Harbor Department anticipates that funding for the 2018-27 Capital Plan will be provided through proceeds of Senior Bonds and Subordinate Obligations, revenues of the Harbor Department, federal and State grants and other sources. See "CAPITAL DEVELOPMENT PROGRAM" for a description of the financing plan for the 2018-27 Capital Plan. In the event that any of such sources are unavailable for any reason, including unavailability of revenues of the Harbor Department, reduction in the amount or delays in the receipt of federal and State grants available to the Harbor Department or any other reason, the completion of the 2018-27 Capital Plan could be substantially delayed and financing costs could be higher than projected. There can be no assurances that such circumstances will not materially adversely affect the financial condition or operations of the Port.

Executive Orders and Federal Laws and Regulations (Tariffs and Trade)

Since taking office in January 2017, the Trump Administration has issued several executive orders and proclamations, and has indicated its intent to initiate additional executive orders, legislation and/or regulations affecting Federal policy in areas such as tariffs and trade.

[In January 2018, President Trump announced that new tariffs would be applied to solar panels and washing machines. In March 2018, President Trump imposed tariffs on imported steel and aluminum. In June 2018, President Trump announced tariffs on \$50 billion of imports from China on various goods, and stated that the U.S. is looking at imposing tariffs on an additional \$400 billion of

Chinese imports. In response to the tariffs imposed by the U.S., numerous countries around the world (including China) have imposed tariffs on U.S. produced goods. While tariffs imposed by the U.S., China and other nations may, in general have a financial impact upon the Harbor Department and/or the tenants of the Port, as of the date of this Official Statement, insufficient information is available to estimate the magnitude, if any, of such potential impacts.]

Security at the Port

As a result of the terrorists attacks of September 11, 2001, the Maritime Transportation Security Act of 2002 ("MTSA") was signed into law on November 25, 2002 to require sectors of the maritime industry to implement measures designed to protect the ports and waterways of the U.S. from a terrorist attack. MTSA requires interagency teamwork within the Department of Homeland Security, including, the U.S. Coast Guard, the Transportation Security Administration (the "TSA") and the Bureau of Customs and Border Protection, and the Department of Transportation's Maritime Administration to develop security regulations. The security regulations focus on those sectors of maritime industry that have a higher risk of involvement in a transportation security incident, including various tank vessels, barges, large passenger vessels, cargo vessels, towing vessels, offshore oil and gas platforms, and port facilities that handle certain kinds of dangerous cargo or service the vessels listed above. Such regulations were implemented on July 1, 2003, and final rules became effective in November 2003. The regulations provide for port and vessel owners and operators to assess their vulnerabilities, and to then develop plans that may include implementing vehicle, container and baggage screening procedures, designating security patrols, establishing restricted areas, implementing personnel identification procedures, accessing control measures, and/or installing surveillance equipment. The Harbor Department and each of its applicable tenants have in place procedures for complying with MTSA.

To comply with MTSA regulations and based on the Harbor Department's own initiatives, the Harbor Department is implementing certain security measures. The Harbor Department has installed and implemented a video camera surveillance system to monitor activities throughout the Port complex. To address waterside threats, the Harbor Department has installed radar and sonar detection systems and has agreements with the Long Beach Police Department to provide 24/7 "on water" patrol capability. The Harbor Department is working with marine terminal operators and other stakeholders within and outside the Port to share video camera feeds, thereby enhancing overall regional security monitoring capabilities. The Harbor Department has installed tools to assist in emergencies, including programmable highway signs, an AM radio station, an automated emergency notification system, and an encrypted radio system to provide secure communications with tenants and emergency services. The Harbor Department continues to support efforts by the TSA to implement a transportation workers identification card. The Harbor Department has improved and continues to enhance physical security throughout the Port complex by installing security fencing, lighting, barriers and access control systems. These improvements are being applied to all infrastructure above and below ground. Radiation portal monitors have been installed at all of the container terminals, which are managed by the U.S. Customs & Border Protection. All containers originating at foreign ports will be tested for the presence of radioactive materials when leaving the Port.

In February 2009, the Harbor Department opened the Joint Command & Control Center which serves as the Harbor Department Security Division and Port Police Division headquarters and functions as a multi-agency incident command post, housing approximately 120 personnel (which is triple the level of staffing on September 11, 2001). The Command and Control Center functions as a "maritime domain awareness center" and combines and displays all the surveillance, detection and monitoring data from throughout the Port; this data is shared and communicated with facility security personnel and law enforcement agencies that protect the harbor complex. In addition, the Harbor Department is working closely with local, regional, and state agencies to develop a geo-spatial software platform that will

interconnect these agencies and provide a common operational picture of the region's maritime domain to support daily security functions, incident response, and recovery operations. The Command and Control Center also is the home to the Maritime Coordination Center, which coordinates the response to offshore illicit activities for over 70 different maritime law enforcement entities along 320 miles of California coastline. The Harbor Department has significantly increased its budgeted security operating costs since 2002. Security Division operating expenses as well as service agreements with City of Long Beach Fire and Police Departments have increased from \$15.6 million in 2008 to \$30.0 million in 2018.

In 2016 and 2017, the Harbor Department took delivery of two new state-of-the-art fireboats that will, among other things, enable it to respond more effectively to fires on mega-cargo ships. In addition, these fireboats are equipped with chemical, biological, radiological, and nuclear detection capabilities and have an air tight citadel and equipment that enables them to respond to hazardous incidents.

There can be no assurance that MTSA requirements will not become more strict or that additional requirements may require the Harbor Department to incur additional security-related expenses.

National and local law enforcement officials have warned that additional terrorist attacks upon key infrastructure and other targets in the United States are possible. The Port and the surrounding waterways are particularly visible infrastructure assets that could be the subject of future attempted terrorist attacks. A shutdown of the Port complex could have a significant impact on the U.S. economy. A terrorist attack on the Port or the surrounding waterways or an attack somewhere else in the country or the world could have a material adverse effect on the collection of Revenues at the Port. See "FINANCIAL DATA—Risk Management and Insurance."

Cybersecurity

Computer networks and data transmission and collection are vital to the efficient operations of the Port. The Harbor Department and the tenants at the Port collect and store sensitive data, including intellectual property, proprietary business information, information regarding customers, suppliers and business partners, and personally identifiable information of customers and employees. The secure processing, maintenance and transmission of this information is critical to industry operations.

The Harbor Department approaches cybersecurity through a multi-threaded approach to ensure a layered defense. The Cybersecurity Framework ("CSF") utilized by the Harbor Department aligns with industry standards and regulations (focusing on National Institute of Standards and Technology Special Publication 800-53). This standard recommends security controls for federal information systems and organizations while documenting security controls for all federal information systems with the exception for those designed for national security. This framework allows continual assessments and improvement of the Port's cybersecurity program.

The Harbor Department routinely utilizes respected and objective third-party consultants to perform risk assessments of its cybersecurity programs. The CSF is used to assess the people, process and technology components. Additionally, the Harbor Department regularly consults with the United States Coast Guard, the Federal Bureau of Investigation, and the Center for Internet Security to benchmark its practices and stay abreast of emerging threats.

Despite security measures, information technology and infrastructure may be vulnerable to attacks by hackers or breached due to employee error, malfeasance or other disruptions. Any such breach could compromise networks and the information stored there could be disrupted, accessed, publicly disclosed, lost or stolen. Any such disruption, access, disclosure or other loss of information could result in disruptions in the efficiency of commerce, legal claims or proceedings, liability under laws that protect

the privacy of personal information, regulatory penalties, operations and the services provided, and cause a loss of confidence in the commercial operations of industries including the operations at the Port, which could ultimately adversely affect Harbor Department revenues.

Environmental Compliance and Impacts

Future environmental laws, regulations, enforcement priorities and standards and judicial decisions may impact the Harbor Department and the Port and the ability to construct and develop new revenue-generating facilities at the Port. Such impacts could be material and could result in significantly delays. See “THE PORT OF LONG BEACH—Environmental Compliance.”

In addition to the laws and regulations enacted and adopted by governmental entities, certain individuals and organizations could seek additional legal remedies to require the Harbor Department to take further actions to mitigate health hazards or seek damages from the Harbor Department in connection with the environmental impact of its maritime activities. Any actions taken by these individuals and organizations could be costly to defend, could result in substantial damage awards against the Harbor Department or could significantly delay or limit the Harbor Department’s plans to construct and develop new revenue-generating facilities at the Port.

In May 2009, the California Climate Change Center released a final paper entitled “The Impacts of Sea-Level Rise on the California Coast” that was funded by the California Energy Commission, the California Environmental Protection Agency, the Metropolitan Transportation Commission, the California Department of Transportation, and the California Ocean Protection Council. The paper posits that increases in sea level will be a significant impact of climate change over the next century and that future flood risk with sea-level rise could be significant at California’s major ports, including the Port. While noting that, among other things, sea-level rise can reduce bridge clearance, reduce efficiency of port operations or flood transportation corridors to and from ports, the report states that impacts are highly site-specific and somewhat speculative.

In 2016, the Harbor Department finalized the “Port of Long Beach Coastal Resiliency Plan”, which aims to improve the resiliency of Port operations and infrastructure by proactively identifying areas and assets which will be vulnerable to anticipated changes in climate (including sea level rise) and providing cost-effective adaptation strategies to address those vulnerabilities.

The Harbor Department is unable to predict whether sea-level rise or other impacts of climate change will occur while the Series 2018A Senior Notes are outstanding, and if any such events occur, whether there will be an adverse impact, material or otherwise, on Revenues.

Seismic Risks

The Port is located in an area considered to be seismically active. The two faults closest to the Port are the Palos Verdes fault and the Newport-Inglewood fault. More distant faults with a history of causing earthquakes and damage include the San Andreas and San Jacinto faults. A significant earthquake is possible during the period the Series 2018A Senior Notes will be outstanding. Since 1975, the Harbor Department has designed wharves and other major facilities to withstand the effects of an 8.0 Richter Scale earthquake on the San Andreas fault and a 7.5 Richter Scale earthquake on either the Newport-Inglewood fault or the Palos Verdes fault.

In March 2015, the Uniform California Earthquake Rupture Forecast (the “2015 Earthquake Forecast”) was issued by the Working Group on California Earthquake Probabilities. Organizations sponsoring the Working Group on California Earthquake Probabilities include the U.S. Geological

Survey, the California Geological Survey, the Southern California Earthquake Center and the California Earthquake Authority. According to the 2015 Earthquake Forecast, the probability of a magnitude 6.7 or larger earthquake over the next 30 years (from 2014) striking the greater Los Angeles area is 60%. From the Uniform California Earthquake Rupture Forecast published in April 2008 (the “2008 Earthquake Forecast”), the estimated rate of earthquakes around magnitude 6.7 or larger decreased by about 30%. However, the estimate for the likelihood that California will experience a magnitude 8.0 or larger earthquake in the next 30 years (from 2014) increased from about 4.7% in the 2008 Earthquake Forecast to about 7.0% in the 2015 Earthquake Forecast. The 2015 Earthquake Forecast considered more than 250,000 different fault-based earthquakes, including multifault ruptures, whereas the 2008 Earthquake Forecast considered approximately 10,000 different fault-based earthquakes.

The Port could sustain extensive damage to its facilities in a major seismic event from ground motion and liquefaction of underlying soils, which damage could include slope failures along the shoreline, damage to streets, bridges and rail facilities, pavement displacement, distortions of pavement grades, breaks in utility, drainage and sewage lines, displacement or collapse of buildings, failure of bulkhead walls, and rupture of gas and fuel lines. A major seismic event in Southern California, or elsewhere in the world, also could result in the creation of a tsunami that could cause flooding and other damage to the Port. Damage to Port facilities as a result of a seismic event could materially adversely affect Revenues. Additionally, damage to Long Beach/Los Angeles area infrastructure outside of the Port, such as bridges, streets and freeways, public transportation and rail lines could materially adversely affect access to and from the Port, which in turn could materially adversely affect Revenues.

Neither the City nor the Harbor Department maintains insurance against earthquake damage because of the high costs of premiums and the low levels of coverage currently available. To date, no earthquakes have caused structural damage to Port facilities. See “FINANCIAL DATA—Risk Management and Insurance.”

Termination or Expiration of Property Agreements

The City, acting by and through the Board, has agreements with approximately 325 different entities (approximately over 85% of which are with private companies). Over the last five Fiscal Years, property agreements covering waterfront property and facilities have generated in excess of 95% of the Harbor Department’s operating revenues, with the largest single customer accounting for approximately 22% of the Harbor Department’s operating revenues in Fiscal Year 2017. Under these agreements, the City, by and through the Board, assigns or leases property and facilities to terminal operators for terms of up to 40 years. The property agreements with the Port’s current top ten revenue producers have expiration dates ranging from 2022 to 2051, with nine of these agreements (including most of the agreements for the major container terminals) expiring between 2022 and 2034.

Should a significant number of the parties to the property agreements default on their obligation, terminate their relationships with the Harbor Department or fail to renew their agreements upon expiration, the amount of Revenues realized by the Harbor Department could be materially impaired and this could have an adverse impact on the Harbor Department’s ability to pay debt service on the Series 2018A Senior Notes. See “THE PORT OF LONG BEACH—Property Agreements.”

Effect of Tenant Bankruptcy

A bankruptcy of a tenant of the Port could result in delays and/or reductions in payments to the Harbor Department which could affect the Harbor Department's ability to pay debt service on the Senior Bonds (including the Series 2018A Senior Notes) and Subordinate Obligations.

A tenant that has executed a preferential assignment agreement, lease or other executory contract with the Board and seeks protection under the U.S. bankruptcy laws must assume or reject (a) its preferential assignment agreement or lease within 120 days after the bankruptcy filing (subject to court approval, a one-time 90-day extension is allowed, and further extensions are allowed with the consent of the Board), and (b) its other executory contracts with the Board prior to the confirmation of a plan of reorganization.

In the event of assumption and/or assignment of any agreement to a third party, the tenant would be required to cure any pre- and post-petition monetary defaults and provide adequate assurance of future performance under the applicable preferential assignment agreement, lease or other agreements.

Rejection of a preferential assignment agreement, lease or other agreement or executory contract will give rise to an unsecured claim of the Harbor Department for damages, the amount of which in the case of a preferential assignment agreement or lease is limited by the United States Bankruptcy Code generally to the amounts unpaid prior to bankruptcy plus the greater of (i) one year of rent or (ii) 15% of the total remaining lease payments, not to exceed three years. However, the amount ultimately received in the event of a rejection of a preferential assignment agreement or lease could be considerably less than the maximum amounts allowed under the United States Bankruptcy Code.

In addition, payments made by a tenant in bankruptcy within 90 days of filing a bankruptcy case could be deemed to be an "avoidable preference" under the United States Bankruptcy Code and thus subject to recapture by the debtor or its trustee in bankruptcy.

During the pendency of a bankruptcy proceeding, a debtor tenant may not, absent a court order, make any payments to the Harbor Department on account of goods and services provided prior to the bankruptcy. Thus, the Harbor Department's stream of payments from a debtor tenant would be interrupted to the extent of pre-petition goods and services, including accrued tariffs and rents.

In general, risks associated with bankruptcy include risks of substantial delay in payment or of non-payment and the risk that the Board may not be able to enforce any of its remedies under the agreements with a bankrupt tenant.

With respect to a tenant in bankruptcy proceedings in a foreign country, the Board is unable to predict what types of orders and/or relief could be issued by foreign bankruptcy tribunals, or the extent to which any such orders would be enforceable in the United States.

Should a significant number of the parties to the major revenue producing property agreements file for bankruptcy protection, Revenues received by the Harbor Department could be materially adversely impacted and this could have an adverse impact on the Harbor Department's ability to pay debt service on the Series 2018A Senior Notes. There may be other possible effects of a bankruptcy of a tenant that could result in delays or reductions in payments on the Series 2018A Senior Notes. Regardless of any specific adverse determinations in a tenant bankruptcy proceeding, the fact of a tenant bankruptcy proceeding could have an adverse effect on the liquidity and value of the Series 2018A Senior Notes.

With respect to the Hanjin bankruptcy filing in August 2016, amounts due under the preferential assignment agreement with Total Terminals were paid to the Harbor Department on time and in the full amount.

Effect of City Bankruptcy

The City is able to file for bankruptcy under Chapter 9 of the United States Bankruptcy Code. Should the City become the debtor in a bankruptcy case, the holders of the Series 2018A Senior Notes will not have a lien on Revenues received by the City after the commencement of the bankruptcy case unless the bankruptcy court determines that Revenues constitute “special revenues” within the meaning of the United States Bankruptcy Code. “Special revenues” are defined to include receipts from the ownership, operation, or disposition of projects or systems that are primarily used or intended to be used primarily to provide transportation, utility or other services, as well as other revenues or receipts derived from particular functions of the debtor. While the Board believes that Revenues should be treated as “special revenues,” no assurance can be given that a bankruptcy court would not find otherwise. If Revenues are not “special revenues,” there could be delays or reductions in payments on the Series 2018A Senior Notes. Even if a court determines that Revenues are not “special revenues,” the Harbor Department will be able to use Revenues to pay operation and maintenance costs of the Port, notwithstanding any provision of the Senior Resolution or any other agreement to the contrary.

There may be other possible effects of a bankruptcy of the City that could result in delays or reductions in payments on the Series 2018A Senior Notes. The Board cannot predict what types of orders and/or relief may be granted by a bankruptcy court that could have a material adverse effect on the Harbor Department’s receipt or application of Revenues. Regardless of any specific adverse determinations in a City bankruptcy proceeding, the fact of a City bankruptcy proceeding or of City financial difficulties could have an adverse effect on the liquidity and market value of the Series 2018A Senior Notes.

Impact of Labor Negotiations

Protracted negotiations in 2014 and 2015 between the ILWU and the Association, although not involving any employees of the Harbor Department, had a compounding effect on congestion issues that had slowed down container cargo movement through San Pedro Bay Ports from September 2014 through February 2015. The Association and the ILWU reached a tentative agreement on February 20, 2015 which was approved by ILWU delegates on May 22, 2015. Harbor Department revenues were temporarily impacted in January and February 2015 as a result of the protracted negotiations and other congestion factors. The Harbor Department cannot predict with any certainty the extent to which any future failure of the ILWU and the Association to reach contractual agreements may lead to future work slowdowns or work stoppages. Such negotiations, slowdowns or work stoppages could have a material adverse impact on Revenues. However, with the ILWU and the Association agreeing to an extension of the contract through July 1, 2022, while the Series 2018A Senior Notes are outstanding the chances of labor unrest have diminished. See “THE PORT OF LONG BEACH—Stevedoring and Cargo Handling.”

Remedies Upon Default

If an event of default occurs under the Senior Resolution, the bondholders are not permitted to accelerate the payment of the principal of and interest on the Senior Bonds (including the Series 2018A Senior Notes), and, therefore, the bondholders may be required to make a separate claim for each semiannual payment not paid. However, as discussed above under “OUTSTANDING OBLIGATIONS AND DEBT SERVICE SCHEDULE—Outstanding Subordinate Obligations (2014 Subordinate TIFIA Loan and Subordinate Revolving Obligations), the 2014 Subordinate TIFIA Loan Agreement and the Subordinate Revolving Obligations Credit Agreement permit the TIFIA Lender and the Subordinate

Revolving Obligations Bank, respectively, to accelerate payments due the TIFIA Lender and the Subordinate Revolving Obligations Bank upon the occurrence of certain events of default set forth in each of the 2014 Subordinate TIFIA Loan Agreement and the Subordinate Revolving Obligations Credit Agreement.

Pension and Post-Retirement Benefits

As described in “FINANCIAL DATA—Retirement Programs,” eligible employees of the Harbor Department participate with the City in a pension plan administered by CalPERS. The Harbor Department anticipates that the City’s (and the Harbor Department’s) required contribution rate will continue to increase in amounts that may or may not be material, depending on a variety of actuarial factors, and which the Harbor Department cannot predict with any certainty.

No Reserve Fund Established for Series 2018A Senior Notes; Reserve Funds Established for Certain Existing Senior Bonds Not Available for Series 2018A Senior Notes

No debt service reserve fund will be established to secure the payment of the principal of and interest on the Series 2018A Senior Notes.

At the time of issuance of the Series 1998A Senior Bonds, the Series 2010A Senior Bonds and the Series 2010B Senior Bonds, the Board established separate reserve funds for each series of those Senior Bonds. Each of these reserve funds only secures the Senior Bonds for which they were established. The Series 2018A Senior Notes will not be secured by the reserve funds established and maintained for these Senior Bonds. The reserve funds established and maintained for the Series 1998A Senior Bonds, the Series 2010A Senior Bonds and the Series 2010B Senior Bonds, respectively, are funded with cash and investments.

Potential Limitation of Tax Exemption of Interest on Series 2018A Senior Notes

From time to time, the President of the United States, the United States Congress and/or state legislatures have proposed and could propose in the future, legislation that, if enacted, could cause interest on the Series 2018A Senior Notes to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. Clarifications of the Internal Revenue Code of 1986, as amended, or court decisions may also cause interest on the Series 2018A Senior Notes to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation. The introduction or enactment of any such legislative proposals or any clarification of the Internal Revenue Code of 1986, as amended, or court decisions may also affect the market price for, or marketability of, the Series 2018A Senior Notes. Prospective purchasers of the Series 2018A Senior Notes should consult their own tax advisors regarding any such pending or proposed federal or state tax legislation, regulations or litigation, as to which Note Counsel expresses no opinion. See “TAX MATTERS—Changes in Federal and State Tax Law.”

Forward-Looking Statements

This Official Statement contains statements relating to future results that are “forward-looking statements.” When used in this Official Statement, the words “plan,” “expect,” “estimate,” “budget,” “project,” “forecast,” “will likely result,” “may,” “are expected to,” “will continue,” “is anticipated,” “intend” or other similar words or expressions identify forward-looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements.

The forward-looking statements herein are based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including carriers, customers, suppliers and competitors, among others, and legislative, judicial and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the City, the Harbor Department and the Board. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

LITIGATION

No Litigation Relating to the Series 2018A Senior Notes

There is no controversy of any nature now pending against the City or the Board or to the knowledge of officers of the City or members of the Board threatened, seeking to restrain or enjoin the sale, issuance or delivery of the Series 2018A Senior Notes or in any way contesting or affecting the validity of the Series 2018A Senior Notes or any proceedings of the City or the Board taken with respect to the issuance or sale thereof, or the pledge or application of the Revenues, and any other monies or securities provided for the payment of the Series 2018A Senior Notes or the use of the Series 2018A Senior Note proceeds.

Litigation Relating to the Harbor Department and the Port

General. From time to time, the Harbor Department is a party to litigation and is subject to claims arising out of its normal course of business and its tenants' operations. In actions brought against the Harbor Department's tenants whereby the Harbor Department is also named as a party to the action, the Harbor Department usually requires the tenant to defend and indemnify the Harbor Department. Additionally, on the advice of counsel, the Harbor Department generally establishes reserves against such lawsuits and claims that are deemed to have merit. The Harbor Department has reserved \$5.0 million to cover outstanding litigation claims. At this time, the management of the Harbor Department is of the opinion that if any lawsuits and claims, pursuant to which the Harbor Department is currently a named party, are concluded adversely to the Harbor Department, they will not have material adverse effect on the Harbor Department's financial condition.

Fireboat Litigation. On October 27, 2017, the City, acting by and through the Board, filed a complaint in the Superior Court of California, County of Los Angeles, against Foss Maritime Company ("Foss"), for, among other things, breach of contract in connection with the late construction and delivery of two new fireboats to be used at the Port. The Harbor Department is seeking liquidated damages of approximately \$10.2 million. On July 26, 2018, Foss filed an amended cross-complaint against the Harbor Department seeking at least \$43.1 million of damages relating to the two fireboats and lost business opportunities. As of the date of this Official Statement, the Harbor Department cannot predict the ultimate outcome of this litigation.

TAX MATTERS

General

In the opinion of Kutak Rock LLP, Note Counsel to the City, under existing laws, regulations, rulings and judicial decisions, interest on the Series 2018A Senior Notes is excluded from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. The opinions described in the preceding sentence assume the accuracy of certain representations and compliance by the City, acting by and through the Board, with covenants designed to satisfy the requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be met subsequent to the issuance of the Series 2018A Senior Notes. Failure to comply with such requirements could cause interest on the Series 2018A Senior Notes to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2018A Senior Notes. The City, acting by and through the Board, will covenant to comply with such requirements. Note Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Series 2018A Senior Notes.

Notwithstanding Note Counsel's opinion that interest on the Series 2018A Senior Notes is not a specific preference item for purposes of the federal alternative minimum tax, for taxable years beginning before January 1, 2018, such interest will be included in adjusted current earnings of certain corporations, and such corporations are required to include in the calculation of federal alternative minimum taxable income 75% of the excess of such corporations' adjusted current earnings over their federal alternative minimum taxable income (determined without regard to such adjustment and prior to reduction for certain net operating losses). Note Counsel notes that no federal alternative minimum tax applies to corporations for taxable years beginning on and after January 1, 2018.

Note Counsel is further of the opinion that interest on the Series 2018A Senior Notes is exempt from present State personal income taxes.

Special Considerations With Respect to the Series 2018A Senior Notes

The accrual or receipt of interest on the Series 2018A Senior Notes may otherwise affect the federal income tax liability of the owners of the Series 2018A Senior Notes. The extent of these other tax consequences will depend upon such owner's particular tax status and other items of income or deduction. Note Counsel has expressed no opinion regarding any such consequences. Purchasers of the Series 2018A Senior Notes, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers otherwise entitled to claim the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Series 2018A Senior Notes.

Backup Withholding

As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on tax-exempt obligations such as the Series 2018A Senior Notes is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments made to any bondholder who fails to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to

Section 6049 of the Code. The reporting requirement does not in and of itself affect or alter the excludability of interest on the Series 2018A Senior Notes from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

Changes in Federal and State Tax Law

From time to time, there are legislative proposals in the Congress and in the various state legislatures that, if enacted, could alter or amend federal and state tax matters referred to above or adversely affect the market value of the Series 2018A Senior Notes. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Series 2018A Senior Notes. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Series 2018A Senior Notes or the market value thereof would be impacted thereby. Purchasers of the Series 2018A Senior Notes should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Note Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series 2018A Senior Notes and Note Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

Tax Treatment of Original Issue Premium

The Series 2018A Senior Notes bearing interest at a rate of ___% (the “Series 2018A Premium Notes”) are being sold at a premium. An amount equal to the excess of the issue price of a Series 2018A Premium Note over its stated redemption price at maturity constitutes premium on such Series 2018A Premium Note. An initial purchaser of a Series 2018A Premium Note must amortize any premium over such Series 2018A Premium Note’s term using constant yield principles, based on the purchaser’s yield to maturity (or, in the case of Series 2018A Premium Notes callable prior to their maturity, by amortizing the premium to the call date, based on the purchaser’s yield to the call date and giving effect to the call premium). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period and the purchaser’s basis in such Series 2018A Premium Note is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Series 2018A Premium Note prior to its maturity. Even though the purchaser’s basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Series 2018A Premium Notes should consult with their tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Series 2018A Premium Note.

Tax Treatment of Original Issue Discount

General. The Series 2018A Senior Notes bearing interest at a rate of ___% (the “Series 2018A Discount Notes”) are being sold at an original issue discount. The difference between the initial public offering prices of such Series 2018A Discount Notes and their stated amounts to be paid at maturity constitutes original issue discount treated in the same manner for federal income tax purposes as interest, as described under “—General” above.

The amount of original issue discount which is treated as having accrued with respect to such Series 2018A Discount Note is added to the cost basis of the owner in determining, for federal income tax purposes, gain or loss upon disposition of such Series 2018A Discount Note (including its sale,

redemption or payment at maturity). Amounts received upon disposition of such Series 2018A Discount Note which are attributable to accrued original issue discount will be treated as tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Series 2018A Discount Note, on days which are determined by reference to the maturity date of such Series 2018A Discount Note. The amount treated as original issue discount on such Series 2018A Discount Note for a particular semiannual accrual period is equal to the product of (i) the yield to maturity for such Series 2018A Discount Note (determined by compounding at the close of each accrual period) and (ii) the amount which would have been the tax basis of such Series 2018A Discount Note at the beginning of the particular accrual period if held by the original purchaser, less the amount of any interest payable for such Series 2018A Discount Note during the accrual period. The tax basis is determined by adding to the initial public offering price on such Series 2018A Discount Note the sum of the amounts which have been treated as original issue discount for such purposes during all prior periods. If such Series 2018A Discount Note is sold between semiannual compounding dates, original issue discount which would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Owners of Series 2018A Discount Notes should consult their tax advisors with respect to the determination and treatment of original issue discount accrued as of any date and with respect to the state and local tax consequences of owning a Series 2018A Discount Note.

Recognition of Income Generally. Section 451 of the Code was amended by Pub. L. No. 115-97, enacted December 22, 2017 (sometimes referred to as the Tax Cuts and Jobs Act), to provide that taxpayers using an accrual method of accounting for federal income tax purposes generally will be required to include certain amounts in income, including original issue discount and market discount, no later than the time such amounts are reflected on certain financial statements of such taxpayer. The application of this rule may require the accrual of income earlier than would have been the case prior to the amendment of Section 451 of the Code. The rule generally applies to taxable years after 2017, except that in the case of income from a debt instrument having original issue discount, the rule does not apply until taxable years after 2018. Investors should consult their own tax advisors regarding the application of this rule and its impact on the timing of the recognition of income related to the Series 2018A Discount Notes under the Code.

LEGAL MATTERS

The validity of the Series 2018A Senior Notes and certain other legal matters are subject to the approving opinion of Kutak Rock LLP, Note Counsel to the City. A complete copy of the proposed form of Note Counsel's opinion is contained in Appendix C hereto. As Note Counsel, Kutak Rock LLP undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain matters will be passed upon for the City by the City Attorney of the City of Long Beach. Certain legal matters in connection with the Official Statement will be passed upon by Kutak Rock LLP, Disclosure Counsel. Certain legal matters will be passed upon for the Underwriters by their counsel, Katten Muchin Rosenman LLP. All of the fees of Note Counsel, Disclosure Counsel and Underwriters' Counsel with regard to the issuance of the Series 2018A Senior Notes are contingent upon the issuance and delivery of the Series 2018A Senior Notes.

RATINGS

Fitch Ratings (“Fitch”) and S&P Global Ratings, a division of Standard & Poor’s Financial Services LLC (“S&P”) have assigned ratings of “[•]” ([•] outlook), and “[•]” ([•] outlook), respectively, to the Series 2018A Senior Notes. Such ratings reflect only the views of such organizations and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same, at the following addresses: Fitch Ratings, One State Street Plaza, New York, New York 10004; and S&P, 55 Water Street, New York, New York 10041. Any explanation of the significance of such ratings may only be obtained from Fitch and S&P, respectively. The City and the Harbor Department furnished Fitch and S&P certain information and material concerning the Series 2018A Senior Notes, the Harbor Department and the Port. Generally, rating agencies base their ratings on such information and material, and on investigations, studies and assumptions made by the rating agencies themselves. There is no assurance that a rating given will remain in effect for any given period of time or that it will not be lowered or withdrawn entirely by a rating agency, if in its judgment circumstances so warrant. Any such downward change in or withdrawal of the ratings might have an adverse effect on the market price or marketability of the Series 2018A Senior Notes.

UNDERWRITING

The Series 2018A Senior Notes are being purchased by Merrill Lynch, Pierce, Fenner & Smith Incorporated, Stern Brothers & Co. and Stifel, Nicolaus & Company, Incorporated (the “Underwriters”) from the City, acting by and through the Board, at a price of \$_____ (consisting of the principal amount of the Series 2018A Senior Notes, plus an original issue premium of \$_____, less an original issue discount of \$_____, less an Underwriters’ discount of \$_____), subject to the terms of a note purchase agreement, dated _____, 2018 (the “Note Purchase Agreement”), between Merrill Lynch, Pierce, Fenner & Smith Incorporated, as representative of the Underwriters, and the City, acting by and through the Board.

The Note Purchase Agreement provides that the Underwriters will purchase all of the Series 2018A Senior Notes if any are purchased, and that the obligation to make such purchase is subject to certain terms and conditions set forth in the Note Purchase Agreement, the approval of certain legal matters by counsel, and certain other conditions. The initial public offering prices of the Series 2018A Senior Notes set forth on the inside front cover page hereof may be changed from time to time by the Underwriters. The Underwriters may offer and sell the Series 2018A Senior Notes into unit investment trusts or money market funds at prices lower than the public offering prices stated on the inside front cover page hereof.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the City, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the City.

MUNICIPAL ADVISOR

The Board has retained Public Resources Advisory Group, Los Angeles, California, as municipal advisor (the "Municipal Advisor") in connection with the issuance of the Series 2018A Senior Notes. Except with respect to certain debt service numbers supplied by the Municipal Advisor and included in this Official Statement, the Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement. Certain fees of the Municipal Advisor are contingent upon the issuance and delivery of the Series 2018A Senior Notes.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

Grant Thornton LLP, independent certified public accountants, will verify from the information provided to them the mathematical accuracy of the computations contained in the provided schedules to determine that the Escrow Securities and the earnings thereon and the uninvested cash to be held in the Escrow Fund, will be sufficient to pay all principal of and interest due on the Refunded Notes on November 15, 2018.

CONTINUING DISCLOSURE

At the time of issuance of the Series 2018A Senior Notes, the City, acting by and through the Board, will execute a Continuing Disclosure Certificate (the "Continuing Disclosure Certificate"), which will provide for disclosure obligations on the part of the Harbor Department. Under the Continuing Disclosure Certificate, the City, acting by and through the Board, will covenant for the benefit of Owners and Beneficial Owners of the Series 2018A Senior Notes to provide certain financial information and operating data relating to the Board, the Harbor Department and the Port by April 30 of each year (the "Annual Reports"), and to provide notices of the occurrence of certain enumerated events (the "Listed Events"). The Annual Reports and the notices of Listed Events will be filed with the MSRB through its EMMA System. Currently the Harbor Department's Annual Report is filed as part of the City's required continuing disclosure filings. See "APPENDIX D—FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants will be made in order to assist the Underwriters in complying with Rule 15c2-12.

The City has not failed in the previous five years to comply in all material respects with any previous undertakings with regard to the Rule to provide annual reports or notices of enumerated events.

MISCELLANEOUS

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not expressly stated, are set forth as such and not representation of fact. No representation is made that any of the opinions of estimates will be realized. See "INTRODUCTION—Forward-Looking Statements" and "CERTAIN INVESTMENT CONSIDERATIONS—Forward-Looking Statements."

The foregoing and subsequent summaries or descriptions of provisions of the Series 2018A Senior Notes, the Master Senior Resolution, the Twenty-First Supplemental Senior Resolution, the Fiscal Agent Agreement, the 2014 Subordinate TIFIA Loan Agreement, the Sixteenth Supplemental Senior Resolution and all references to other materials not purporting to be quoted in full are only brief outlines of some of the provisions thereof and do not purport to summarize and describe all of the provisions thereof, and reference should be made to said documents for full and complete statements of their provisions. Copies of such documents are available for review at the offices of the Harbor Department

which are located at Port of Long Beach, 4801 Airport Plaza Drive, Long Beach, California 90815, Attention: Managing Director, Finance & Administration, and Acting Director of Finance.

The execution and delivery of this Official Statement has been duly authorized by the Board.

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

By _____
President of the Board of Harbor Commissioners
of the City of Long Beach, California

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APPENDIX A

**HARBOR DEPARTMENT OF THE CITY OF LONG BEACH
AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

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APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR RESOLUTION

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APPENDIX C
FORM OF OPINION OF NOTE COUNSEL

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APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this "Certificate") is executed and delivered by the City of Long Beach, California, acting by and through its Board of Harbor Commissioners (the "Issuer") in connection with the issuance of \$_____ City of Long Beach, California, Harbor Revenue Refunding Short-Term Notes, Series 2018A (the "Series 2018A Senior Notes"), pursuant to the terms of Resolution No. HD 1475, adopted by the Board of Harbor Commissioners of the City of Long Beach, California (the "Board") on November 8, 1989, as amended and supplemented, and Resolution No. HD-_____, adopted by the Board on August [•], 2018 (collectively, the "Senior Resolution").

In consideration of the purchase of the Series 2018A Senior Notes by the Participating Underwriter (as defined below), the Issuer covenants and agrees as follows:

Section 1. Purpose of the Certificate. This Certificate is being executed and delivered by the Issuer for the benefit of the Holders and Beneficial Owners of the Series 2018A Senior Notes and in order to assist the Participating Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the "Rule").

Section 2. Definitions. In addition to the definitions set forth in the Senior Resolution, which apply to any capitalized term used in this Certificate unless otherwise defined herein, the following capitalized terms shall have the following meanings:

"Annual Report" means any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 hereof.

"Beneficial Owner" means any person which (a) has or shares the power, directly or indirectly, to vote or consent with respect to, to make investment decisions concerning the ownership of, or to dispose of ownership of, any Series 2018A Senior Notes (including persons holding Series 2018A Senior Notes through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Series 2018A Senior Notes for federal income tax purposes.

"Dissemination Agent" means the Issuer, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

"EMMA System" means the MSRB's Electronic Municipal Market Access system, or such other electronic system designated by the MSRB.

"Fiscal Year" means the period beginning on October 1 of each year and ending on the next succeeding September 30, or any other 12-month period hereafter selected as the official fiscal year of the Issuer.

"Harbor Department" means the Harbor Department of the City of Long Beach, California.

"Holders" means either the registered owners of the Series 2018A Senior Notes, or if the Series 2018A Senior Notes are registered in the name of The Depository Trust Company or other recognized securities depository, any applicable participant in its depository system.

"Listed Events" means any of the events listed in Sections 5(a) and 5(b) hereof.

“MSRB” means the Municipal Securities Rulemaking Board, or any successor thereto.

“Obligated Person” means the Issuer and any other “obligated person” within the meaning of the Rule.

“Official Statement” means the Official Statement, dated _____, 2018, prepared and distributed in connection with the initial sale of the Series 2018A Senior Notes.

“Participating Underwriter” means any of the original underwriters of the Series 2018A Senior Notes required to comply with the Rule in connection with the offering of the Series 2018A Senior Notes.

“Rule” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The Issuer shall provide, or shall cause the Dissemination Agent to provide, to the MSRB through the EMMA System (in an electronic format and accompanied by identifying information all as prescribed by the MSRB and/or the Rule) an Annual Report which is consistent with the requirements of Section 4 hereof by April 30 of each year. The Issuer’s first Annual Report shall be due April 30, 2019. Not later than 15 Business Days prior to said date, the Issuer shall provide the Annual Report to the Dissemination Agent (if other than the Issuer). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 hereof. The audited financial statements of the Harbor Department may be submitted separately from the balance of the Annual Report if they are not available by the date of submission, provided such financial statements are submitted by April 30 of each year. If the Issuer’s Fiscal Year changes, the Issuer, upon becoming aware of such change, shall give notice of such change in the same manner as for a Listed Event under Section 5(e) hereof.

(b) If by 15 Business Days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the Dissemination Agent (if other than the Issuer) has not received a copy of the Annual Report, the Dissemination Agent shall contact the Issuer to determine if the Issuer is in compliance with subsection (a).

(c) If the Issuer is unable to provide to the MSRB or the Dissemination Agent (if other than the Issuer), an Annual Report by the date required in subsection (a), the Issuer shall send a notice to the MSRB through the EMMA System in substantially the form attached hereto as Exhibit A.

(d) The Dissemination Agent (if other than the Issuer) shall confirm in writing to the Issuer that the Annual Report has been filed as required hereunder, stating the date filed.

Section 4. Content of Annual Reports.

(a) The Issuer’s Annual Report shall contain or incorporate by reference the following, updated to incorporate information for the most recent Fiscal Year or calendar year, as applicable (the tables referred to below are those appearing in the Official Statement relating to the Series 2018A Senior Notes, unless otherwise noted):

(i) The audited financial statements of the Harbor Department for the prior Fiscal Year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Harbor Department's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a) hereof, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(ii) Table 2—Harbor Department of the City of Long Beach, Senior Bonds Debt Service Requirements (but only to the extent such information has changed).

(iii) Table 3—Harbor Department of the City of Long Beach, Senior Debt Service Coverage.

(iv) Table 4—Harbor Department of the City of Long Beach, Revenue Tonnage and TEU Summary.

(v) Table 6—Harbor Department of the City of Long Beach, Cargo Summary.

(vi) Table 8—Harbor Department of the City of Long Beach, Sources of Operating Revenues.

(vii) Table 9—Harbor Department of the City of Long Beach, Wharfage Revenues.

(viii) Table 12—Harbor Department of the City of Long Beach, Comparative Summary of Statements of Revenues, Expenses and Changes in Net Position.

(b) All or any portion of the information of the Annual Report may be incorporated in the Annual Report by cross reference to any other documents which have been filed with the MSRB.

(c) Information contained in an Annual Report for any Fiscal Year containing any modified operating data or financial information (as contemplated by Section 8 hereof) for such Fiscal Year shall explain, in narrative form, the reasons for such modification and the effect of such modification on the Annual Report being provided for such Fiscal Year. If a change in accounting principles is included in any such modification, such Annual Report shall present a comparison between the financial statements or information prepared on the basis of modified accounting principles and those prepared on the basis of former accounting principles.

Any or all of the items above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to the MSRB. If the document included by reference is a final official statement, it must be available from the MSRB. The Issuer shall clearly identify each such other document so included by reference.

Section 5. Reporting of Listed Events.

(a) The Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Series 2018A Senior Notes not later than ten (10) business days after the occurrence of the event:

1. Principal and interest payment delinquencies;
2. Unscheduled draws on debt service reserves reflecting financial difficulties;
3. Unscheduled draws on credit enhancements reflecting financial difficulties;
4. Substitution of credit or liquidity providers, or their failure to perform;
5. Adverse tax opinions with respect to the tax status of the Series 2018A Senior Notes or the issuance by the Internal Revenue Service of proposed or final determinations of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB) with respect to the Series 2018A Senior Notes;
6. Tender offers;
7. Defeasances;
8. Rating changes; or
9. Bankruptcy, insolvency, receivership or similar event of the Obligated Person;

Note: for the purposes of the event identified in item 9, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

The Issuer notes that items 2, 3 and 4 are not applicable to the Series 2018A Senior Notes.

(b) The Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Series 2018A Senior Notes, if material, not later than ten (10) business days after the occurrence of the event:

1. Unless described in Section 5(a)(5), adverse tax opinions or other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Series 2018A Senior Notes or other material events affecting the tax status of the Series 2018A Senior Notes;

2. Modifications to rights of the Beneficial Owners or Holders of the Series 2018A Senior Notes;

3. Optional, unscheduled or contingent bond calls;

4. Release, substitution or sale of property securing repayment of the Series 2018A Senior Notes;

5. Non-payment related defaults;

6. The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; or

7. Appointment of a successor or additional trustee/fiscal agent or the change of name of a trustee/fiscal agent;

(c) The Issuer shall give, or cause to be given, in a timely manner, notice of a failure to provide the annual financial information on or before the date specified in Section 3(a) hereof, as provided in Section 3 hereof.

(d) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event described in Section 5(b) hereof, the Issuer shall determine if such event would be material under applicable federal securities laws.

(e) If the Issuer learns of an occurrence of a Listed Event described in Section 5(a) hereof, or determines that knowledge of a Listed Event described in Section 5(b) hereof would be material under applicable federal securities laws, the Issuer shall within ten (10) business days of such occurrence file a notice of such occurrence with the MSRB through the EMMA System in electronic format, accompanied by such identifying information as is prescribed by the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in Sections 5(a)(7) or 5(b)(3) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Beneficial Owners and Holders of the affected Series 2018A Senior Notes pursuant to the Senior Resolution.

Section 6. Termination of Reporting Obligation. The Issuer's obligations under this Certificate shall terminate upon the legal defeasance, prior redemption or payment of amounts fully sufficient to pay and discharge the Series 2018A Senior Notes, or upon delivery to the Dissemination Agent (if other than the Issuer) of an opinion of nationally recognized bond counsel to the effect that continuing disclosure is no longer required. If such termination occurs prior to the final maturity of the Series 2018A Senior Notes, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(e) hereof.

Section 7. Dissemination Agent. From time to time, the Issuer may appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent (if other than the Issuer) shall be entitled to reasonable compensation for its services hereunder and reimbursement of its out of pocket expenses (including, but not limited to, attorneys' fees).

The Dissemination Agent (if other than the Issuer) shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Certificate.

Section 8. Amendment Waiver. Notwithstanding any other provision of this Certificate, the Issuer may amend this Certificate, and any provision of this Certificate may be waived, provided that all of the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5 hereof, it may only be made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, change in law (including rules or regulations) or in interpretations thereof, or change in the identity, nature or status of an Obligated Person with respect to the Series 2018A Senior Notes, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Series 2018A Senior Notes, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Beneficial Owners of the Series 2018A Senior Notes in the same manner as provided in the Senior Resolution for amendments to the Senior Resolution with the consent of Beneficial Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Beneficial Owners of the Series 2018A Senior Notes.

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

Section 9. Additional Information. Nothing in this Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Certificate, the Issuer shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Issuer to comply with any provision of this Certificate, any Holder or Beneficial Owner of the Series 2018A Senior Notes may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer or the Dissemination Agent (if other than the Issuer), as the case may be, to comply with its obligations under this Certificate; provided that any such Holder or Beneficial Owner may not take any enforcement action without the consent of the Holders of not less than 25% (twenty-five percent) in

aggregate principal amount of the Series 2018A Senior Notes that at the time are Outstanding. A default under this Certificate shall not be deemed a default under the Senior Resolution and the sole remedy under this Certificate in the event of any failure of the Issuer or the Dissemination Agent (if other than the Issuer) to comply with this Certificate shall be an action to compel performance. Under no circumstances shall any person or entity be entitled to recover monetary damages hereunder in the event of any failure of the Issuer or the Dissemination Agent (if other than the Issuer) to comply with this Certificate. No Holder or Beneficial Owner of the Series 2018A Senior Notes may institute such action, suit or proceeding to compel performance unless they shall have first delivered to the Issuer satisfactory written evidence of their status as such, and a written notice of and request to cure such failure, and the Issuer shall have refused to comply therewith within a reasonable time.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are expressly and specifically set forth in this Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any claims, losses, expenses and liabilities which such Dissemination Agent may incur arising out of or in the exercise or performance of the powers and duties given to the Dissemination Agent hereunder, including the costs and expenses (including attorneys' fees) of defending, in any manner or forum, against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct, subject to the provisions of the Senior Resolution. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Series 2018A Senior Notes.

Section 12. Beneficiaries. This Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter and the Holders and Beneficial Owners from time to time of the Series 2018A Senior Notes, and shall create no rights in any other person or entity.

Section 13. Partial Invalidity. If any one or more of the agreements or covenants or portions thereof required hereby to be performed by or on the part of the Issuer shall be contrary to law, then such agreement or agreements, such covenant or covenants or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall in no way affect the validity hereof, and the Beneficial Owners of the Series 2018A Senior Notes shall retain all the benefits afforded to them hereunder. The Issuer hereby declares that it would have executed and delivered this Certificate and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof irrespective of the fact that any one or more articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

Section 14. Governing Law. This Certificate was made in the City of Long Beach and shall be governed by, interpreted and enforced in accordance with the laws of the State of California and the City of Long Beach, without regard to conflict of law principles. Any litigation, action or proceeding to enforce or interpret any provision of this Certificate or otherwise arising out of, or relating to this Certificate, shall be brought, commenced or prosecuted in a State or Federal court in the County of Los Angeles in the State of California. By its acceptance of the benefits hereof, any person or entity bringing any such litigation, action or proceeding submits to the exclusive jurisdiction of the State of California and waives any defense of forum non conveniens.

IN WITNESS WHEREOF, the undersigned has hereunto signed and executed this Continuing Disclosure Certificate this ____ day of _____, 2018.

CITY OF LONG BEACH, CALIFORNIA, acting by
and through its BOARD OF HARBOR
COMMISSIONERS

By _____
Managing Director, Finance and Administration,
Harbor Department of the City of Long Beach

EXHIBIT A

NOTICE TO MUNICIPAL SECURITIES RULEMAKING BOARD
OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: City of Long Beach, California
Name of Bond Issue: Harbor Revenue Refunding Short-Term Notes, Series 2018A
Name of Obligated Person: Harbor Department of the City of Long Beach, California
Date of Issuance: _____, 2018
CUSIP: 542424__

NOTICE IS HEREBY GIVEN that the City of Long Beach, acting by and through its Board of Harbor Commissioners (the "Issuer"), has not provided an Annual Report with respect to the above-named Series 2018A Senior Notes as required by Section 3 of the Continuing Disclosure Certificate, dated _____, 2018, by the Issuer. The Issuer anticipates that the Annual Report will be filed by _____, 20__.

Dated: _____.

CITY OF LONG BEACH, CALIFORNIA, acting by
and through its BOARD OF HARBOR
COMMISSIONERS

By _____
Authorized Representative

APPENDIX E

PROPOSED AMENDMENTS TO MASTER SENIOR RESOLUTION

Pursuant to Resolution No. HD-2762 adopted by the Board on May 5, 2014 (the "Sixteenth Supplemental Senior Resolution"), the City, acting by and through the Board, amended certain provisions of the Master Senior Resolution (the "Master Senior Resolution Amendments"). By the purchase and acceptance of the Series 2018A Senior Notes, the Owners and Beneficial Owners of the Series 2018A Senior Notes are deemed to have consented to the Master Senior Resolution Amendments. The Master Senior Resolution Amendments will not become effective until all of the Series 1998A Senior Bonds, the Series 2010A Senior Bonds and the Series 2010B Senior Bonds are no longer Outstanding. Any Owners and Beneficial Owners of Senior Bonds issued on and after May 7, 2014 (including the Series 2018A Senior Notes) will be deemed to have consented to and will be subject to the Master Senior Resolution Amendments, but only after all of the Series 1998A Senior Bonds, the Series 2010A Senior Bonds and the Series 2010B Senior Bonds are no longer Outstanding.

The Proposed Amendments are set forth in this Appendix E. Additions to the Master Senior Resolution are shown in **bold and double underline** and deletions are shown in ~~strikethrough~~.

Section 1.02 – Definitions.

The following definitions are to be amended or added to read as follow:

- (a) The definition of "Assumed Debt Service"

"Assumed Debt Service" means, with respect to any Excluded Principal Payment, for any Fiscal Year (or other designated 12-month period) on or after the ~~Excluded Principal Payment date~~ **the Board determines to treat the principal of a Series of Bonds as Excluded Principal Payments**, the sum of the amount of principal and interest which would be payable in each such Fiscal Year (or other designated 12-month period) if that Excluded Principal Payment were amortized for a period specified by the Board (no greater than thirty (30) years from the **stated payment** date of such Excluded Principal Payment) on a substantially level debt service basis, calculated based on a fixed interest rate equal to ~~the rate at which the City, acting by and through the Board, could borrow (as of the time of calculation) for such period, as certified by a certificate of a financial advisor or investment banker delivered to the Board, who may rely conclusively on such certificate, within thirty (30) days of the date of calculation~~ **The Bond Buyer 25-Revenue Bond Index, or any successor or replacement index, for the last week of the month immediately preceding the date of calculation as published in The Bond Buyer, or if that index is no longer published, another similar index selected by the Board;** provided that with respect to any Excluded Principal Payment secured pursuant to a credit or liquidity instrument which, if drawn upon, would create a repayment obligation which has a lien on Revenues on a parity with the lien of the Bonds, Assumed Debt Service shall be the principal and interest which would be payable under the credit or liquidity instrument in the event that the credit or liquidity instrument were drawn upon to pay or purchase all of such Bonds, then Outstanding.

- (b) The definition of "Event of Default"

"Event of Default" has the meaning set forth in Section 10.01A hereof.

- (c) The definition of "Maximum Annual Debt Service"

“Maximum Annual Debt Service” means the greatest amount of principal and interest becoming due and payable on all Bonds in any Fiscal Year including the Fiscal Year in which the calculation is made or any subsequent Fiscal Year; provided, however, that for the purposes of computing Maximum Annual Debt Service:

(a) Excluded Principal Payments and interest thereon shall be excluded from such calculation and Assumed Debt Service shall be included in such calculation;

(b) if the Bonds are Variable Rate Indebtedness and (i) are secured pursuant to a credit or liquidity instrument ~~which, if drawn upon, could create a repayment obligation which has a lien on Revenues subordinate to the lien of the Bonds;~~ or (ii) are not secured by any credit or liquidity instrument, the interest rate on such Bonds for periods when the actual interest rate cannot yet be determined shall be assumed to be equal to an interest rate calculated, by multiplying 1.20 times the average SIFMA Index for the six-month period ended no more than one month preceding the date of calculation interest rate on the Bonds on the date of calculation or, if such Bonds are not currently Outstanding, 1.20 times the interest rate that such Bonds would bear if they were Outstanding on such date, as certified by a certificate of a financial advisor or investment banker delivered to the Board;

~~(c) if the Bonds are Variable Rate Indebtedness and are secured pursuant to a credit or liquidity instrument which, if drawn upon, could create a repayment obligation which has a lien on Revenues on a parity with the lien of the Bonds, the interest rate on such Bonds for periods when the actual interest rate cannot yet be determined shall be assumed to be equal to the greater of the maximum rate on the credit or liquidity instrument and the maximum rate on the Bonds;~~

~~(c)(d)~~ principal and/or interest payments on Bonds shall be excluded (i) to the extent such payments are to be paid from amounts on deposit with the Treasurer, any Fiscal Agent or any other fiduciary in an escrow specifically therefor, ~~and~~ or (ii) to the extent that such interest payments are to be paid from the proceeds of Bonds held by the Treasurer, the Fiscal Agent or any other fiduciary as capitalized interest specifically to pay such interest;

~~(d)(e)~~ in determining the principal amount due in each Fiscal Year, payment shall (unless a different subsection of this definition applies for purposes of determining principal maturities or amortization) be assumed to be made in accordance with any amortization schedule established for such debt, including any Mandatory Sinking Account Payments or any scheduled redemption or payment of Bonds on the basis of Accreted Value, and for such purpose, the redemption payment or payment of Accreted Value shall be deemed a principal payment and interest that is compounded and paid as Accreted Value shall be deemed due on the scheduled redemption or payment date of such Capital Appreciation Bond; and

~~(e)(f)~~ if any interest rate swap agreement is in effect with respect to, and is payable on a parity with the Bonds to which it relates, no amounts payable under such interest rate swap agreement shall be included in the calculation of Maximum Annual Debt Service unless the sum of (i) interest payable on such Bonds; plus (ii) amounts payable under such interest rate swap agreement; less (iii) amounts receivable under such interest rate swap agreement, are expected to be greater than the interest payable on the Bonds to which it relates, then, in such instance the amount of such payments expected to

be made that exceed the interest expected to be paid on the Bonds shall be included in such calculation.

- (d) The definition of “Port Facilities” or “Port Facility”

“Port Facilities” or “Port Facility” means a facility or group of facilities or category of facilities which constitute or are part of the Port (excluding privately owned or leased property, except for any portion thereof which is governmentally owned or leased and which is a source of Revenues).

- (e) The definition of “Revenue”

“Revenues” means all revenues and all money secured or collected for the benefit of and received by the Board from or arising out of the use or operation of the Port, including, without limitation, all tolls, charges, rentals, compensations or fees required to be paid for services, franchises or licenses, as permitted or required by the Charter or otherwise by law, ordinance or order, to the City for the operation of any public service utility upon lands and waters under the control and management of the Harbor Department and all investment earnings credited to the Harbor Revenue Fund and not required to be credited to a sub-fund, excepting therefrom **(i) Special Facility Revenues, and (ii) any revenues arising from any lease, contract or other agreement providing for the drilling for, developing, producing, extracting, taking or removing, storing and disposing of oil, gas or other hydrocarbon substances from the tide and submerged lands granted to the City by the State.**

- (f) The definition of “SIFMA Index”

“SIFMA Index” means the “SIFMA Municipal Swap Index” for each applicable day as announced by Municipal Market Data. If the SIFMA Index is no longer published, then “SIFMA Index” means another similar index as selected by the Board.

- (g) The definition of “Special Facilities” or “Special Facility”

“Special Facilities” or “Special Facility” means, with respect to the Port, a facility or group of facilities or improvements or category of facilities or improvements which are designated as a Special Facility or Special Facilities pursuant to the provisions of Section 6.12 hereof.

- (h) The definition of “Special Facilities Revenue”

“Special Facilities Revenue” means the contractual payments and all other revenues derived by or available to or receivable by the Board from a Special Facility, which are pledged to secure Special Facility Obligations.

- (i) The definition of “Special Facility Obligations”

“Special Facility Obligations” means bonds or other debt instruments issued pursuant to a resolution, indenture or other agreement, other than this Master Resolution, to finance Special Facilities and which, except as otherwise provided in Section 6.12 hereof, are not secured by nor payable from a lien on and pledge of the Revenues but which are secured by revenues derived from Special Facilities located at the Port.

- (j) The definition of "United States Bankruptcy Code"

"United States Bankruptcy Code" means Title 11 U.S.C., Section 101 et seq., as amended or supplemented from time to time, or any successor federal act.

Section 6.12 – Special Facilities and Special Facility Obligations.

Section 6.12 will be added to the Master Senior Resolution.

Section 6.12. Special Facilities and Special Facility Obligations. The City, acting by and through the Board, shall be permitted to designate new or existing Port Facilities as Special Facilities as permitted in this Section 6.12. The City, acting by and through the Board, may, from time to time, and subject to the terms and conditions of this Section 6.12, (a) designate a separately identifiable existing facility or improvement or planned facility or improvement as a "Special Facility," (b) pursuant to a resolution, indenture or other agreement, other than this Master Resolution and without a pledge of any Revenues (except as otherwise provided in (d) below), incur debt primarily for the purpose of acquiring, constructing, renovating or improving or providing financing or refinancing to a third party to acquire, construct, renovate or improve, such facility or improvement, (c) provide that the contractual payments derived from or related to such Special Facility, together with other income and revenues available to the Board from such Special Facility to the extent necessary to make the payments required by clause (1) of the second succeeding paragraph, be "Special Facilities Revenue" and not included as Revenues, unless otherwise provided in any Supplemental Resolution, and (d) provide that the debt so incurred shall be a "Special Facility Obligation" and the principal of and interest thereon shall be payable solely from the Special Facilities Revenue and the proceeds of such Special Facility Obligation set aside exclusively to pay debt service on such Special Facility Obligation (except the Board may, in its sole discretion, determine to make Revenues or such other moneys not included in Revenues available (through a specific pledge or otherwise and subject to any covenants or other provisions of this Master Resolution (including, but not limited to, Sections 3.02, 6.10 and 6.11 hereof) or such other resolutions, indentures or agreements of the Board) to the payment of the principal of and interest on such Special Facility Obligation in such amounts and at such times as may be agreed to by the Board). The City, acting by and through the Board, may from time to time refinance any such Special Facility Obligations with other Special Facility Obligations.

Special Facility Obligations shall be payable as to principal, redemption premium, if any, and interest solely from (i) Special Facilities Revenue, which shall include contractual payments derived by the Board under and pursuant to a contract (which may be in the form of a lease) relating to a Special Facility by and between the City, acting by and through the Board, and another Person, either public or private, as shall undertake the operation of a Special Facility, (ii) proceeds of such Special Facility Obligations set aside exclusively to pay debt service on such Special Facility Obligations, if any, and (iii) such Revenues or other moneys not included in Revenues made available by the Board as provided in clause (d) of the previous paragraph, if any.

No Special Facility Obligations shall be issued by the City, acting by and through the Board, unless there shall have been filed with each Fiscal Agent a certificate of the President of the Board or the Executive Director stating that:

(1) The estimated Special Facilities Revenue pledged to the payment of the Special Facility Obligations, the proceeds of such Special Facility Obligations set aside exclusively to pay debt service on such Special Facility Obligations, if any, and such Revenues or other moneys made available by the Board pursuant to clause (d) of the first paragraph of this Section 6.12, if any, will be at least sufficient, to pay the principal of and interest on such Special Facility Obligations as and when the same become due and payable, all costs of operating and maintaining such Special Facility not paid for by the operator thereof or by a party other than the Board and all sinking fund, reserve or other payments required by the resolution or indenture authorizing the Special Facility Obligations as the same become due; and

(2) With respect to the designation of any separately identifiable existing Port Facilities or Port Facility as a "Special Facility" or "Special Facilities", the estimated Revenues and Net Revenues, calculated without including the new Special Facilities Revenue, the proceeds of any Special Facility Obligations set aside exclusively to pay debt service on such Special Facility Obligations or any Revenues or other moneys made available by the Board pursuant to clause (d) of the first paragraph of this Section 6.12, if any, and without including any operation and maintenance expenses of the Special Facility as Maintenance Costs, will be sufficient so that the Board will be in compliance with Section 6.10 hereof during each of the first five complete Fiscal Years immediately following the anticipated closing date of such transaction or financing; and

(3) No Event of Default then exists hereunder.

To the extent Special Facilities Revenue received by the Board during any Fiscal Year shall exceed the amounts required to be paid pursuant to clause (1) of the immediately preceding paragraph for such Fiscal Year, such excess Special Facilities Revenue, to the extent not otherwise encumbered or restricted, may constitute Revenues as determined by the Board.

Notwithstanding any other provision of this Section 6.12, at such time as the Special Facility Obligations issued for a Special Facility including Special Facility Obligations issued to refinance Special Facility Obligations are fully paid or otherwise discharged, all revenues of the Board from such facility shall be included as Revenues.

Section 8.01(A) – Amendments Permitted.

The following paragraph will be added immediately following the last paragraph of Section 8.01(A) of the Master Senior Resolution.

For the purposes of this Section 8.01(A), the purchasers of the Bonds of a Series, whether purchasing as underwriters, for resale or otherwise, upon such purchase from the City, acting by and through the Board, may consent to a modification or amendment permitted by this Section 8.01(A) in the manner provided herein and with the same effect as a consent given by the Owner of such Bonds, except that no proof of ownership shall be required; provided, that this provision of Section 8.01(A) shall be disclosed prominently in the offering document, if any, for each Series of Bonds issued pursuant to this Master Resolution, provided that, if such consent is given by a purchaser who is purchasing as an

underwriter or for resale, the nature of the modification or amendment and the provisions for the purchaser consenting thereto shall be described in the offering document prepared in connection with the primary offering of the Bonds of such Series by the City, acting by and through the Board.

ARTICLE X-A – Defaults and Remedies

Article X-A will be added to the Master Senior Resolution.

ARTICLE X-A

DEFAULTS AND REMEDIES

Section 10.01A. Events of Default. Each of the following events shall constitute and is referred to in this Master Resolution as an “Event of Default”:

(a) a failure to pay the principal of or premium, if any, on any of the Bonds when the same shall become due and payable at maturity or upon redemption; or

(b) a failure to pay any installment of interest on any of the Bonds when such interest shall become due and payable; or

(c) a failure to pay the purchase price of any Bond when such purchase price shall be due and payable upon an optional or mandatory tender date as provided in a Supplemental Resolution; or

(d) a failure by the Board, acting on behalf of the City, to observe and perform any covenant, condition, agreement or provision (other than as specified in paragraphs (a), (b) and (c) of this Section 10.01A) that are to be observed or performed by the Board, on behalf of the City, or the Department and which are contained in this Master Resolution or a Supplemental Resolution, which failure, shall continue for a period of ninety (90) days after written notice, specifying such failure and requesting that it be remedied, shall have been given to the Board by the Owners of 25% or more of the principal amount of the Bonds then Outstanding, unless the Owners of Bonds in a principal amount not less than the principal amount of Bonds the Owners of which gave such notice, shall agree in writing to an extension of such period prior to its expiration; provided, however, that the Owners of such principal amount of Bonds shall be deemed to have agreed to an extension of such period if corrective action is initiated by the Board, on behalf of the City, within such period and is being diligently pursued until such failure is corrected; or

(e) bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, including without limitation proceedings under Chapter 9 of the United States Bankruptcy Code, or other proceedings for relief under any federal or state bankruptcy law or similar law for the relief of debtors are instituted by or against the City or the Department and, if instituted against the City or the Department, said proceedings are consented to or are not dismissed within sixty (60) days after such institution; or

(f) the occurrence of any other Event of Default as is provided in a Supplemental Resolution.

If, on any date on which payment of principal of or interest on the Bonds is due and sufficient moneys are not on deposit with the Fiscal Agent to make such payment, the Fiscal Agent shall give telephonic notice, followed by written confirmation, of such insufficiency to the Department.

Section 10.02A. Remedies.

(a) Upon the occurrence and continuance of any Event of Default, the Owners of not less than 25% of the principal amount of the Bonds then Outstanding, including but not limited to a trustee or trustees therefor, shall:

(i) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Owners, and require the Board, on behalf of the City, to carry out any agreements with or for the benefit of the Owners and to perform its duties under the Law or any other law to which it is subject and this Master Resolution and any applicable Supplemental Resolution;

(ii) bring suit upon the Bonds;

(iii) commence an action or suit in equity to require the Board, on behalf of the City, to account as if it were the trustee of an express trust for the Owners;

(iv) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Owners; or

(v) take such other actions as are provided for in the Supplemental Resolution.

(b) Except as otherwise provided in Section 10.10A hereof or in a Supplemental Resolution, a credit facility, a liquidity facility or such other agreement or instrument entered into by the City, acting by and through the Board, in no event, upon the occurrence and continuation of an Event of Default described in Section 10.01A hereof, shall the Owners, a credit facility provider, a liquidity facility provider or any other party have the right to accelerate the payment of principal of and interest on the Bonds Outstanding.

Section 10.03A. Restoration to Former Position. In the event that any proceeding taken by the Owners to enforce any right under this Master Resolution shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Owners, then the City, the Board and the Owners shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies and powers of the Owners shall continue as though no such proceeding had been taken.

Section 10.04A. Limitation on Right To Institute Proceedings. No Owner shall have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust or power hereunder, or any other remedy hereunder or on such Bonds, unless

Owners of 25% or more of the principal amount of the Bonds then Outstanding shall have given written notice of an Event of Default as hereinabove provided; it being understood and intended that no one or more of the Owners shall have any right in any manner whatever by their action to affect, disturb or prejudice the security of this Master Resolution, or to enforce any right hereunder or under the Bonds, except in the manner herein provided, and that all suits, actions and proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all Owners.

Section 10.05A. No Impairment of Right To Enforce Payment. Notwithstanding any other provision to the contrary in this Master Resolution, the right of any Owner to receive payment of the principal of and interest on such Bond or the purchase price thereof, on or after the respective due dates expressed therein and to the extent of the pledge of Revenues and other security provided for the Bonds, or to institute suit for the enforcement of any such payment on or after such respective date, shall not be impaired or affected without the consent of such Owner.

Section 10.06A. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Owners is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder, or now or hereafter existing at law or in equity or by statute; provided, however, that any conditions set forth herein to the taking of any remedy to enforce the provisions of this Master Resolution or the Bonds shall also be conditions to seeking any remedies under any of the foregoing pursuant to this Section 10.06A.

Section 10.07A. No Waiver of Remedies. No delay or omission of any Owner to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default, or an acquiescence therein; and every power and remedy given by this Article X-A to the Owners may be exercised from time to time and as often as may be deemed expedient.

Section 10.08A. Application of Moneys. If an Event of Default shall occur and be continuing, all amounts then held or any moneys received by any receiver or by any Owner pursuant to any right given or action taken under the provisions of this Article X-A (which shall not include moneys provided through a credit facility, which moneys shall be restricted to the specific use for which such moneys were provided), after payment of the costs and expenses of the proceedings resulting in the collection of such moneys by any receiver, shall be applied as follows: (a) first, to the payment to the persons entitled thereto of all installments of interest then due on the Bonds, with interest on overdue installments, if lawful, at the rate per annum as provided in any Supplemental Resolution, as the case may be, in the order of maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment of interest, then to the payment ratably, according to the amounts due on such installment, and (b) second, to the payment to the persons entitled thereto of the unpaid principal amount of any of the Bonds which shall have become due with interest on such Bonds at such rate as provided in a Supplemental Resolution from the respective dates upon which they became due and, if the amount available shall not be sufficient to pay in full Bonds on any particular date determined to be the payment date, together with such interest, then to the payment ratably, according to the amount of principal and interest due on such date, in each case to the persons entitled thereto, without any discrimination or privilege.

Whenever moneys are to be applied pursuant to the provisions of this Section 10.08A, such moneys shall be applied at such times, and from time to time, as each Fiscal Agent shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever a Fiscal Agent shall apply such funds, it shall fix the date (which shall be an interest payment date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal and interest to be paid on such date shall cease to accrue. A Fiscal Agent shall give notice of the deposit with it of any such moneys and of the fixing of any such date by mail to all Owners and shall not be required to make payment to any Owner until such Bonds shall be presented to such Fiscal Agent for appropriate endorsement or for cancellation if fully paid.

Section 10.09A. Severability of Remedies. It is the purpose and intention of this Article X-A to provide rights and remedies to the Owners, which may be lawfully granted under the provisions of the Law and other applicable law, but should any right or remedy herein granted be held to be unlawful, the Owners shall be entitled, as above set forth, to every other right and remedy provided in this Master Resolution or by applicable law.

Section 10.10A. Additional Events of Default and Remedies. So long as any particular Series of Bonds is Outstanding, the Events of Default and remedies as set forth in this Article X-A may be supplemented with additional events of default and remedies as set forth in a Supplemental Resolution under which such Series of Bonds is issued.

Section 10.12 – Proceedings Constitute Contract.

Section 10.12 of the Master Senior Resolution will be amended

Section 10.12. Proceedings Constitute Contract. The provisions of this Resolution shall constitute a contract between the City, acting by and through the Board, and the Bondholders of such Bonds, and the provisions hereof and thereof shall be enforceable by any Bondholder for the equal benefit and protection of all Bondholders similarly situated by mandamus, accounting, mandatory injunction or any other suit, action or proceeding at law or in equity that is now or may hereafter be authorized under the laws of the State in any court of competent jurisdiction.

~~No remedy conferred hereby upon any Bondholder is intended to be exclusive of any other remedy, but each such remedy is cumulative and in addition to every other remedy and may be exercised without exhausting and without regard to any other remedy conferred by the Revenue Bond Law of 1941 or any other law of the State. No waiver of any default or breach of duty or contract by any Bondholder shall affect any subsequent default or breach of duty or contract or shall impair any rights or remedies on said subsequent default or breach. No delay or omission of any Bondholder to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed as a waiver of any such default or acquiescence therein. Every substantive right and every remedy conferred upon the Bondholders may be enforced and exercised as often as may be deemed expedient. In case any suit, action or proceeding to reinforce any right or exercise any remedy shall be brought or taken and the Bondholder shall prevail, said Bondholder shall be entitled to receive from the Harbor Revenue Fund reimbursement for reasonable costs, expenses, outlays and attorneys' fees and should said suit, action or proceeding be abandoned, or be determined adversely to the Bondholder then, and~~

~~in every such case, the City and the Bondholder shall be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.~~

After the issuance and delivery of the Bonds of any Series, this Resolution shall be irrevocable, but shall be subject to modification to the extent and in the manner provided in this Resolution, but to no greater extent and in no other manner.

APPENDIX F

BOOK-ENTRY-ONLY SYSTEM

Introduction

Unless otherwise noted, the information contained under the caption “—General” below has been provided by DTC. Neither the City nor the Board make any representations as to the accuracy or the completeness of such information. The Beneficial Owners of the Series 2018A Senior Notes should confirm the following information with DTC, the Direct Participants or the Indirect Participants.

NONE OF THE CITY, THE BOARD OR THE FISCAL AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, TO INDIRECT PARTICIPANTS, OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (A) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT, OR ANY INDIRECT PARTICIPANT; (B) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE SERIES 2018A SENIOR NOTES UNDER THE SENIOR RESOLUTION OR THE FISCAL AGENT AGREEMENT, (C) THE SELECTION BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE SERIES 2017A SENIOR NOTES; (D) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR INTEREST DUE WITH RESPECT TO THE OWNER OF THE SERIES 2018A SENIOR NOTES; (E) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNERS OF SERIES 2018A SENIOR NOTES; OR (F) ANY OTHER MATTER REGARDING DTC.

General

DTC will act as securities depository for the Series 2018A Senior Notes. The Series 2018A Senior Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Series 2018A Senior Note certificate will be issued for each maturity the Series 2018A Senior Notes, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated

subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Series 2018A Senior Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2018A Senior Notes on DTC’s records. The ownership interest of each actual purchaser of each Series 2018A Senior Note (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2018A Senior Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2018A Senior Notes, except in the event that use of the book-entry system for the Series 2018A Senior Notes is discontinued.

To facilitate subsequent transfers, all Series 2018A Senior Notes deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2018A Senior Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2018A Senior Notes; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2018A Senior Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2018A Senior Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2018A Senior Notes, such as redemptions, tenders, defaults and proposed amendments to the Series 2018A Senior Note documents. For example, Beneficial Owners of Series 2018A Senior Notes may wish to ascertain that the nominee holding the Series 2018A Senior Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

While the Series 2018A Senior Notes are in the book-entry-only system, redemption notices will be sent to DTC. If less than all of the Series 2018A Senior Notes of a maturity are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2018A Senior Notes unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those

Direct Participants to whose accounts the Series 2018A Senior Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 2018A Senior Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Fiscal Agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Fiscal Agent or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Fiscal Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2018A Senior Notes at any time by giving reasonable notice to the City or the Fiscal Agent. Under such circumstances, in the event that a successor depository is not obtained, certificates representing the Series 2018A Senior Notes are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates representing the Series 2018A Senior Notes will be printed and delivered to DTC.

The information in this Appendix F concerning DTC and DTC's book-entry system has been obtained from sources that the Board believes to be reliable, but none of the City, the Board, the Harbor Department of the Underwriters take any responsibility for the accuracy thereof.

BENEFICIAL OWNERS WILL NOT RECEIVE PHYSICAL DELIVERY OF SERIES 2018A SENIOR NOTES AND WILL NOT BE RECOGNIZED BY THE FISCAL AGENT AS OWNERS THEREOF, AND BENEFICIAL OWNERS WILL BE PERMITTED TO EXERCISE THE RIGHTS OF OWNERS ONLY INDIRECTLY THROUGH DTC AND THE DTC PARTICIPANTS.

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TRUSTEE SERVICES AGREEMENT

by and between

CITY OF LONG BEACH, CALIFORNIA

and

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

Relating to:

**[\$[PAR]]
City of Long Beach, California
Harbor Revenue Refunding Short-Term Notes
Series 2018A**

Dated [•], 2018

TRUSTEE SERVICES AGREEMENT

THIS TRUSTEE SERVICES AGREEMENT, dated [•], 2018 (this "**Agreement**"), is made by and between the **CITY OF LONG BEACH, CALIFORNIA** (the "**City**") and **U.S. BANK NATIONAL ASSOCIATION**, a national banking association organized and existing under the laws of the United States of America, as trustee (the "**Trustee**").

WITNESSETH:

WHEREAS, the City is a city organized and existing under a charter duly and regularly adopted pursuant to the provisions of the Constitution of the State of California;

WHEREAS, pursuant to Article XII of said charter, the City, acting by and through its Board of Harbor Commissioners (the "**Board**"), is authorized to issue, on behalf of the City, revenue bonds for harbor purposes;

WHEREAS, pursuant to Resolution No. HD-1475 adopted by the Board on November 8, 1989 (together with all amendments, modifications and supplements thereto, the "**Master Resolution**"), the Board has heretofore authorized the issuance of Bonds (as defined in the Master Resolution) on behalf of the City by adoption of supplemental resolutions from time to time, with the payment of the principal, interest on and any redemption premiums thereon being secured by and payable solely from the Revenues (as defined in the Master Resolution) of the Port (as defined in the Master Resolution);

WHEREAS, on [•], 2018 the City, acting by and through the Board, issued \$[PAR] aggregate principal amount of its City of Long Beach, California, Harbor Revenue Refunding Short-Term Notes, Series 2018A (the "**Series 2018A Senior Notes**"), pursuant to Article XII of the Charter of the City, Title 3, Chapter 3.52, Division I of the Municipal Code of the City, certain provisions of the Revenue Bond Law of 1941, Section 54300, et seq., of the Government Code of the State of California, the Master Resolution, and Resolution No. HD-[•] adopted by the Board on [•], 2018 (the "**Twenty-First Supplemental Resolution**");

WHEREAS, pursuant to the Master Resolution and the Twenty-First Supplemental Resolution, the Board has directed the Treasurer of the City (the "**Treasurer**") to establish, maintain and hold in trust certain funds and accounts in connection with the issuance of the Series 2018A Senior Notes;

WHEREAS, the Board adopted Resolution No. HD-1940 on November 2, 1998 (the "**Sixth Supplemental Resolution**") which authorizes the Treasurer to contract with third party trustees to act as agents to the Treasurer to maintain and hold in trust certain funds and accounts (except the Harbor Revenue Fund) presently under the custody and control of the Treasurer with respect to any series of outstanding Bonds, including the Series 2018A Senior Notes;

WHEREAS, the Treasurer wishes to contract with the Trustee to maintain and hold in trust the Series 2018A Capitalized Interest Fund, the Series 2018A Costs of Issuance Fund and the Series 2018A Rebate Fund pursuant to the terms and conditions of the Twenty-First Supplemental Resolution in connection with the issuance of the Series 2018A Senior Notes;

WHEREAS, the Treasurer shall still maintain ultimate responsibility for the control, care and custody of moneys deposited and maintained with the Trustee; and

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants hereinafter set forth, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

For all purposes of this Agreement except as otherwise expressly provided or unless the context otherwise requires:

“*Authorized Representative*” shall mean the Treasurer, the Treasurer Operations Officer or such other officer or employee of the City which has been designated by the Treasurer as an authorized representative by written notice delivered by the Treasurer to the Trustee.

“*Bond Service Fund*” shall mean the fund by the name established pursuant to the terms of the Master Resolution.

“*Business Day*” shall mean any day other than a Saturday, Sunday or other day on which the New York Stock Exchange is closed or on which banks are authorized or required to be closed in any of Los Angeles, California or New York, New York.

“*Costs of Issuance*” shall have the meaning set forth in the Master Resolution.

“*Interest Account*” shall mean the account by that name established pursuant to the terms of the Master Resolution and maintained within the Bond Service Fund.

“*Investment Securities*” shall mean any securities in which the City may legally invest, from time to time, funds subject to its control, including, without limitation, (i) shares in money market mutual funds which qualify as investments pursuant to Sections 53601 and 53635 of the Government Code of the State of California; (ii) shares in money market mutual funds the assets of which would otherwise qualify as investments pursuant to Sections 53601 and 53635 of the Government Code of the State of California except that such money market mutual funds include in their assets (a) registered warrants, treasury notes or bonds of any state within the United States and/or (b) bonds, notes, warrants or other evidence of indebtedness of any county, city, city and county or other public agency of any state within the United States; (iii) an investment agreement of any maturity with a financial institution or insurance company or insurance holding company which has at the date of execution thereof an outstanding issue of unsecured, uninsured and unguaranteed obligations, rated in either of the two highest long-term rating categories by Moody’s Investors Service Inc. (“Moody’s”) or S&P Global Ratings, a division of Standard & Poor’s Financial Services LLC (“S&P”), or in the case of an insurance company has a claims paying ability rated in either of the two highest rating categories by Moody’s or S&P, or an investment agreement of any maturity with a person that is a subsidiary of such a financial institution or such an insurance company or such an insurance holding company, provided that such person’s obligations under such investment agreement are absolutely and unconditionally guaranteed by such financial institution or such insurance company or such insurance holding

company; and (iv) such other investments that are provided for in the definition of Investment Securities in the Twenty-First Supplemental Resolution.

Unless otherwise defined above or elsewhere in this Agreement, all words, terms and phrases used herein shall have the meanings assigned to such terms in the Master Resolution and the Twenty-First Supplemental Resolution.

ARTICLE II

APPOINTMENT OF TRUSTEE

Section 2.01. Appointment and Acceptance. The City hereby appoints U.S. Bank National Association to act as trustee and agent to the City to maintain and hold in trust certain funds described herein and to perform such other duties as set forth in Article III hereof.

The Trustee hereby accepts its appointment, and agrees to execute the trusts and perform the duties set forth in this Agreement.

Section 2.02. [Compensation.] As compensation for the Trustee's services, the City hereby agrees to pay the Trustee the fees and amounts set forth in Exhibit C attached hereto and by this reference made a part hereof.]

ARTICLE III

DUTIES OF TRUSTEE

Section 3.01. Establishment of Funds. The Trustee shall establish and maintain the following funds:

(a) City of Long Beach, California Harbor Revenue Refunding Short-Term Notes, Series 2018A Capitalized Interest Fund (the "*Series 2018A Capitalized Interest Fund*");

(b) City of Long Beach, California Harbor Revenue Refunding Short-Term Notes, Series 2018A Costs of Issuance Fund (the "*Series 2018A Costs of Issuance Fund*"); and

(c) City of Long Beach, California Harbor Revenue Refunding Short-Term Notes, Series 2018A Rebate Fund (the "*Series 2018A Rebate Fund*").

Section 3.02. Application of Series 2018A Senior Note Proceeds. On [•], 2018 the Treasurer shall or shall cause to be deposited with the Trustee \$[•] (which will be derived from the proceeds of the Series 2018A Senior Notes), which shall be deposited by the Trustee as follows:

(a) \$[•] shall be deposited into the Series 2018 A Capitalized Interest Fund to be used to pay interest due and payable on the Series 2018A Senior Notes; and

(b) \$[•] shall be deposited into the Series 2018A Costs of Issuance Fund to be used to pay the Costs of Issuance of the Series 2018A Senior Notes.

Section 3.03. Application of Series 2018A Capitalized Interest Fund. Unless otherwise directed in writing by the Treasurer, moneys in the Series 2018A Capitalized Interest Fund shall be used by the Trustee to pay interest on the Series 2018A Senior Notes and, in order to make such payments, shall be transferred from the Series 2018A Capitalized Interest Fund to the Treasurer at the times set forth in Exhibit A attached hereto, who shall deposit such moneys to the Interest Account. Moneys held in the Series 2018A Capitalized Interest Fund shall be invested and reinvested by the Trustee at the written direction of the Treasurer in Investment Securities; in the absence of any such direction, the Trustee shall, to the extent practicable, invest in Investment Securities specified in item (ii) of the definition thereof. Unless otherwise directed in writing by the Treasurer, earnings on the Series 2018A Capitalized Interest Fund shall be retained in the Series 2018A Capitalized Interest Fund and utilized to pay interest on the Series 2018A Senior Notes. Unless otherwise directed in writing by the Treasurer, once all moneys, including earnings thereon, have been transferred from the Series 2018A Capitalized Interest Fund to the Treasurer for deposit in the Interest Account, the Series 2018A Capitalized Interest Fund shall be closed.

Section 3.04. Application of Series 2018A Costs of Issuance Fund. The Trustee shall make payments or disbursements from the Series 2018A Costs of Issuance Fund upon receipt from an Authorized Representative of a written requisition, in substantially the form of Exhibit B attached hereto, executed by an Authorized Representative to pay the Costs of Issuance of the Series 2018A Senior Notes.

The Trustee shall keep a record of all payments from the Series 2018A Costs of Issuance Fund, which record shall state: (a) the requisition number of such payment; (b) the name and address of the person to whom each such payment was made, (c) the respective amounts paid; and (d) the purpose by general classification for which each obligation paid was incurred.

Moneys held in the Series 2018A Costs of Issuance Fund shall be invested and reinvested by the Trustee at the written direction of the Treasurer in Investment Securities; in the absence of any such direction, the Trustee shall, to the extent practicable, invest in Investment Securities specified in item (ii) of the definition thereof. All investment earnings on amounts held in the Series 2018A Costs of Issuance Fund shall be transferred to the Treasurer for deposit to the Interest Account and used to make debt service payments on the Series 2018A Notes. Any amounts remaining in the Series 2018A Costs of Issuance Fund on [•], 2019 shall be transferred to the Bond Service Fund and used to make debt service payments on the Series 2018A Senior Notes and the Series 2018A Costs of Issuance Fund shall be closed.

Section 3.05. Application of Series 2018A Rebate Fund. All money at any time deposited in the Series 2018A Rebate Fund shall be held by the Trustee for the account of the City in trust, to the extent required to satisfy the rebate requirement with respect to the Series 2018A Senior Notes, for payment to the federal government of the United States of America, and neither the City nor the Owner of any Series 2018A Senior Notes shall have any rights in or claim to such money.

The Trustee shall invest all amounts held in the Series 2018A Rebate Fund, in the manner directed in writing by the Treasurer (subject to the limitations contained in the Tax Compliance Certificate) in Investment Securities; in the absence of any such direction, the Trustee shall, to the extent practicable, invest in Investment Securities specified in item (ii) of the definition thereof. Moneys shall not be transferred from the Series 2018A Rebate Fund except in accordance with the Tax Compliance Certificate. The City shall provide the Trustee with written directions for the transfer of any moneys from the Series 2018A Rebate Fund, and the Trustee may conclusively rely upon such directions.

ARTICLE IV

MISCELLANEOUS PROVISIONS

Section 4.01. Liability of Trustee. The Trustee shall not be liable for any loss resulting from any investment made pursuant to this Agreement in compliance with the express provisions hereof. Except to the extent all obligations to the Owners of the Series 2018A Senior Notes shall have been satisfied, the Trustee shall have no lien whatsoever on the moneys on deposit in the funds established herein for the payment of fees and expenses for services rendered by the Trustee under this Agreement or otherwise.

Whenever in the administration of this Agreement the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of negligence or willful misconduct on the part of the Trustee, be deemed to be conclusively proved and established by a certificate of an Authorized Representative, and such certificate shall, in the absence of negligence or willful misconduct on the part of the Trustee, be full warrant to the Trustee for any action taken or suffered by it under the provisions of this Agreement upon the faith thereof.

The Trustee shall not be liable under the Twenty-First Supplemental Resolution or this Agreement except to the extent of its negligence or willful misconduct. The Trustee shall not be liable for any error in judgment made by it in good faith. No provision of this Agreement or the Twenty-First Supplemental Resolution shall require the Trustee to risk, expend or advance its own funds in the performance of its duties as Trustee, or in the exercise of any of its rights or powers. The Trustee may conclusively rely, as to the truth of the statements and correctness of the opinion expressed therein, on certificates or opinions furnished to the Trustee by or on behalf of the City. The Trustee may consult with legal counsel with regards to legal questions, and the opinion or advice of such legal counsel shall be full protection and authorization for any action taken or not taken by the Trustee in reliance upon the opinion or advice of such legal counsel. The Trustee may perform any of its duties under this Agreement or the Twenty-First Supplemental Resolution directly or through its agents or attorneys and shall not be responsible for the actions of such agents or attorneys if such agents or attorneys were appointed by it with reasonable care.

Section 4.02. Successor Trustee. Any corporation into which the Trustee and the trust created by this Agreement may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion, consolidation or tax-free reorganization to which the Trustee shall be a party or any corporation or association succeeding to the

corporate trust business of the Trustee, shall be the successor Trustee under this Agreement without the execution or filing of any paper or any other act on the part of the parties hereto, anything herein to the contrary notwithstanding.

Section 4.03. Termination. This Agreement shall terminate when all transfers and payments required to be made by the Trustee under the provisions hereof shall have been made and all payments of any unpaid fees and expense of the Trustee shall have been made. The City hereby directs the Trustee to, and the Trustee shall distribute any moneys remaining in the funds established herein at the time of such termination to the Treasurer.

Section 4.04. Severability. If any one or more of the covenants or agreements provided in this Agreement on the part of the City or the Trustee to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

Section 4.05. Successors and Assigns. All of the covenants and agreements in this Agreement contained by or on behalf of the City or the Trustee shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

Section 4.06. Indemnity of Trustee. To the extent permitted by law, the City agrees to indemnify and hold the Trustee harmless from and against all claims, suits and actions brought against it, or to which it is made a party, and from all costs, expenses (including reasonable attorneys' fee of counsel reasonably acceptable to the City), losses and damages suffered by it as a result thereof, including the costs and expenses of defending against any such claims, suits or actions, where and to the extent such claim, suit or action arises out of the performance by the Trustee of its duties under this Agreement. Such indemnification shall not extend to claims, suits and actions brought against the Trustee which result in a judgment being entered, settlement being reached or other disposition made based upon the Trustee's negligence or willful misconduct. The indemnification provided for in this Agreement shall never be payable from or become a lien upon the moneys deposited in the funds established herein, which funds shall be held solely for the purpose and subject to the liens set forth in Article III hereof. The obligations of the City under this Section shall remain in effect and continue notwithstanding the termination of this Agreement.

Section 4.07. Third-Party Beneficiaries and Amendments. The Owners of the Series 2018A Senior Notes are hereby recognized as third-party beneficiaries of this Agreement to the extent of their interests in the funds as set forth in Article III hereof.

Section 4.08. Replacement and Resignation of Trustee. The City may remove the Trustee by notice in writing delivered to the Trustee thirty (30) days prior to the proposed removal date. The Trustee may resign by notifying the City in writing at least thirty (30) days prior to the proposed effective date of the resignation. No removal or resignation of the Trustee under this Section shall be effective until a new Trustee, approved by the City, has taken office and delivered a written acceptance of its appointment to the retiring Trustee and to the City. Immediately thereafter, the retiring Trustee shall transfer all property held by it as Trustee to the successor Trustee, the removal or resignation of the Trustee shall then (but only then) become

effective and the successor Trustee shall have all the rights, powers and duties of the Trustee under this Agreement. If the Trustee is removed or resigns or for any reason is unable or unwilling to perform its duties under this Agreement, the City shall promptly appoint a successor Trustee. If a successor Trustee has not been appointed and has not accepted such appointment by the end of the 30-day period, the Trustee may apply to a court of competent jurisdiction for the appointment of a successor Trustee, and the costs, expenses and reasonable attorneys' fees incurred in connection with such a proceeding shall be paid by the City.

Section 4.09. Accounting Records and Reports of the Trustee. The Trustee shall at all times keep, or cause to be kept, proper records in which complete and accurate entries shall be made of all transactions made by it relating to the proceeds of the Series 2018A Senior Notes and all funds established by it pursuant to this Agreement. Such records shall be available for inspection with reasonable prior notice by the City on each Business Day during reasonable business hours and by any Owner of the Series 2018A Senior Notes, or his agent or representative duly authorized in writing, at reasonable hours and under reasonable circumstances.

The Trustee shall provide to the City each month a report of the amounts deposited into each fund held by it under this Agreement and the amount disbursed from such funds, the earnings thereon, the ending balance in each of such funds and the investments of each such fund.

Section 4.10. Notices. Any request, demand, authorization, direction, notice, consent, waiver or other document provided or permitted hereby to be given or furnished to the City or the Trustee shall be mailed or delivered to the City or the Trustee, respectively, at the following addresses, or such other address as may have been given by one party to the other by fifteen (15) days' written notice.

City: City of Long Beach
333 West Ocean Boulevard, 6th Floor
Long Beach, California 90802
Attn: City Treasurer

Fiscal Agent: U.S. Bank National Association
Global Corporate Trust Services
633 West Fifth Street, 24th Floor
LM-CA-T24T
Los Angeles, California 90071
Attn: Ilse Vlach

Section 4.11. Governing Law. This Agreement shall be governed by the applicable laws of the State of California.

Section 4.12. Headings. Any headings preceding the text of the several Sections hereof, and any table of content appended to copies hereof, shall be solely for convenience of reference

and shall not constitute a part of this Agreement, nor shall they affect its meaning, construction or effect.

Section 4.13. Amendments. This Agreement may be amended only by an agreement in writing signed by both of the parties hereto.

Section 4.14. Counterparts. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

[Remainder of page intentionally left blank; signature page follows]

IN WITNESS WHEREOF, the parties hereto have each caused this Trustee Services Agreement to be executed by their duly authorized officers as of the date first above written.

CITY OF LONG BEACH, CALIFORNIA

By _____
David S. Nakamoto, City Treasurer

Approved as to form:

J. CHARLES PARKIN, City Attorney

By _____
Deputy City Attorney

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By _____
Authorized Representative

[Signature page to Trustee Services Agreement]

EXHIBIT A

**SCHEDULE OF WITHDRAWALS FROM
SERIES 2018A CAPITALIZED INTEREST FUND**

<u>Interest Payment Date</u>	<u>Amount to Withdraw and Transfer to Treasurer</u>
June 15, 2019	
December 15, 2019	
June 15, 2020	
December 15, 2020	All remaining amounts on deposit in the Fund

EXHIBIT B

FORM OF SERIES 2018A COSTS OF ISSUANCE FUND REQUISITION

Requisition No. _____

To: U.S. Bank National Association
Global Corporate Trust Services
633 West Fifth Street, 24th Floor
LM-CA-T24T
Los Angeles, California 90071
Attention: Ilse Vlach

Re: Requisition of Funds from City of Long Beach, California Harbor Revenue Refunding
Short-Term Notes, Series 2018A Costs of Issuance Fund

The amount requisitioned: \$ _____

Payment to be made to: _____

Manner in which payment is to be made: _____

The undersigned, an Authorized Representative within the meaning of the Trustee Services Agreement, dated [•], 2018 (the "Trustee Services Agreement"), by and between the City of Long Beach, California (the "City"), and U.S. Bank National Association, as trustee (the "Trustee"), hereby requisitions the amount set forth above and directs that such amount be paid to the party set forth above from funds held in the City of Long Beach, California Harbor Revenue Refunding Short-Term Notes, Series 2018A Costs of Issuance Fund and directs that payment be made in the manner described above.

The amount to be paid represents a Costs of Issuance associated with the issuance of the Series 2018A Senior Notes and the amount requisitioned hereby will be expended only in accordance with and subject to the limitations set forth in the Tax Compliance Certificate, dated [•], 2018, relating to the Series 2018A Senior Notes. Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Master Resolution and the Twenty-First Supplemental Resolution (as each are defined in the Trustee Services Agreement).

Dated: _____.

CITY OF LONG BEACH, CALIFORNIA

By _____
Title _____
Name _____

EXHIBIT C

SCHEDULE OF FEES FOR SERVICES AS TRUSTEE