



CITY OF LONG BEACH

R-27

DEPARTMENT OF FINANCIAL MANAGEMENT

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

May 23, 2017

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Adopt a Resolution authorizing the issuance of Harbor Revenue Bonds, Series 2017 A, B, and C (Series 2017 Bonds), by the Board of Harbor Commissioners on behalf of the City of Long Beach, in an aggregate principal amount not to exceed \$200,000,000, secured and solely payable from Harbor Department revenues, and authorize the execution of all necessary related documents. (District 2)

DISCUSSION

The Board of Harbor Commissioners (Board), acting on behalf of the City proposes to issue the Series 2017 Bonds, in an aggregate principal amount not to exceed \$200,000,000. Proceeds from the Series 2017 Bonds will be used to pay or reimburse the Harbor Department for capital expenditures incurred, or for future construction costs related to various capital improvement projects, including the Gerald Desmond Bridge and the Middle Harbor Terminal. Additionally, the proceeds will also be used to repay the Harbor Department's outstanding subordinate revolving obligations, and pay for the cost of issuance associated with the Series 2017 Bonds. The Series 2017 Bonds will be secured and solely payable from Harbor Department revenues.

The Board will adopt a Resolution on May 16, 2017, authorizing the issuance of the Series 2017 Bonds (Attachment A).

This matter was reviewed by Deputy City Attorney Richard F. Anthony on April 24, 2017 and by Assistant Finance Director Lea Eriksen on April 27, 2017.

TIMING CONSIDERATIONS

City Council action is requested on May 23, 2017, to facilitate the Harbor Department's capital improvement program.

HONORABLE MAYOR AND CITY COUNCIL
May 23, 2017
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FISCAL IMPACT

The Series 2017 Bonds will be special, limited obligations of the City, secured and solely payable from Harbor Department revenues. The City's General Fund (GF) will not be liable for the debt service payments of the Series 2017 Bonds. These capital improvement projects are expected to create approximately 4,000 jobs in the five-county region over the next five years.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



JOHN GROSS
DIRECTOR OF FINANCIAL MANAGEMENT



DUANE L. KENAGY
INTERIM EXECUTIVE DIRECTOR, HARBOR DEPARTMENT

JG:DN:FA
K:\EXEC\COUNCIL LETTERS\TREASURY\2017\05-23-17 ccl - HARBOR REVENUE BONDS 2017ABC.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 BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$200,000,000 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 (i) one or more series of Harbor Revenue Bonds in an aggregate principal amount not to exceed \$200,000,000 (the "Series 2017 Senior Bonds") for the purposes of (a) paying and/or reimbursing the Harbor Department of the City (the "Harbor Department") for capital expenditures incurred or to be incurred by the Harbor Department at the Port of Long Beach, (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 (including any Acting Executive Director or Interim Executive Director), the Managing Director-

1 Finance and Administration of the Harbor Department (including any Acting Managing
2 Director-Finance and Administration or Interim Managing Director-Finance and
3 Administration) and/or the Director of Finance of the Harbor Department (including any
4 Acting Director of Finance or Interim Director of Finance) (each a "Designated Officer") to
5 be in the best interest of the Harbor Department, current refunding and repaying all or a
6 portion of the outstanding City of Long Beach, California Subordinate Harbor Revenue
7 Revolving Obligations, Series B (Tax-Exempt) (the "Series B Subordinate Obligations"),
8 (c) if determined by a Designated Officer to be in the best interest of the Harbor
9 Department, funding or providing for the funding of one or more debt service reserve
10 funds with respect to the Series 2017 Senior Bonds, (d) if determined by a Designated
11 Officer to be in the best interest of the Harbor Department, funding capitalized interest on
12 all or a portion of the Series 2017 Senior Bonds, (e) if determined by a Designated Officer
13 to be in the best interest of the Harbor Department, providing for credit support for all or a
14 portion of the Series 2017 Senior Bonds, and (f) paying the financing costs and the costs
15 of issuing the Series 2017 Senior Bonds, all pursuant to Resolution No. HD-1475
16 adopted by the Board on November 8, 1989, as amended and supplemented (the
17 "Master Resolution"), and to be further supplemented by a supplemental resolution to be
18 adopted by the Board after the execution and delivery of the bond purchase agreement
19 by the City, acting by and through the Board, and the underwriters of the Series 2017
20 Senior Bonds (the "Supplemental Resolution," and together with the Master Resolution,
21 the "Bond Resolution"), a form of which is attached hereto as "Exhibit A"; and

22 WHEREAS, pursuant to a resolution adopted by the Board on May 16,
23 2017 (the "Authorizing Resolution"), a form of which is attached hereto as "Exhibit B," the
24 Board authorized the issuance and sale of the Series 2017 Senior Bonds pursuant to the
25 Bond Resolution;

26 NOW, THEREFORE, the City Council of the City of Long Beach resolves as
27 follows:

28 Section 1. That the City Council, acting pursuant to the Article XII of the

1 Charter and Sections 3.52.110 through 3.52.150 of the Municipal Code, and subject to the
2 terms and provisions set forth in the Authorizing Resolution, does hereby approve the
3 issuance of the Series 2017 Senior Bonds in an aggregate principal amount not to exceed
4 \$200,000,000, pursuant to the Bond Resolution with such changes, completions, insertions
5 and omissions as shall be approved by the Board, the adoption of the Supplemental
6 Resolution by the Board being conclusive evidence of such approval.

7 The Series 2017 Senior Bonds shall be issued as special, limited
8 obligations of the City and shall be secured by a pledge of and lien upon and shall be a
9 charge upon and shall be payable from the revenues of the Harbor Department and
10 certain funds and accounts pledged under the Bond Resolution. The Series 2017 Senior
11 Bonds shall not be a debt of the City, nor a legal or equitable pledge, charge, lien or
12 encumbrance upon any of the City's property or upon any of the City's income, receipts
13 or revenues, except the revenues of the Harbor Department and the funds and accounts
14 specifically pledged to the payment thereof under the Bond Resolution. The general fund
15 of the City shall not be liable for the payment of the Series 2017 Senior Bonds or interest
16 thereon, nor shall the credit or the taxing power of the City be pledged therefor.

17 Section 2. That the City Manager, the City Treasurer, the City Clerk and
18 all other proper officers and officials of the City are hereby authorized and directed to
19 execute such other agreements, documents and certificates (including, but not limited to,
20 a trustee services agreement), and to perform such other acts and deeds as may be
21 necessary or convenient to effect the purposes of this resolution.

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

24 Section 4. This resolution shall take effect immediately upon its adoption
25 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 _____, 2017 by the following vote:

Ayes: Councilmembers: _____

Noes: Councilmembers: _____

Absent: Councilmembers: _____

City Clerk

**RESOLUTION TO BE EXECUTED BY THE BOARD OF COMMISSIONERS
ON MAY 16, 2017**

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 \$200,000,000
AGGREGATE PRINCIPAL AMOUNT OF ONE OR MORE SERIES OF
HARBOR REVENUE BONDS 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 \$200,000,000
Aggregate Principal Amount of One or More Series of
Harbor Revenue Bonds 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 Resolution No. HD-1476 adopted by the Board on November 8, 1989, the Board, on behalf of the City, issued \$242,000,000 aggregate principal amount of Senior Bonds, designated as “City of Long Beach, California Harbor Revenue Bonds, Series 1989A” (the “*Series 1989A Senior Bonds*”), the proceeds of which were used, among other things, to finance capital improvements at the Port, and which have been paid in full and are no longer Outstanding (as defined in the Master Senior Resolution);

WHEREAS, pursuant to Resolution No. HD-1504 adopted by the Board on May 14, 1990, as amended and restated by Resolution No. HD-1511 adopted by the Board on June 11, 1990, the Board, on behalf of the City, issued \$79,200,000 aggregate principal amount of Senior Bonds, designated as “City of Long Beach, California Harbor Refunding Revenue Bonds, Series 1991,” the proceeds of which were used, among other things, to refund a portion of the City’s 1980 Harbor Revenue Bonds, and which have been paid in full and are no longer Outstanding;

WHEREAS, pursuant to Resolution No. HD-1677 adopted by the Board on October 4, 1993, the Board, on behalf of the City, issued \$166,500,000 aggregate principal amount of Senior Bonds, designated as “City of Long Beach, California Harbor Revenue Bonds, Series 1993” (the “*Series 1993 Senior Bonds*”), the proceeds of which were used, among other things, to finance capital improvements at the Port, and which have been paid in full and are no longer Outstanding;

WHEREAS, pursuant to Resolution No. HD-1689 adopted by the Board on January 10, 1994, the Board, on behalf of the City, authorized the issuance, from time to time, of up to \$382,500,000 aggregate principal amount of “The City of Long Beach, Harbor Department, Commercial Paper Notes,” the proceeds of which were used, among other things, to finance capital improvements at the Port, from time to time, and which have been paid in full and are no longer Outstanding;

WHEREAS, pursuant to Resolution No. HD-1787 adopted by the Board on November 20, 1995, the Board, on behalf of the City, issued \$343,420,000 aggregate principal amount of Senior Bonds, designated as “City of Long Beach, California Harbor Revenue Bonds, Series 1995” (the “**Series 1995 Senior Bonds**”), the proceeds of which were used, among other things, to finance capital improvements at the Port, and which have been paid in full and are no longer Outstanding;

WHEREAS, pursuant to Resolution No. HD-1891 adopted by the Board on December 15, 1997, the Board, on behalf of the City, issued \$206,330,000 aggregate principal amount of Senior Bonds, designated as “City of Long Beach, California Harbor Revenue Refunding Bonds, Series 1998A,” the proceeds of which were used, among other things, to refund a portion of the Series 1989A Senior Bonds, and which, as of the date hereof, remain Outstanding;

WHEREAS, pursuant to Resolution No. HD-2037 adopted by the Board on October 30, 2000, the Board, on behalf of the City, issued \$275,000,000 aggregate principal amount of Senior Bonds, designated as “City of Long Beach, California Harbor Revenue Bonds, Series 2000A,” the proceeds of which were used, among other things, to finance capital improvements at the Port, and which have been paid in full and are no longer Outstanding;

WHEREAS, pursuant to Resolution No. HD-2116 adopted by the Board on June 24, 2002, the Board, on behalf of the City, issued \$150,000,000 aggregate principal amount of Senior Bonds, designated as “City of Long Beach, California Harbor Revenue Bonds, Series 2002A,” the proceeds of which were used, among other things, to finance capital improvements at the Port, and which have been paid in full and are no longer Outstanding;

WHEREAS, pursuant to Resolution No. HD-2116 adopted by the Board on June 24, 2002, the Board, on behalf of the City, issued \$150,000,000 aggregate principal amount of Senior Bonds, designated as “City of Long Beach, California Harbor Revenue Bonds, Series 2002B” (the “**Series 2002B Senior Bonds**”), the proceeds of which were used, among other things, to finance capital improvements at the Port, and which have been paid in full and are no longer Outstanding;

WHEREAS, pursuant to Resolution No. HD-2187 adopted by the Board on March 1, 2004, the Board, on behalf of the City, issued \$81,365,000 aggregate principal amount of Senior Bonds, designated as “City of Long Beach, California Harbor Revenue Refunding Bonds, Series 2004A” (the “**Series 2004A Senior Bonds**”), and \$32,045,000 aggregate principal amount of Senior Bonds, designated as “City of Long Beach, California Harbor Revenue Refunding Bonds, Series 2004B” (the “**Series 2004B Senior Bonds**”), the proceeds of which were used, among

other things, to refund a portion of the Series 1993 Senior Bonds, and which have been paid in full and are no longer Outstanding;

WHEREAS, pursuant to Resolution No. HD-2242 adopted by the Board on February 28, 2005, the Board, on behalf of the City, issued \$233,005,000 aggregate principal amount of Senior Bonds, designated as “City of Long Beach, California Harbor Revenue Refunding Bonds, Series 2005A” (the “*Series 2005A Senior Bonds*”), and \$24,970,000 aggregate principal amount of Senior Bonds, designated as “City of Long Beach, California Harbor Revenue Refunding Bonds, Series 2005B” (the “*Series 2005B Senior Bonds*”), the proceeds of which were used, among other things, to refund a portion of the Series 1995 Senior Bonds, and which have been paid in full and are no longer Outstanding;

WHEREAS, pursuant to Resolution No. HD-2555 adopted by the Board on April 5, 2010, the Board, on behalf of the City, issued \$200,835,000 aggregate principal amount of Senior Bonds, designated as “City of Long Beach, California Harbor Revenue Bonds, Series 2010A,” the proceeds of which were used, among other things, to finance capital improvements at the Port, and which, as of the date hereof, remain Outstanding;

WHEREAS, pursuant to Resolution No. HD-2560 adopted by the Board on May 10, 2010, the Board, on behalf of the City, issued \$158,085,000 aggregate principal amount of Senior Bonds, designated as “City of Long Beach, California Harbor Revenue Refunding Bonds, Series 2010B,” the proceeds of which were used, among other things, to purchase and cancel a portion of the Series 2002B Senior Bonds, a portion of the Series 2004A Senior Bonds and a portion of the Series 2005A Senior Bonds, and which, as of the date hereof, remain Outstanding;

WHEREAS, pursuant to Resolution No. HD-2761 adopted by the Board on May 5, 2014, the Board, on behalf of the City, issued \$38,465,000 aggregate principal amount of Senior Bonds, designated as “City of Long Beach, California Harbor Revenue Refunding Bonds, Series 2014A,” the proceeds of which were used, among other things, to refund a portion of the Series 2002B Senior Bonds and a portion of the Series 2004A Senior Bonds, and which, as of the date hereof, remain Outstanding;

WHEREAS, pursuant to Resolution No. HD-2761 adopted by the Board on May 5, 2014, the Board, on behalf of the City, issued \$20,570,000 aggregate principal amount of Senior Bonds, designated as “City of Long Beach, California Harbor Revenue Refunding Bonds, Series 2014B,” the proceeds of which were used, among other things, to refund a portion of the Series 2004B Senior Bonds, and which, as of the date hereof, remain Outstanding;

WHEREAS, pursuant to 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 Short-Term Notes*”), the proceeds of which were used, among other things, to finance capital improvements at the Port and to refund and defease a portion of the Series A Subordinate Obligations (as hereinafter defined) and a portion of the Series B Subordinate Obligations (as hereinafter defined), and which, as of the date hereof, remain Outstanding;

WHEREAS, pursuant to Resolution No. HD-2806 adopted by the Board on April 27, 2015, the Board, on behalf of the City, issued \$44,845,000 aggregate principal amount of Senior Bonds, designated as “City of Long Beach, California Harbor Revenue Refunding Bonds, Series 2015A,” the proceeds of which were used, among other things, to refund a portion of the Series 2005A Senior Bonds, and which, as of the date hereof, remain Outstanding;

WHEREAS, pursuant to Resolution No. HD-2806 adopted by the Board on April 27, 2015, the Board, on behalf of the City, issued \$20,130,000 aggregate principal amount of Senior Bonds, designated as “City of Long Beach, California Harbor Revenue Refunding Bonds, Series 2015B,” the proceeds of which were used, among other things, to refund a portion of the Series 2005B Senior Bonds, and which, as of the date hereof, remain Outstanding;

WHEREAS, pursuant to Resolution No. HD-2814 adopted by the Board on July 27, 2015, the Board, on behalf of the City, issued \$66,085,000 aggregate principal amount of Senior Bonds, designated as “City of Long Beach, California Harbor Revenue Bonds, Series 2015C,” and \$66,865,000 aggregate principal amount of Senior Bonds, designated as “City of Long Beach, California Harbor Revenue Bonds, Series 2015D,” the proceeds of which were used, among other things, to finance capital improvements at the Port, and which, as of the date hereof, remain Outstanding;

WHEREAS, pursuant to Resolution No. HD-2726 adopted by the Board on July 16, 2013 (the “**Master Subordinate Resolution**”), the Board has heretofore authorized the issuance, from time to time, of Subordinate Harbor Revenue Obligations (the “**Subordinate Obligations**”) on behalf of the City by adoption of supplemental resolutions from time to time, with payment of the principal, and interest on and redemption premiums thereon being secured by and payable from Subordinate Revenues (as defined in the Master Subordinate Resolution) of the Port;

WHEREAS, pursuant to Resolution No. HD-2727 adopted by the Board on July 16, 2013, the Board, on behalf of the City, authorized the issuance and incurrence, from time to time, of \$78,000,000 aggregate principal amount of “City of Long Beach, California Subordinate Harbor Revenue Revolving Obligations, Series A (Tax-Exempt)” (the “**Series A Subordinate Obligations**”), the proceeds which were used, among other things, to finance capital improvements at the Port, from time to time, and which have been paid in full and are no longer Outstanding (as defined in the Master Subordinate Resolution);

WHEREAS, pursuant to Resolution No. HD-2728 adopted by the Board on July 16, 2013 and Resolution No. HD-2852 adopted by the Board on June 30, 2016, the Board, on behalf of the City, authorized the issuance and incurrence, from time to time, of \$200,000,000 aggregate principal amount of “City of Long Beach, California Subordinate Harbor Revenue Revolving Obligations, Series B (Tax-Exempt)” (the “**Series B Subordinate Obligations**”), and “City of Long Beach, California Subordinate Harbor Revenue Revolving Obligations, Series C (Taxable),” the proceeds which are used, among other things, to finance capital improvements at the Port, from time to time, and which, as of the date hereof, remain Outstanding;

WHEREAS, pursuant to Resolution No. HD-2763 adopted by the Board on May 12, 2014 (“**Resolution No. HD-2763**”), the Board, on behalf of the City, issued \$325,000,000 aggregate principal amount of “City of Long Beach, California Subordinate Harbor Revenue

Note, Series 2014A (Gerald Desmond Bridge – TIFIA Loan),” the proceeds of which, if the Board, on behalf of the City, decides to make a draw on the TIFIA Loan (as defined in Resolution No. HD-2763), will be used to repay the principal of the Series 2014C Senior Short-Term Notes and/or for such other allowable purposes as the Board, on behalf of the City, may decide;

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 “*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 (the “*Series 2017 Senior Bonds*”), secured by and payable from the Revenues of the Port, for the purposes of (a) paying and/or reimbursing the Department for capital expenditures incurred or to be incurred by the Department at the Port, including, but not limited to, the Series 2017 Projects (as defined in the hereinafter defined Preliminary Official Statement), (b) if determined by a Designated Officer to be in the best interest of the Department, current refunding and repaying all or a portion of the outstanding Series B Subordinate Obligations, (c) if determined by a Designated Officer to be in the best interest of the Department, funding or providing for the funding of one or more debt service reserve funds with respect to the Series 2017 Senior Bonds, (d) if determined by a Designated Officer to be in the best interest of the Department, funding capitalized interest on all or a portion of the Series 2017 Senior Bonds, (e) if determined by a Designated Officer to be in the best interest of the Department, providing for credit support for all or a portion of the Series 2017 Senior Bonds, and (f) paying the financing costs and the costs of issuing the Series 2017 Senior Bonds;

WHEREAS, the Series 2017 Senior Bonds shall be issued in an aggregate principal amount not to exceed \$200,000,000;

WHEREAS, all of the Series 2017 Senior Bonds 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, 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 2017 Senior Bonds;

(b) a form of the Bond Purchase Agreement (the “*Bond Purchase Agreement*”) to be entered into by Citigroup Global Markets Inc., as representative of itself, Merrill Lynch, Pierce, Fenner & Smith Incorporated (or BofAML Securities, Inc.), and Siebert Cisneros Shank & Co., L.L.C., and the City, acting by and through the Board, with respect to the purchase and sale of the Series 2017 Senior Bonds;

(c) a form of a supplemental resolution to be adopted by the Board at a later date (the “*Supplemental Resolution*”) in connection with the issuance of the Series 2017 Senior Bonds; 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 2017 Senior Bonds; and

WHEREAS, said documents will be modified and amended to reflect the various details applicable to the Series 2017 Senior Bonds and said documents are subject to completion to reflect the results of the sale of the Series 2017 Senior Bonds; 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 2017 Senior Bonds. The Board hereby determines that the issuance and sale of the Series 2017 Senior Bonds in a total aggregate principal amount not to exceed \$200,000,000 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 2017 Senior Bonds pursuant to the terms and conditions of the Master Senior Resolution and the Supplemental Resolution. The Board hereby determines that the issuance and sale of the Series 2017 Senior Bonds is needed, along with certain available moneys of the Department, if any, to (a) pay and/or reimburse the Department for capital expenditures incurred or to be incurred by the Department at the Port, including, but not limited to, the Series 2017 Projects; (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 Department (including any Acting Executive Director or Interim Executive Director), the Managing Director-Finance and Administration of the Department (including any Acting Managing Director-Finance and Administration or Interim Managing Director-Finance and Administration) and/or the Director of Finance of the Department (including any Acting Director of Finance or Interim Director of Finance) (each a “*Designated Officer*”) to be in the best interest of the Department, current refund and repay all or a portion of the outstanding Series B Subordinate Obligations; (c) if determined by a Designated Officer to be in the best interest of the Department, fund or provide for the funding of one or more debt service reserve funds with respect to the Series 2017 Senior Bonds; (d) if determined by a Designated Officer to be in the best interest of the Department, fund capitalized interest on all or a portion of the Series 2017 Senior Bonds; (e) if determined by a Designated Officer to be in the best interest of the Department, provide for credit support for all or a portion of the Series 2017 Senior Bonds; and (f) pay the financing costs and the costs of issuing the Series 2017 Senior Bonds.

The Series 2017 Senior Bonds 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 2017 Senior Bonds shall be subject to the following provisions: (a) the total aggregate principal amount of the Series 2017 Senior Bonds that may be issued shall not exceed \$200,000,000, plus the amount of any original issue premium at which the Series 2017 Senior Bonds may be sold; (b) no Series 2017 Senior Bond shall bear interest at a rate in excess of 6.0%

per annum, and (c) no Series 2017 Senior Bond shall have a term longer than 35 years from its date of issue.

Section 2. Underwriters and Bond Purchase Agreement. The Board hereby appoints Citigroup Global Markets Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated (or BofAML Securities, Inc.), and Siebert Cisneros Shank & Co., L.L.C., as the underwriters of the Series 2017 Senior Bonds (collectively, the “*Underwriters*”). The Board hereby authorizes the sale of the Series 2017 Senior Bonds through a negotiated sale to the Underwriters pursuant to the Bond Purchase Agreement. Each Designated Officer, any one of them, is hereby authorized to approve the final terms of the sale of the Series 2017 Senior Bonds subject to the terms, conditions and restrictions set forth in this Resolution. The final terms and provisions of the Series 2017 Senior Bonds shall be set forth in the 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 Bond Purchase Agreement. The Series 2017 Senior Bonds shall be sold with an underwriters’ discount as set forth in the Bond Purchase Agreement, not to exceed 1.0% of the aggregate principal amount of the Series 2017 Senior Bonds, and subject to the terms and conditions set forth in the Bond Purchase Agreement. The form, terms and provisions of the Bond 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 Bond Purchase Agreement including counterparts thereof, in the name and on behalf of the Board; provided that the Series 2017 Senior Bonds shall bear interest at such rates with respect to the various maturities such that the true interest cost of the Series 2017 Senior Bonds does not exceed 6.0% 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 2017 Senior Bonds (computed on the first interest payment date of the Series 2017 Senior Bonds and semiannually thereafter), produces an amount equal to the purchase price of the Series 2017 Senior Bonds 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 2017 Senior Bonds. The Bond 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 Bond Purchase Agreement now before this Board; and from and after the execution and delivery of the Bond Purchase Agreement, the officers, agents and employees of 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 Bond Purchase Agreement.

Section 4. 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 2017 Senior Bonds 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 2017 Senior Bonds, the Preliminary Official Statement may be circulated (via printed format and/or electronic means) for use in selling the Series 2017 Senior Bonds 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 2017 Senior Bonds to the public.

Section 5. Official Statement. Prior to the delivery of the Series 2017 Senior Bonds, the 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 2017 Senior Bonds in substantially the form of the Preliminary Official Statement to be prepared and delivered by the Board and the 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 2017 Senior Bonds 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 2017 Senior Bonds when such Official Statement is in final form.

Section 6. 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 2017 Senior Bonds. 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 7. Additional Authorizations. Each Designated Officer and all officers, agents and employees of the 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 2017 Senior Bonds, the Preliminary and final Official Statements, the Bond Purchase Agreement and the Continuing Disclosure Certificate, and to carry out the terms thereof, including, but not limited to, authorizing such officers to obtain one or more bond insurance and/or a reserve fund surety policies insuring all or a part of the Series 2017 Senior

Bonds and/or funding all or a part of a debt service reserve fund, if any, for the Series 2017 Senior Bonds, to the extent such bond insurance and/or reserve fund surety policy shall result in interest cost savings to the Department. Each Designated Officer and all other officers, agents and other employees of the 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 bond insurance and/or a reserve fund surety policies) that may be required in order to carry out the authority conferred by this Resolution and by the Master Senior Resolution, the Supplemental Resolution, the Bond Purchase Agreement and the Continuing Disclosure Certificate or to evidence the same authority and its exercise.

Section 8. Approval of the City. The Board shall cause a form of this Resolution and a form of the 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 2017 Senior Bonds to be transmitted to the City Council. The Board hereby requests the City Council to approve the issuance of the Series 2017 Senior Bonds pursuant to the Master Senior Resolution and the Supplemental Resolution, with such changes, completions, insertions or omissions as shall be approved by the Board upon adoption thereof.

Section 9. 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 2017 Senior Bonds 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 10. 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 11. Governing Law. This Resolution shall be construed and governed in accordance with the laws of the State of California.

Section 12. 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 May 16, 2017 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

\$ _____

**CITY OF LONG BEACH, CALIFORNIA
HARBOR REVENUE BONDS**

\$ _____
SERIES 2017A
(AMT)

\$ _____
SERIES 2017B
(AMT) (Green Bonds)

\$ _____
SERIES 2017C
(NON-AMT)

BOND PURCHASE AGREEMENT

_____, 2017

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

Ladies and Gentlemen:

The undersigned Citigroup Global Markets Inc. (the “Representative”), on behalf of itself, [Merrill Lynch, Pierce, Fenner & Smith Incorporated] and Siebert Cisneros Shank & Co., L.L.C. (collectively, the “Underwriters”), offers to enter into this Bond Purchase Agreement (this “Bond Purchase Agreement”) with the City of Long Beach, acting by and through its Board of Harbor Commissioners (the “Issuer”) which, upon the Issuer’s written 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 Twentieth Supplemental Resolution (as such terms are hereinafter defined) or in the Official Statement (as hereinafter defined). This offer is made subject to the written acceptance of this Bond Purchase Agreement by the Issuer and the delivery of such acceptance to the Representative at or prior to 11:59 p.m. California time, on the date hereof, and, if not so accepted, will be subject to withdrawal by the Underwriters upon notice delivered to the Issuer at any time prior to the acceptance hereof by the Issuer.

The Representative hereby represents that it has been authorized by the other Underwriters to execute this Bond 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: (i) \$ _____ aggregate principal amount of the City of Long Beach, California Harbor Revenue Bonds, Series 2017A (the “Series 2017A Senior Bonds”), (ii) \$ _____ aggregate principal amount of the City of Long Beach, California Harbor Revenue Bonds, Series 2017B (the “Series 2017B Senior Bonds”), and (iii) \$ _____ aggregate principal amount of the City of Long Beach, California Harbor Revenue Bonds, Series 2017C (the “Series 2017C Senior Bonds,” and collectively with the Series 2017A Senior Bonds and the Series 2017B Senior Bonds, the “Bonds”). The purchase price of the Series 2017A Senior Bonds shall be \$ _____ (representing the principal amount of the Series 2017A Senior Bonds, minus/plus a [net] original issue discount/premium of \$ _____ and less an underwriters’ discount of \$ _____) (the

“Series 2017A Purchase Price”). The purchase price of the Series 2017B Senior Bonds shall be \$_____ (representing the principal amount of the Series 2017B Senior Bonds, minus/plus a [net] original issue discount/premium of \$_____ and less an underwriters’ discount of \$_____) (the “Series 2017B Purchase Price”). The purchase price of the Series 2017C Senior Bonds shall be \$_____ (representing the principal amount of the Series 2017C Senior Bonds, minus/plus a [net] original issue discount/premium of \$_____ and less an underwriters’ discount of \$_____) (the “Series 2017C Purchase Price,” and collectively with the Series 2017A Purchase Price and the Series 2017B Purchase Price, the “Series 2017 Purchase Price”).

2. The Bonds 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, as to the principal thereof and interest thereon, solely from and secured by a lien upon Revenues and other funds, assets and security described in the Master Resolution and under the Twentieth Supplemental Resolution. The Bonds shall be authorized and secured by the terms of Resolution No. HD- 1475, adopted by the Board of Harbor Commissioners (the “Board”) on November 8, 1989, as supplemented and amended by supplemental resolutions (the “Master Resolution”), including by a Twentieth Supplemental Resolution, to be adopted by the Board on _____, 2017 (the “Twentieth Supplemental Resolution” and, together with the Master Resolution, the “Resolutions”).

The Issuer will also enter into (a) 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 National Association (“U.S. Bank”), in its capacity as fiscal agent (the “Fiscal Agent”), and (b) 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 Bonds, dated _____, 2017, (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 public offering of the Bonds by the Underwriters. The Issuer hereby represents to the Underwriters, as of the date hereof, that the Preliminary Official Statement previously furnished to the Underwriters was and is hereby “deemed final” by the Issuer as of its date for purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended (the “1934 Act”), 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 Bonds as permitted and specified in Rule 15c2-12(b)(1) promulgated under the 1934 Act.

The Bonds shall be substantially in the form described in, and shall be issued and secured under and pursuant to, and shall be payable and subject to redemption as provided in, the Resolutions. The Issuer hereby approves the use by the Underwriters of the Official Statement, dated the date hereof, relating to the Bonds (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 is referred to herein as the “Official Statement”) in its printed physical form or in electronic form in all respects materially consistent with such physical form.

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”)), 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) promulgated under the 1934 Act, MSRB 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 business days after the execution hereof, but in any event at least two business days prior to the 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 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.

The Bonds are being issued for the purposes of (a) paying and/or reimburse the Harbor Department of the City of Long Beach (the “Harbor Department”) for capital expenditures incurred or to be incurred at the Port of Long Beach, (b) refunding and repaying all of the outstanding City of Long Beach, California Subordinate Harbor Revenue Revolving Obligations Series B (Tax-Exempt), and (c) paying the costs of issuing the Series 2017 Senior Bonds.

The Bonds shall be dated as of their initial date of delivery and shall bear interest at the rates and mature in the principal amounts and in the years and shall be subject to redemption, all as set forth in Schedule I hereto.

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

4. The Issuer hereby authorizes the use by the Underwriters of the Resolutions, 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 Bonds.

5. At 8:00A.M., California time, on _____, 2017 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, or cause to be delivered, the Bonds to the Representative’s account against payment of the Series 2017 Purchase Price through the facilities of The Depository Trust Company (“DTC”) in New York, New York. Physical delivery of the Bonds shall be made to the Fiscal Agent, as agent for DTC under the Fast Automated Securities Transfer System. The Bonds 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 Series 2017 Purchase Price 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 Bonds as described in this paragraph is referred to herein as the “Closing.”

6. The Issuer represents, as of the date hereof, 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 Bond Law of 1941, Section 54300, et seq. of the Government Code of the State, is authorized, among other things, (i) to issue revenue bonds, such as the Bonds, for the purposes described in the Resolutions, and (ii) to secure the Bonds in the manner contemplated by the Resolutions;

(b) The Board had and will have the full right, power and authority to adopt the Resolutions and Resolution No. HD-_____ adopted by the Board on _____, 2017 (“Resolution No. HD-_____”);

(c) The Issuer has the full right, power and authority (i) to enter into the Fiscal Agent Agreement, this Bond Purchase Agreement and the Continuing Disclosure Certificate, (ii) to acknowledge and deliver (including, without limitation, through electronic means) the Preliminary Official Statement; (iii) to determine that the Preliminary Official Statement was substantially final within the meaning of Rule 15c2-12 promulgated under the 1934 Act; (iv) to prepare, execute and deliver (including, without limitation, through electronic means) the Official Statement; (v) to issue, sell and deliver the Bonds to the Underwriters as provided herein, and (vi) 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;

(d) The Issuer has duly authorized (i) the execution and delivery of the Bonds and the execution, delivery and due performance, as applicable, of this Bond Purchase Agreement, the Resolutions, the Official Statement, 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;

(e) Upon issuance, the Bonds will be valid and binding special limited obligations of the City enforceable in accordance with their terms, and shall be secured by a pledge of and lien upon and shall be a charge upon and shall be payable, as to the principal thereof, interest thereon, solely from and secured by a lien upon Revenues and other funds, assets and security described in the Master Resolution and the Twentieth Supplemental Resolution;

(f) This Bond Purchase Agreement is, and upon their execution and delivery the Fiscal Agent Agreement and the Continuing Disclosure Certificate will be, valid and binding obligations of the Issuer enforceable in accordance with their respective terms;

(g) Except for the Twentieth Supplemental Resolution, to be adopted by the Board on _____, 2017 and to be in full force and effect as of Closing, 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 Fiscal Agent Agreement, the Continuing Disclosure Certificate and the Bonds have been obtained and are in full force and effect, in each case except such 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 Bonds (as to which no representation is made). Except for the Twentieth Supplemental Resolution and to be in full force and effect as of Closing, to be adopted by the Board on _____, 2017, 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 Issuer of this Bond Purchase 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 Bonds (as to which no representation is made). Except for the Twentieth Supplemental Resolution, to be adopted by the Board on _____, 2017 and to be in full force and effect as of Closing, 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 Issuer of its obligations under the Bonds will have been duly obtained or made prior to the issuance of the Bonds (and disclosed to the Underwriters), except such 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 Bonds (as to which no representation is made). 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;

(h) The adoption of the Twentieth Supplemental Resolution and execution and delivery of this Bond Purchase Agreement, the Fiscal Agent Agreement, the Continuing Disclosure Certificate and the Bonds, 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;

(i) 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 paragraphs (b) and (c) above, or the validity of any proceeding taken by the Issuer in connection with the issuance of the Bonds, or wherein an unfavorable decision, ruling or finding could materially adversely affect the transactions contemplated by this Bond 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 Bonds, the Resolutions, Resolution No. HD-____, the Fiscal Agent Agreement, the Continuing Disclosure Certificate or this Bond Purchase Agreement; (iii) questions the exclusion from gross income of the recipients thereof of the interest on the Bonds for federal income tax purposes (except with respect to interest on any Series 2017A Senior Bonds or Series 2017B Senior Bonds held by a bondholder who is or was a “substantial user” or “related party” to such substantial user (both as defined in Section 147(a) of the Internal Revenue Code of 1986, as amended (the “Code”) of facilities financed or refinanced by the Series 2017A Senior Bonds or the Series 2017B Senior Bonds, respectively) or in any other way questions the status of the Bonds under federal or state tax laws or regulations; or (iv)

could materially adversely affect the properties, operations or financial condition of the Harbor Department or the ability of the Issuer to pay principal of and interest on the Bonds when due or to otherwise perform any of its obligations under the Resolutions, the Fiscal Agent Agreement and the Continuing Disclosure Certificate;

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

(k) Any certificate signed by any official or other representative of the Issuer, the Board or the Harbor Department and delivered to the Representative pursuant to this Bond Purchase Agreement shall be deemed a representation and warranty by the Issuer, the Board or the Harbor Department, as applicable (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;

(l) 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 Preliminary Official Statement and the Official Statement; and, other than the Resolutions, neither the Issuer 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 Bonds except as specifically disclosed in the Preliminary Official Statement and the Official Statement;

(m) Other than in the ordinary course of its business or as described in the Preliminary Official Statement and the Official Statement, between the date of this Bond 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;

(n) 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 Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States of America as the Representative may designate and (ii) to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions, and will use its best efforts to continue such qualifications in effect so long as required for the initial distribution of the Bonds; 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 or pay the cost or expense of any qualifications or determination;

(o) The information contained in the (i) Preliminary Official Statement (excluding therefrom the sentence specifically indicated as being provided by the Underwriters on page (ii), the information under the caption "UNDERWRITING" and relating to and provided by DTC, and permitted omissions as specified in Rule 15c2-12(b)(1) promulgated under the 1934 Act) is as of its date and the date hereof (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 yield and price information on the inside cover, the sentence specifically indicated as being provided by the Underwriters on page (ii) and the information under the caption "UNDERWRITING" (collectively, the "Underwriter Information"), the information relating to or provided by DTC and CUSIP numbers), 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 sentence specifically indicated as being provided by the Underwriters on page (ii), the information under the caption “UNDERWRITING” and relating to and provided by DTC, and permitted omissions as specified in Rule 15c2-12(b)(1) promulgated under the 1934 Act) as of its date did not and as of the date hereof does 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 (excluding therefrom the Underwriter Information, the information relating to and provided by DTC and CUSIP numbers), as of its date did not and as of the Closing Date will not, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(p) If the Official Statement is supplemented or amended pursuant to paragraph (q) of this Section 6, at the time of each supplement or amendment thereto, the Official Statement as so supplemented or amended (excluding therefrom the Underwriter Information, the information relating to and provided by DTC and CUSIP numbers) will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(q) Between the date of this Bond Purchase Agreement and the date which is 25 days following the End of the Underwriting Period, as defined in Rule 15c2-12 promulgated under the 1934 Act (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 omit to state a material fact necessary in order 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 in order 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 Bonds, 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 Bonds;

(r) The financial statements of, and other financial information regarding, the Harbor Department contained in the Preliminary Official Statement and 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 Preliminary Official Statement and the Official Statement;

(s) 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 Bonds to be applied in a manner other than as provided in the Resolutions or which would cause the interest on the Bonds to be includable in gross income for federal income tax purposes (except with respect to interest on any Series 2017A Senior Bonds or Series 2017B Senior Bonds held by a bondholder who is or was a "substantial user" or "related party" to such substantial user (both as defined in Section 147(a) of the Code) of facilities financed or refinanced by the Series 2017A Senior Bonds or the Series 2017B Senior Bonds, respectively); and

(t) Except as otherwise described in the Preliminary Official Statement and 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) promulgated under the 1934 Act to provide annual reports or notices of certain enumerated events specified in such rule.

7. The Representative, on behalf of the Underwriters, has entered into this Bond 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 Bond Purchase Agreement are and shall be subject to the following further conditions:

(a) At the time of the Closing, the Official Statement, the Resolutions, Resolution No. HD-____, the Fiscal Agent Agreement, the Continuing Disclosure Certificate and this Bond 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, Bond Counsel to the Issuer ("Bond 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 Bond Purchase Agreement, the Official Statement, the Fiscal Agent Agreement, the Continuing Disclosure Certificate and the Resolutions to be performed at or prior to the Closing;

(b) At the time of the Closing, the information in the Official Statement (excluding therefrom the Underwriter Information, the information relating to and provided by DTC and CUSIP numbers) (as amended and supplemented) shall be true and correct in all material respects, and the Official Statement shall not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(c) (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 bond, 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;

(d) The Underwriters, after consultation with the Issuer, may terminate this Bond Purchase Agreement by notification by the Representative to the Issuer if, at any time after the date hereof and prior to the Closing, in the Representative's reasonable opinion:

(i) the marketability of the Bonds or the market prices of the Bonds set forth in the Official Statement, in the reasonable opinion of the Representative (after consultation with the Issuer), has been materially adversely affected by (A) an amendment to the Constitution of the United States of America or the State of California, (B) any legislation enacted or approved, except as disclosed in the Preliminary Official Statement (as of the date hereof) or the Official Statement, by (1) the Congress of the United States, (2) either House of the Congress, (3) the Committee on Finance in the United States Senate, (4) the Committee on Ways and Means of the United States House of Representatives, (5) a Conference Committee of the Congress or (6) the State of California, which would have a material adverse effect on the exclusion of interest on the Bonds from gross income for federal or state income tax purposes or (C) any decision of any court of the United States or by any ruling or regulation (final, temporary or proposed) on behalf of the Treasury Department of the United States or the Internal Revenue Service, that the income received by any holder of obligations of the same type and character as the Bonds shall be declared under any federal income tax law not to be excludable from gross income (in each case either at the time of the declaration or at any future date);

(ii) an outbreak or escalation of hostilities involving the United States of America or a national or international calamity or crisis, or the declaration by the United States of America of a national emergency or war, the effect of any of which would materially adversely affect, in the reasonable opinion of the Representative (after consultation with the Issuer), the marketability of the Bonds or the market prices of the Bonds set forth in the Official Statement;

(iii) any downgrading or withdrawal of any long-term underlying rating on the Harbor Revenue Bonds of the Issuer, by Fitch, Inc. ("Fitch") or S&P Global Ratings ("S&P"), the effect of which would materially adversely affect, in the reasonable opinion of the Representative (after consultation with the Issuer), the marketability of the Bonds or the market prices of the Bonds set forth in the Official Statement provided that neither a change in the outlook nor placement on a "watch" list with respect to a rating shall constitute a downgrade for purposes of this clause (iii);

(iv) the declaration of a general banking moratorium by any authority of the United States, the State of New York or the State of California having jurisdiction or a material disruption in commercial banking or securities settlement or clearance services;

(v) a general suspension of trading (other than pursuant to New York Stock Exchange Rule 80B) shall have occurred, minimum or maximum prices for trading shall have been fixed and be in force or maximum ranges or

prices for securities shall have been required and be in force on the New York Stock Exchange whether by virtue of a determination by the New York Stock Exchange or by order of the Securities and Exchange Commission or any other governmental authority having jurisdiction;

(vi) an event described in subsection (q) of Section 6 shall have occurred which in the reasonable opinion of the Representative (after consultation with the Issuer) requires the preparation and publication of a supplement or amendment to the Official Statement and (A) the Issuer refuses to allow the Official Statement to be supplemented or (B) the effect of the Official Statement as so supplemented, in the reasonable opinion of the Representative, is to materially adversely affect the marketability of the Bonds or the market prices of the Bonds set forth in the Official Statement;

(vii) a stop order, ruling or regulation by the Securities and Exchange Commission shall hereafter be issued or made, the reasonable effect of which is that the issuance, offering or sale of the Bonds, as contemplated herein or in the Official Statement is in violation of any provisions of the Securities Act of 1933, as amended and as then in effect, the 1934 Act, as then in effect, the Trust Indenture Act of 1939, as amended, and as then in effect, or any rule or regulation promulgated under any such Acts;

(viii) the New York Stock Exchange or other national securities exchange, or any governmental authority, shall have imposed additional material restrictions not in force as of the date hereof upon trading in securities generally; and

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

(i) The opinion (or opinions) of Bond 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);

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

a. the Bonds 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;

b. this Bond Purchase 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 Bond Purchase Agreement and the Fiscal Agent Agreement, this Bond Purchase 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 are subject to general principles of equity regardless of whether such enforceability is considered in a proceeding in equity or at law;

c. the statements in the Official Statement under the captions "DESCRIPTION OF THE SERIES 2017 SENIOR BONDS," "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 SENIOR BONDS," "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 Fiscal Agent Agreement, the Continuing Disclosure Certificate or the Bonds and the approving opinion of Bond Counsel, are accurate in all material respects; and

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

(iv) Letters from Kutak Rock LLP, Disclosure Counsel to the Issuer, dated the Closing Date, addressed to the Issuer and the Underwriters, substantially in the forms attached hereto as Exhibit B;

(v) An opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, counsel to the Underwriters, dated the Closing Date, addressed to the Underwriters, to the effect that:

a. the Bonds are not subject to the registration requirements 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; and

b. based upon their participation in the preparation of the Preliminary Official Statement and the Official Statement as counsel for the Underwriters and their participation at conferences at which the Preliminary Official Statement and the Official Statement were discussed, but without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Preliminary Official Statement and the Official Statement, such counsel has no reason to believe that the Preliminary Official Statement, as of its date, or the Official Statement, as of its date or as of the date of the Closing, contained or contains any untrue statement of a material fact or omitted or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading (except for any financial, forecast, technical and statistical statements and data included in the Official Statement and the information regarding DTC and its book-entry system and the appendices, in each case as to which no view need be expressed);

(vi) A certificate, dated the Closing Date, of the Issuer executed by the Interim Executive Director or the Managing Director, Finance and Administration of the Harbor Department, to the effect that (A) the representations and warranties of the Issuer contained

in this Bond Purchase Agreement are true and correct in all material respects as of the date of this Bond Purchase Agreement and as of the Closing, and the Issuer has complied with all agreements and covenants and satisfied all conditions contemplated by the Resolutions, the Official Statement, the Fiscal Agent Agreement, the Continuing Disclosure Certificate and this Bond Purchase Agreement and (B) the Official Statement (excluding therefrom the Underwriter Information, the information relating to or provided by DTC and CUSIP numbers), does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

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

a. 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 National Association, in its capacity as trustee (the “Trustee”);

b. 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 terms;

(viii) Certified copies of the resolutions of the City and the Board relating to the Bonds and executed counterparts of this Bond Purchase Agreement, the Fiscal Agent Agreement, the Continuing Disclosure Certificate, the Trustee Services Agreement, the Official Statement and each of the other legal documents executed and delivered in connection with the issuance of the Bonds;

(ix) A Tax Compliance Certificate of the Issuer, in form satisfactory to Bond Counsel, signed by an appropriate officer of the Issuer;

(x) Evidence that the ratings on the Bonds of “[AA]” by S&P and “[AA]” by and Fitch, respectively, are in full force and effect on the Closing Date;

(xi) 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:

a. 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 of the Fiscal Agent and Trustee under the Master Resolution, the Twentieth Supplemental Resolution, the Fiscal Agent Agreement and the Trustee Services Agreement, as applicable;

b. U.S. Bank has duly taken all necessary corporate action to approve the execution of the Fiscal Agent Agreement and the Trustee Services Agreement,

respectively, and has duly authorized, executed and delivered the Fiscal Agent Agreement and the Trustee Services Agreement and the performance by U.S. Bank of the duties thereunder and under the Master Resolution and the Twentieth Supplemental Resolution;

c. the Bonds have been duly authenticated and executed by the Fiscal Agent; and

d. 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 Twentieth Supplemental Resolution, the Fiscal Agent Agreement, the Trustee Services Agreement or any other agreement, document or certificate related to such transactions;

(xii) 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 Issuer, the City and the Underwriters, to the effect that:

a. U.S. Bank is a national banking association duly organized, validly existing and in good standing under the laws of the United States of America;

b. U.S. Bank has all requisite corporate power, authority and legal right to execute and deliver the Fiscal Agent Agreement and the Trustee Services Agreement and to perform its obligations thereunder and under the Master Resolution and the Twentieth Supplemental Resolution, and has authorized the execution and delivery of the Fiscal Agent Agreement and the Trustee Services Agreement and the performance of its obligations under the Fiscal Agent Agreement, the Trustee Services Agreement, the Master Resolution and the Twentieth Supplemental Resolution;

c. U.S. Bank has duly authorized, executed and delivered the Fiscal Agent Agreement and the Trustee Services Agreement. Assuming the due authorization, execution and delivery thereof by the Issuer and the City thereto, as applicable, and adoption of the Master Resolution and the Twentieth Supplemental Resolution, the Fiscal Agent Agreement and the Trustee Services Agreement are the legal, valid and binding agreements of U.S. Bank, enforceable in accordance with their terms against U.S. Bank;

d. To our knowledge, the execution and delivery of the Fiscal Agent Agreement and the Trustee Services Agreement, and compliance with the provisions of the Fiscal Agent Agreement, the Trustee Services Agreement, the Master Resolution and the Twentieth Supplemental Resolution by U.S. Bank will not violate

any provisions of any law or regulation governing U.S. Bank or any order of any governmental authority having jurisdiction over U.S. Bank.

e. To our knowledge, no authorization, approval, consent, or order of any governmental agency or regulatory authority having jurisdiction over U.S. Bank that has not been obtained by U.S. Bank is required for the authorization, execution, and delivery by U.S. Bank of the Fiscal Agent Agreement and the Trustee Services Agreement or the performance of the duties and obligations of U.S. Bank under the Fiscal Agent Agreement, the Trustee Services Agreement, the Master Resolution and the Twentieth Supplemental Resolution.

(xiii) A copy of the DTC Blanket Letter of Representations relating to the Bonds;

(xiv) A copy of the Report of Proposed Debt Issuance required to be delivered to the California Debt and Investment Advisory Commission (“CDIAC”); and

(xv) Such additional legal opinions, certificates, proceedings, instruments and other documents as the Representative or Bond 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 Bond Purchase Agreement or if the Underwriters’ obligations shall be terminated for any reason permitted by this Bond Purchase Agreement, this Bond 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 Bonds at the Closing, the amount equal to one percent of the principal amount of the Bonds 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.

8. 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.

9. (a) Except as provided below, the Underwriters shall be under no obligation to pay, and the Issuer shall pay or cause to be paid all expenses incident to the issuance and sale of the Bonds as herein provided, including but not limited to: (i) the cost of preparation, including word processing, printing and reproduction of the Bonds, the Fiscal Agent Agreement and the Trustee Services Agreement; (ii) the costs of printing, distribution and delivery of the Preliminary Official Statement and the Official Statement and any amendment or supplement thereto, in reasonable quantities, (iii) the fees for ratings agencies; (iv) the fees and expenses of the municipal advisor to the Issuer; (v) the fees and expenses of Bond Counsel and Disclosure Counsel for the Issuer; and (vi) the fees and disbursements of any Fiscal Agent, Trustee, engineers, accountants, and other experts, consultants or advisers retained by the Issuer, if any.

(b) The Underwriters shall pay from the expense component of the underwriters' discount all other expenses incurred by them in connection with the public offering and distribution of the Bonds, except as provided by the Issuer by agreement, including (i) the fees and disbursements of Underwriters' Counsel; (ii) all advertising expenses in connection with the public offering of the Bonds; (iii) the cost of preparation, distribution and delivery of greater than 20 copies of the Official Statement; (iv) the costs of traveling and expenses of selling the Bonds; (v) the fees charged by CDIAC; (vi) any fees charged by the MSRB; (vii) the fees charged by Sustainalytics; and (viii) Blue Sky fees. [Notwithstanding that the Underwriters are required to pay the fees charged by CDIAC in connection with the offering of the Bonds, the Issuer agrees to reimburse the Underwriters for such fees.]

10. Any notice or other communication to be given to the Issuer under this Bond 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 Bond Purchase Agreement (other than the acceptance hereof as specified in the first paragraph hereof) may be given by delivering the same in writing to:

Chris Mukai
Citigroup Global Markets Inc.
444 South Flower Street, 27th Floor
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 the Representative and delivered to the Issuer.

11. For all purposes of this Bond Purchase Agreement, a default shall not be deemed to be continuing if it has been cured, waived or otherwise remedied. This Bond 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.

12. 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.

13. This Bond 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.

14. This Bond 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). No other person shall require or have any right hereunder or by virtue hereof. This Bond Purchase Agreement may not be assigned by the Issuer. All of the Issuer's representations, warranties and agreements contained in this Bond 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 Bonds pursuant to this Bond Purchase Agreement; and (iii) any termination of this Bond Purchase Agreement.

15. The Issuer acknowledges and agrees that (i) the purchase and sale of the Bonds pursuant to this Bond 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 an 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 Bond Purchase Agreement, and (iv) the Issuer has consulted its own legal, financial and other advisors to the extent it has deemed appropriate.

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

17. If any provision of this Bond 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 Bond Purchase Agreement invalid, inoperative or unenforceable to any extent whatever.

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

19. This Bond 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 Bond Purchase Agreement shall only be amended, supplemented or modified in a writing signed by both of the parties hereto. If you agree with the foregoing, please sign the enclosed counterpart of this Bond Purchase Agreement and return it to the Underwriters. This Bond Purchase Agreement shall become a binding agreement between you 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; signature page follows]

Very truly yours,

Citigroup Global Markets Inc.,
as Representative of the Underwriters

By: _____
[name]
[title]

ACCEPTED at _____ p.m. ET this __ day of _____, 2017:
CITY OF LONG BEACH,
acting by and through its Board of Harbor
Commissioners

By: _____
[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 Bond Purchase Agreement]

SCHEDULE I

\$[_____]
CITY OF LONG BEACH, CALIFORNIA
HARBOR REVENUE BONDS
SERIES 2017A
(AMT)

Maturity Date (May 15)	Principal Amount	Interest Rate	Yield	Price*
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* Priced to the first optional call date of May 15, 20[___].

** Term Bonds, subject to Mandatory Sinking Fund Redemption.

Optional Redemption. The Series 2017A Senior Bonds maturing on or before May 15, 20[___] are not subject to redemption prior to maturity. The Series 2017A Senior Bonds maturing on or after May 15, 20[___] shall be subject to redemption prior to maturity, at the option of the Board, as a whole or in part on any date, on or after May 15, 20[___], at a Redemption Price equal to 100% of the principal amount of the Series 2017A Senior Bonds to be redeemed, plus accrued interest thereon to the date fixed for redemption, without premium.

Mandatory Sinking Fund Redemption. The Series 2017A Senior Bonds maturing on May 15, 20___ will be called prior to maturity and redeemed at a redemption price equal to the par amount thereof from Mandatory Sinking Account Payments which have been deposited in the Principal Account, in the amounts and upon the dates as follows:

Payment Date (May 15)	Amount
----------------------------------	---------------

¹ Final Maturity

\$[_____]

CITY OF LONG BEACH, CALIFORNIA

HARBOR REVENUE BONDS

SERIES 2017B

(AMT) (Green Bonds)

Maturity Date (May 15)	Principal Amount	Interest Rate	Yield	Price*
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* Priced to the first optional call date of May 15, 20[___].

** Term Bonds, subject to Mandatory Sinking Fund Redemption.

Optional Redemption. The Series 2017B Senior Bonds maturing on or before May 15, 20[___] are not subject to redemption prior to maturity. The Series 2017B Senior Bonds maturing on or after May 15, 20[___] shall be subject to redemption prior to maturity, at the option of the Board, as a whole or in part on any date, on or after May 15, 20[___], at a Redemption Price equal to 100% of the principal amount of the Series 2017B Senior Bonds to be redeemed, plus accrued interest thereon to the date fixed for redemption, without premium.

Mandatory Sinking Fund Redemption. The Series 2017B Senior Bonds maturing on May 15, 20___ will be called prior to maturity and redeemed at a redemption price equal to the par amount thereof from Mandatory Sinking Account Payments which have been deposited in the Principal Account, in the amounts and upon the dates as follows:

Payment Date (May 15)	Amount
----------------------------------	---------------

¹ Final Maturity

\$[_____]

CITY OF LONG BEACH, CALIFORNIA

HARBOR REVENUE BONDS

SERIES 2017C

(Non-AMT)

Maturity Date (May 15)	Principal Amount	Interest Rate	Yield	Price*
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* Priced to the first optional call date of May 15, 20[___].

** Term Bonds, subject to Mandatory Sinking Fund Redemption.

Optional Redemption. The Series 2017C Senior Bonds maturing on or before May 15, 20[___] are not subject to redemption prior to maturity. The Series 2017C Senior Bonds maturing on or after May 15, 20[___] shall be subject to redemption prior to maturity, at the option of the Board, as a whole or in part on any date, on or after May 15, 20[___], at a Redemption Price equal to 100% of the principal amount of the Series 2017C Senior Bonds to be redeemed, plus accrued interest thereon to the date fixed for redemption, without premium.

Mandatory Sinking Fund Redemption. The Series 2017C Senior Bonds maturing on May 15, 20___ will be called prior to maturity and redeemed at a redemption price equal to the par amount thereof from Mandatory Sinking Account Payments which have been deposited in the Principal Account, in the amounts and upon the dates as follows:

Payment Date (May 15)	Amount
--------------------------	--------

¹ Final Maturity

EXHIBIT A

[LETTERHEAD OF CITY ATTORNEY]

[CLOSING DATE]

EXHIBIT B

[LETTERHEAD OF KUTAK ROCK LLP]

[Closing Date]

RESOLUTION NO. HD-_____

**RESOLUTION OF THE BOARD OF HARBOR COMMISSIONERS OF
THE CITY OF LONG BEACH, CALIFORNIA
AUTHORIZING THE ISSUANCE AND SALE OF
\$[PAR] AGGREGATE PRINCIPAL AMOUNT
OF HARBOR REVENUE BONDS OF SAID CITY; AND
PROVIDING THE TERMS AND CONDITIONS OF SAID BONDS**

(TWENTIETH 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
\$[PAR] Aggregate Principal Amount
of Harbor Revenue Bonds of Said City; and
Providing the Terms and Conditions of Said Bonds**

(TWENTIETH 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 Resolution No. HD-1476 adopted by the Board on November 8, 1989, the Board, on behalf of the City, issued \$242,000,000 aggregate principal amount of Senior Bonds, designated as “City of Long Beach, California Harbor Revenue Bonds, Series 1989A” (the “*Series 1989A Senior Bonds*”), the proceeds of which were used, among other things, to finance capital improvements at the Port, and which have been paid in full and are no longer Outstanding (as defined in the Master Resolution);

WHEREAS, pursuant to Resolution No. HD-1504 adopted by the Board on May 14, 1990, as amended and restated by Resolution No. HD-1511 adopted by the Board on June 11, 1990, the Board, on behalf of the City, issued \$79,200,000 aggregate principal amount of Senior Bonds, designated as “City of Long Beach, California Harbor Refunding Revenue Bonds, Series 1991,” the proceeds of which were used, among other things, to refund a portion of the City’s 1980 Harbor Revenue Bonds, and which have been paid in full and are no longer Outstanding;

WHEREAS, pursuant to Resolution No. HD-1677 adopted by the Board on October 4, 1993, the Board, on behalf of the City, issued \$166,500,000 aggregate principal amount of Senior Bonds, designated as “City of Long Beach, California Harbor Revenue Bonds, Series

1993” (the “**Series 1993 Senior Bonds**”), the proceeds of which were used, among other things, to finance capital improvements at the Port, and which have been paid in full and are no longer Outstanding;

WHEREAS, pursuant to Resolution No. HD-1689 adopted by the Board on January 10, 1994, the Board, on behalf of the City, authorized the issuance, from time to time, of up to \$382,500,000 aggregate principal amount of “The City of Long Beach, Harbor Department, Commercial Paper Notes,” the proceeds of which were used, among other things, to finance capital improvements at the Port, from time to time, and which have been paid in full and are no longer Outstanding;

WHEREAS, pursuant to Resolution No. HD-1787 adopted by the Board on November 20, 1995, the Board, on behalf of the City, issued \$343,420,000 aggregate principal amount of Senior Bonds, designated as “City of Long Beach, California Harbor Revenue Bonds, Series 1995” (the “**Series 1995 Senior Bonds**”), the proceeds of which were used, among other things, to finance capital improvements at the Port, and which have been paid in full and are no longer Outstanding;

WHEREAS, pursuant to Resolution No. HD-1891 adopted by the Board on December 15, 1997, the Board, on behalf of the City, issued \$206,330,000 aggregate principal amount of Senior Bonds, designated as “City of Long Beach, California Harbor Revenue Refunding Bonds, Series 1998A,” the proceeds of which were used, among other things, to refund a portion of the Series 1989A Senior Bonds, and which, as of the date hereof, remain Outstanding;

WHEREAS, pursuant to Resolution No. HD-2037 adopted by the Board on October 30, 2000, the Board, on behalf of the City, issued \$275,000,000 aggregate principal amount of Senior Bonds, designated as “City of Long Beach, California Harbor Revenue Bonds, Series 2000A,” the proceeds of which were used, among other things, to finance capital improvements at the Port, and which have been paid in full and are no longer Outstanding;

WHEREAS, pursuant to Resolution No. HD-2116 adopted by the Board on June 24, 2002, the Board, on behalf of the City, issued \$150,000,000 aggregate principal amount of Senior Bonds, designated as “City of Long Beach, California Harbor Revenue Bonds, Series 2002A,” the proceeds of which were used, among other things, to finance capital improvements at the Port, and which have been paid in full and are no longer Outstanding;

WHEREAS, pursuant to Resolution No. HD-2116 adopted by the Board on June 24, 2002, the Board, on behalf of the City, issued \$150,000,000 aggregate principal amount of Senior Bonds, designated as “City of Long Beach, California Harbor Revenue Bonds, Series 2002B” (the “**Series 2002B Senior Bonds**”), the proceeds of which were used, among other things, to finance capital improvements at the Port, and which have been paid in full and are no longer Outstanding;

WHEREAS, pursuant to Resolution No. HD-2187 adopted by the Board on March 1, 2004, the Board, on behalf of the City, issued \$81,365,000 aggregate principal amount of Senior Bonds, designated as “City of Long Beach, California Harbor Revenue Refunding Bonds, Series

2004A” (the “**Series 2004A Senior Bonds**”), and \$32,045,000 aggregate principal amount of Senior Bonds, designated as “City of Long Beach, California Harbor Revenue Refunding Bonds, Series 2004B” (the “**Series 2004B Senior Bonds**”), the proceeds of which were used, among other things, to refund a portion of the Series 1993 Senior Bonds, and which have been paid in full and are no longer Outstanding;

WHEREAS, pursuant to Resolution No. HD-2242 adopted by the Board on February 28, 2005, the Board, on behalf of the City, issued \$233,005,000 aggregate principal amount of Senior Bonds, designated as “City of Long Beach, California Harbor Revenue Refunding Bonds, Series 2005A” (the “**Series 2005A Senior Bonds**”), and \$24,970,000 aggregate principal amount of Senior Bonds, designated as “City of Long Beach, California Harbor Revenue Refunding Bonds, Series 2005B” (the “**Series 2005B Senior Bonds**”), the proceeds of which were used, among other things, to refund a portion of the Series 1995 Senior Bonds, and which have been paid in full and are no longer Outstanding;

WHEREAS, pursuant to Resolution No. HD-2555 adopted by the Board on April 5, 2010, the Board, on behalf of the City, issued \$200,835,000 aggregate principal amount of Senior Bonds, designated as “City of Long Beach, California Harbor Revenue Bonds, Series 2010A,” the proceeds of which were used, among other things, to finance capital improvements at the Port, and which, as of the date hereof, remain Outstanding;

WHEREAS, pursuant to Resolution No. HD-2560 adopted by the Board on May 10, 2010, the Board, on behalf of the City, issued \$158,085,000 aggregate principal amount of Senior Bonds, designated as “City of Long Beach, California Harbor Revenue Refunding Bonds, Series 2010B,” the proceeds of which were used, among other things, to purchase and cancel a portion of the Series 2002B Senior Bonds, a portion of the Series 2004A Senior Bonds and a portion of the Series 2005A Senior Bonds, and which, as of the date hereof, remain Outstanding;

WHEREAS, pursuant to Resolution No. HD-2761 adopted by the Board on May 5, 2014, the Board, on behalf of the City, issued \$38,465,000 aggregate principal amount of Senior Bonds, designated as “City of Long Beach, California Harbor Revenue Refunding Bonds, Series 2014A,” the proceeds of which were used, among other things, to refund a portion of the Series 2002B Senior Bonds and a portion of the Series 2004A Senior Bonds, and which have been paid in full and are no longer Outstanding;

WHEREAS, pursuant to Resolution No. HD-2761 adopted by the Board on May 5, 2014, the Board, on behalf of the City, issued \$20,570,000 aggregate principal amount of Senior Bonds, designated as “City of Long Beach, California Harbor Revenue Refunding Bonds, Series 2014B,” the proceeds of which were used, among other things, to refund a portion of the Series 2004B Senior Bonds, and which, as of the date hereof, remain Outstanding;

WHEREAS, pursuant to 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 Short-Term Notes**”), the proceeds of which were used, among other things, to finance capital improvements at the Port and to refund and defease a portion of the Series A Subordinate

Obligations (as hereinafter defined) and a portion of the Series B Subordinate Obligations (as hereinafter defined), and which, as of the date hereof, remain Outstanding;

WHEREAS, pursuant to Resolution No. HD-2806 adopted by the Board on April 27, 2015, the Board, on behalf of the City, issued \$44,845,000 aggregate principal amount of Senior Bonds, designated as “City of Long Beach, California Harbor Revenue Refunding Bonds, Series 2015A,” the proceeds of which were used, among other things, to refund a portion of the Series 2005A Senior Bonds, and which, as of the date hereof, remain Outstanding;

WHEREAS, pursuant to Resolution No. HD-2806 adopted by the Board on April 27, 2015, the Board, on behalf of the City, issued \$20,130,000 aggregate principal amount of Senior Bonds, designated as “City of Long Beach, California Harbor Revenue Refunding Bonds, Series 2015B,” the proceeds of which were used, among other things, to refund a portion of the Series 2005B Senior Bonds, and which, as of the date hereof, remain Outstanding;

WHEREAS, pursuant to Resolution No. HD-2814 adopted by the Board on July 27, 2015, the Board, on behalf of the City, issued \$66,085,000 aggregate principal amount of Senior Bonds, designated as “City of Long Beach, California Harbor Revenue Bonds, Series 2015C,” and \$66,865,000 aggregate principal amount of Senior Bonds, designated as “City of Long Beach, California Harbor Revenue Bonds, Series 2015D,” the proceeds of which were used, among other things, to finance capital improvements at the Port, and which, as of the date hereof, remain Outstanding;

WHEREAS, pursuant to Resolution No. HD-2726 adopted by the Board on July 16, 2013 (the “**Master Subordinate Resolution**”), the Board has heretofore authorized the issuance, from time to time, of Subordinate Harbor Revenue Obligations (the “**Subordinate Obligations**”) on behalf of the City by adoption of supplemental resolutions from time to time, with payment of the principal, and interest on and redemption premiums thereon being secured by and payable from Subordinate Revenues (as defined in the Master Subordinate Resolution) of the Port;

WHEREAS, pursuant to Resolution No. HD-2727 adopted by the Board on July 16, 2013, the Board, on behalf of the City, authorized the issuance and incurrence, from time to time, of \$78,000,000 aggregate principal amount of “City of Long Beach, California Subordinate Harbor Revenue Revolving Obligations, Series A (Tax-Exempt) (the “**Series A Subordinate Obligations**”), the proceeds which were used, among other things, to finance capital improvements at the Port, from time to time, and which have been paid in full and are no longer Outstanding (as defined in the Master Subordinate Resolution);

WHEREAS, pursuant to Resolution No. HD-2728 adopted by the Board on July 16, 2013 and Resolution No. HD-2852 adopted by the Board on June 30, 2016, the Board, on behalf of the City, authorized the issuance and incurrence, from time to time, of \$200,000,000 aggregate principal amount of “City of Long Beach, California Subordinate Harbor Revenue Revolving Obligations, Series B (Tax-Exempt)” (the “**Series B Subordinate Obligations**”), and “City of Long Beach, California Subordinate Harbor Revenue Revolving Obligations, Series C (Taxable),” the proceeds which are used, among other things, to finance capital improvements at the Port, from time to time, and which, as of the date hereof, remain Outstanding;

WHEREAS, pursuant to Resolution No. HD-2763 adopted by the Board on May 12, 2014 (“**Resolution No. HD-2763**”), the Board, on behalf of the City, issued \$325,000,000 aggregate principal amount of “City of Long Beach, California Subordinate Harbor Revenue Note, Series 2014A (Gerald Desmond Bridge – TIFIA Loan),” the proceeds of which, if the Board, on behalf of the City, decides to make a draw on the TIFIA Loan (as defined in Resolution No. HD-2763), will be used to repay the principal of the Series 2014C Senior Short-Term Notes and/or for such other allowable purposes as the Board, on behalf of the City, may decide;

WHEREAS, pursuant to Resolution No. HD-[_____] adopted by the Board on May 8, 2017 (“**Resolution No. HD-[_____]**”), the Board authorized the issuance and sale of the Series 2017 Senior Bonds (as defined below and in Resolution No. HD-[_____] pursuant to the terms and conditions of the Master Resolution and this Twentieth Supplemental Resolution (this “**Twentieth Supplemental Resolution**”);

WHEREAS, on May 9, 2017, pursuant to Resolution No. RES-17-[_____] a majority of the members of the City Council approved the issuance of the Series 2017 Senior Bonds;

WHEREAS, pursuant to this Twentieth Supplemental Resolution, the Series 2017 Senior Bonds shall be designated as (a) City of Long Beach, California Harbor Revenue Bonds, Series 2017A (the “**Series 2017A Senior Bonds**”), (b) City of Long Beach, California Harbor Revenue Bonds, Series 2017B (the “**Series 2017B Senior Bonds**”), and (c) City of Long Beach, California Harbor Revenue Bonds, Series 2017C (the “**Series 2017C Senior Bonds**,” and collectively with the Series 2017A Senior Bonds and the Series 2017B Senior Bonds, the “**Series 2017 Senior Bonds**”);

WHEREAS, pursuant to the Bond Purchase Agreement, dated [June __], 2017 (the “**Bond Purchase Agreement**”) by Citigroup Global Markets Inc., as representative of the 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 2017 Senior Bonds subject to the terms and conditions set forth in the Bond Purchase Agreement (an executed copy of which has been provided to this Board);

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, \$[PARA] aggregate principal amount of the Series 2017A Senior Bonds, \$[PARB] aggregate principal amount of the Series 2017B Senior Bonds, and \$[PARC] aggregate principal amount of the Series 2017C Senior Bonds, secured by and payable from the Revenues of the Port for the purpose of (a) financing the acquisition, construction and equipping of the Series 2017A Projects (as hereinafter defined), the Series 2017B Projects (as hereinafter defined) and the Series 2017C Projects (as hereinafter defined), (b) current refunding and repaying \$[_____] aggregate principal amount of the outstanding Series B Subordinate Obligations, and (c) paying the costs of issuance of the Series 2017 Senior Bonds;

WHEREAS, this Twentieth Supplemental Resolution shall, among other things, sets forth the final terms and provisions of the Series 2017 Senior Bonds as previously agreed to by the Board and the Underwriters under the Bond 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

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. Twentieth Supplemental Resolution; Determinations. This Twentieth 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 2017 Senior Bonds in accordance with Resolution No. HD-[____] and as previously agreed to by the Board and the Underwriters under the Bond Purchase Agreement. The Board hereby ratifies and approves all of the terms and conditions of the Bond Purchase Agreement.

The Board hereby determines that the Series 2017 Projects (as hereinafter defined) and the issuance of the Series 2017 Senior Bonds for the purpose of financing the Series 2017 Projects, current refunding and repaying all of the outstanding Series B Subordinate Obligations and paying the costs of issuance of the Series 2017 Senior Bonds is advisable from an economic and financial viewpoint. The Board hereby determines that the issuance of the Series 2017 Senior Bonds, in the principal amount hereinafter authorized is needed to finance the acquisition, construction and equipping of the Series 2017 Projects, as described in Exhibit B, hereto, current refund and repay \$[_____] aggregate principal amount of the outstanding Series B Subordinate Obligations, and pay the costs of issuance of the Series 2017 Senior Bonds.

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 Twentieth Supplemental Resolution. Unless the context otherwise requires, the terms defined in this Section 1.02 shall, for all purposes of this Twentieth 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 Twentieth 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 by the Board or the Department 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.

“*Bond Purchase Agreement*” means the Bond Purchase Agreement, dated [June ___], 2017, by Citigroup Global Markets Inc., as representative of itself and the other Underwriters, and accepted by the City, acting by and through the Board.

“*Closing Date*” means, [June __], 2017, the date of delivery of the Series 2017 Senior Bonds 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.

“*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 or 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 May 15 and November 15, commencing November 15, 2017, the dates upon which interest on the Series 2017 Senior Bonds becomes due and payable.

“*Investment Securities*” means, for purposes of this Twentieth Supplemental Resolution, the investments set forth in the defined term “Investment Securities” under the Master Resolution and the City’s investment pool maintained by the Treasurer in accordance with the

City's adopted investment policy; 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 Twentieth Supplemental Resolution.

"Master Subordinate Resolution" means Resolution No. HD 2726 adopted by the Board on July 16, 2013, together with all amendments, modifications and supplements thereto.

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

"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 Instructions" means the Rebate Instructions set forth in the Tax Compliance Certificate.

"Rebate Requirements" means the Rebate Requirements set forth in the Tax Compliance Certificate.

"Record Date" means for a May 15 Interest Payment Date the preceding May 1 and for a November 15 Interest Payment Date the preceding November 1.

"Refunded Series B Subordinate Obligations" means \$[_____] aggregate principal amount of the Series B Subordinate Obligations to be current refunded and repaid with a portion of the proceeds of the [Series 2017C Senior Bonds].

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

"Resolution" means, collectively, the Master Resolution and this Twentieth Supplemental Resolution.

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

“*Series B Subordinate Obligations*” means the “City of Long Beach, California Subordinate Harbor Revenue Revolving Obligations, Series B (Tax-Exempt)” issued pursuant to the provisions of the Master Subordinate Resolution and the Series B Subordinate Resolution.

“*Series B Subordinate Resolution*” means, collectively, Resolution No. HD-2728 adopted by the Board on July 16, 2013, and Resolution No. HD-2852 adopted by the Board on June 30, 2016.

“*Series 2017A Construction Fund*” means the “City of Long Beach, California Harbor Revenue Bonds, Series 2017A Construction Fund” established and maintained pursuant to Section 4.02 hereof.

“*Series 2017A Projects*” means the projects to be acquired, constructed, expanded, improved and installed with the proceeds of the Series 2017A Senior Bonds as described in Exhibit B hereto.

“*Series 2017A/B Senior Bonds*” means, collectively, the Series 2017A Senior Bonds and the Series 2017B Senior Bonds.

“*Series 2017A Senior Bonds*” means the “City of Long Beach, California Harbor Revenue Bonds, Series 2017A,” authorized and issued pursuant to the Master Resolution, as supplemented by this Twentieth Supplemental Resolution.

“*Series 2017B Construction Fund*” means the “City of Long Beach, California Harbor Revenue Bonds, Series 2017B Construction Fund” established and maintained pursuant to Section 4.03 hereof.

“*Series 2017B Projects*” means the projects to be acquired, constructed, expanded, improved and installed with the proceeds of the Series 2017B Senior Bonds as described in Exhibit B hereto.

“*Series 2017B Senior Bonds*” means the “City of Long Beach, California Harbor Revenue Bonds, Series 2017B,” authorized and issued pursuant to the Master Resolution, as supplemented by this Twentieth Supplemental Resolution.

“*Series 2017C Construction Fund*” means the “City of Long Beach, California Harbor Revenue Bonds, Series 2017C Construction Fund” established and maintained pursuant to Section 4.04 hereof.

“*Series 2017C Projects*” means the projects to be acquired, constructed, expanded, improved and installed with the proceeds of the Series 2017C Senior Bonds as described in Exhibit B hereto.

“*Series 2017C Senior Bonds*” means the “City of Long Beach, California Harbor Revenue Bonds, Series 2017C,” authorized and issued pursuant to the Master Resolution, as supplemented by this Twentieth Supplemental Resolution.

“*Series 2017 Costs of Issuance Fund*” means the “City of Long Beach, California Harbor Revenue Bonds, Series 2017 Costs of Issuance Fund” established and maintained pursuant to Section 4.05 hereof.

“*Series 2017 Projects*” means, collectively, the Series 2017A Projects, the Series 2017B Projects and the Series 2017C Projects.

“*Series 2017 Rebate Fund*” means the “City of Long Beach, California Harbor Revenue Bonds, Series 2017 Rebate Fund” established and maintained pursuant to Section 4.06 hereof.

“*Series 2017 Senior Bonds*” means, collectively, the Series 2017A Senior Bonds, the Series 2017B Senior Bonds and the Series 2017C Senior Bonds.

“*Subordinate Redemption Fund*” means the “Subordinate Harbor Redemption Fund” established pursuant to Section 5.05 of the Master Subordinate Resolution.

“*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, relating to the requirements of Section 103 and Sections 141 through 150 of the Code.

“*Twentieth Supplemental Resolution*” means this Resolution No. HD-_____, adopted by the Board on [June __], 2017, and any amendments, modifications or supplements hereto.

“*Underwriters*” means, collectively, Citigroup Global Markets Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated (or BofAML Securities, Inc.), and Siebert Cisneros Shank & Co., L.L.C., 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 2017 BONDS

Section 2.01. Authorization. The Board hereby authorizes the issuance of the Series 2017 Senior Bonds pursuant to the terms of the Resolution. There is hereby created (a) a [twenty-fourth] Series of Bonds issued pursuant to the Law and under the Resolution in the aggregate principal amount of \$[PARA] which Bonds shall be designated as the “City of Long Beach, California Harbor Revenue Bonds, Series 2017A” and shall be Current Interest Bonds, (b) a [twenty-fifth] Series of Bonds issued pursuant to the Law and under the Resolution in an aggregate principal amount of \$[PARB] which Bonds shall be designated as the “City of Long Beach, California Harbor Revenue Bonds, Series 2017B” and shall be Current Interest Bonds, and (c) a [twenty-sixth] Series of Bonds issued pursuant to the Law and under the Resolution in an aggregate principal amount of \$[PARC] which Bonds shall be designated as the “City of

Long Beach, California Harbor Revenue Bonds, Series 2017C” and shall be Current Interest Bonds.

Section 2.02. Terms of the Series 2017 Senior Bonds.

(a) The Series 2017A Senior Bonds shall be issued in registered form only in denominations of \$5,000 or any integral multiple thereof within a maturity, and shall be numbered in such manner as the Fiscal Agent determines. The Series 2017A Senior Bonds 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 2017A Senior Bonds shall mature on May 15 in each of the years and in the principal amounts set forth below.

<u>Maturity Date</u> <u>(May 15)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
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(b) The Series 2017B Senior Bonds shall be issued in registered form only in denominations of \$5,000 or any integral multiple thereof within a maturity, and shall be numbered in such manner as the Fiscal Agent determines. The Series 2017B Senior Bonds 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 2017B Senior Bonds shall mature on May 15 in each of the years and in the principal amounts set forth below.

<u>Maturity Date (May 15)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
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(c) The Series 2017C Senior Bonds shall be issued in registered form only in denominations of \$5,000 or any integral multiple thereof within a maturity, and shall be numbered in such manner as the Fiscal Agent determines. The Series 2017C Senior Bonds 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 2017C Senior Bonds shall mature on May 15 in each of the years and in the principal amounts set forth below.

<u>Maturity Date (May 15)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
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Section 2.03. Interest. The Series 2017 Senior Bonds 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 November 15 and May 15 of each year (each an “***Interest Payment Date***”) commencing November 15, 2017. Each Series 2017 Senior Bond 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 2017 Senior

Bond 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 2017 Senior Bond shall bear interest from such succeeding Interest Payment Date, or unless such date of authentication is prior to November 1, 2017, in which event such Series 2010A Bond shall bear interest from the Closing Date. If interest on the Series 2017 Senior Bonds shall be in default, Series 2017 Senior Bonds issued in exchange for Series 2017 Senior Bonds surrendered for transfer or exchange shall bear interest from the Interest Payment Date to which interest has been paid in full on the Series 2017 Senior Bonds surrendered.

Each Series 2017 Senior Bond shall bear interest until the principal sum thereof has been paid; provided, however, that if at the maturity date of any Series 2017 Senior Bond, 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 2017 Senior Bond 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 2017 Senior Bonds shall be payable in lawful money of the United States of America upon presentation and surrender of such Series 2017 Senior Bond 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 2017 Senior Bonds 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 2017 Senior Bonds 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 2017 Senior Bonds 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 2017 Senior Bonds; Execution of the Series 2017 Senior Bonds.

(a) The Series 2017 Senior Bonds and the certificate of authentication and registration to be executed thereon shall be in substantially the form set forth as Exhibit A hereto. The Series 2017 Senior Bonds, maturity dates and interest rates shall be inserted therein in conformity with Section 2.02 hereof.

(b) The Series 2017 Senior Bonds 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, under seal attested by the facsimile or manual signature of the Administrative Officer to the Board.

Section 2.06. Book-Entry System.

(a) Except as provided in subparagraph (c) of this Section, the registered owner of all of the Series 2017 Senior Bonds shall be DTC and the Series 2017 Senior Bonds shall be registered in the name of Cede & Co., as nominee for DTC. Payment of principal and Redemption Price of or interest on any Series 2017 Senior Bond 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 2017 Senior Bonds shall be initially issued in the form of separate single authenticated fully registered bonds for each separate stated maturity and interest rate for each Series of the Series 2017 Senior Bonds. Upon initial issuance, the ownership of such Series 2017 Senior Bonds 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 2017 Senior Bonds registered in its name for the purposes of payment of the principal and Redemption Price of or interest on the Series 2017 Senior Bonds, selecting the Series 2017 Senior Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Bondholders under the Master Resolution or this Twentieth Supplemental Resolution, registering the transfer of Series 2017 Senior Bonds, 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 2017 Senior Bonds 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 and Redemption Price of or interest on the Series 2017 Senior Bonds; any notice which is permitted or required to be given to Bondholders under the Master Resolution; the selection by DTC or any Participant of any person to receive payment in the event of a partial redemption of the Series 2017 Senior Bonds; any consent given or other action taken by DTC as Bondholder; or any other purpose. The Fiscal Agent shall pay all principal and Redemption Price of and interest on the Series 2017 Senior Bonds 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 and Redemption Price of and interest on the Series 2017 Senior Bonds to the extent of the sum or sums so paid. No person other than DTC shall receive an authenticated Series 2017 Senior Bond evidencing the obligation of the Board to make payments of principal and Redemption Price 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 Twentieth 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 bond certificates, and notifies DTC, and the Fiscal Agent of such determination, then DTC will notify the Participants of the availability through DTC of bond certificates. In such event, the Fiscal Agent shall authenticate and shall transfer and exchange bond 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 2017 Senior Bonds 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 bond certificates as described in this Twentieth Supplemental Resolution. In the event bond certificates are issued, the provisions of the Master Resolution and this Twentieth Supplemental Resolution shall apply to, among other things, the transfer and exchange of such certificates and the method of payment of principal and Redemption Price 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 2017 Senior Bonds to any DTC Participant having Series 2017 Senior Bonds credited to its DTC account or (ii) to arrange for another securities depository to maintain custody of certificates evidencing the Series 2017 Senior Bonds.

(d) Notwithstanding any other provision of the Master Resolution and this Twentieth Supplemental Resolution to the contrary, so long as any Series 2017 Senior Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to the principal and Redemption Price of and interest on such Series 2017 Senior Bond and all notices with respect to such Series 2017 Senior Bond 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 Twentieth 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 AND REDEMPTION PRICE OF OR INTEREST ON THE SERIES 2017 SENIOR BONDS; 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 2017 SENIOR BONDS.

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 2017 Senior Bonds, 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 2017 Senior Bond for each of the maturities and interest rates of each Series of the Series 2017 Senior Bonds, 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 Twentieth Supplemental Resolution. If the Board fails to identify another qualified securities depository to replace the Securities Depository, then the Series 2017 Senior Bonds 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

REDEMPTION OF SERIES 2017 SENIOR BONDS

Section 3.01. Optional Redemption of Series 2017 Senior Bonds.

(a) The Series 2017A Senior Bonds maturing on or before May 15, 20[___] are not subject to redemption prior to maturity. The Series 2017A Senior Bonds maturing on or after May 15, 20[___] shall be subject to redemption prior to maturity, at the option of the Board, as a whole or in part on any date, on or after May 15, 20[___], at a Redemption Price equal to 100% of the principal amount of the Series 2017A Senior Bonds to be redeemed, plus accrued interest thereon to the date fixed for redemption, without premium.

(b) The Series 2017B Senior Bonds maturing on or before May 15, 20[___] are not subject to redemption prior to maturity. The Series 2017B Senior Bonds maturing on or after May 15, 20[___] shall be subject to redemption prior to maturity, at the option of the Board, as a whole or in part on any date, on or after May 15, 20[___], at a Redemption Price equal to 100% of the principal amount of the Series 2017B Senior Bonds to be redeemed, plus accrued interest thereon to the date fixed for redemption, without premium.

(c) The Series 2017C Senior Bonds maturing on or before May 15, 20[___] are not subject to redemption prior to maturity. The Series 2017C Senior Bonds maturing on or after May 15, 20[___] shall be subject to redemption prior to maturity, at the option of the Board, as a whole or in part on any date, on or after May 15, 20[___], at a Redemption Price equal to 100% of the principal amount of the Series 2017C Senior Bonds to be

redeemed, plus accrued interest thereon to the date fixed for redemption, without premium.

Section 3.02. Mandatory Redemption of the Series 2017 Senior Bonds.

(a) The Series 2017A Senior Bonds maturing on May 15, 20[___] are Term Bonds and shall, subject to the provisions of Section 5.05(B) of the Master Resolution, be called before maturity and redeemed at a redemption price equal to the par amount thereof from Mandatory Sinking Account Payments which have be deposited in the Principal Account, in the amounts and upon the dates hereby established for each such maturity, as follows:

Payment Date (May 15)	Amount
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¹ Final Maturity

(b) The Series 2017B Senior Bonds maturing on May 15, 20[___] are Term Bonds and shall, subject to the provisions of Section 5.05(B) of the Master Resolution, be called before maturity and redeemed at a redemption price equal to the par amount thereof from Mandatory Sinking Account Payments which have be deposited in the Principal Account, in the amounts and upon the dates hereby established for each such maturity, as follows:

Payment Date (May 15)	Amount
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¹ Final Maturity

(c) The Series 2017C Senior Bonds maturing on May 15, 20[___] are Term Bonds and shall, subject to the provisions of Section 5.05(B) of the Master Resolution, be called before maturity and redeemed at a redemption price equal to the par amount thereof from Mandatory Sinking Account Payments which have be deposited in the Principal Account, in the amounts and upon the dates hereby established for each such maturity, as follows:

Payment Date (May 15)	Amount
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¹ Final Maturity

Section 3.03. Selection of Series 2017 Senior Bonds for Redemption. Redemption of the Series 2017 Senior Bonds will only be in Authorized Denominations. The Series 2017 Senior Bonds are subject to redemption in such order of maturity within a Series as the Board may direct and by lot within such maturity selected in such manner as the Fiscal Agent (or DTC, as long as DTC is the securities depository for the Series 2017 Senior Bonds), deems appropriate.

Section 3.04. Notice of Redemption. In addition, but not by way of limitation, to the notice provisions set forth in Section 4.05 of the Master Resolution, each notice of redemption shall include the Series, the maturity date, the interest rate and CUSIP number of the Series 2017 Senior Bonds to be redeemed, if less than all Series 2017 Senior Bonds of a maturity and interest rate are to be redeemed, the distinctive certificate numbers of the Series 2017 Senior Bonds of such maturity and interest rate to be redeemed, and the principal amount of the Series 2017 Senior Bonds to be redeemed. Additionally, the Board may cause the Fiscal Agent to provide that, if at the time of mailing of notice of an optional redemption there has not been deposited with the Treasurer, the Fiscal Agent, an escrow agent or other fiduciary, in trust, moneys sufficient to redeem all the applicable Series 2017 Senior Bonds called for redemption, such notice of redemption may state that it is conditional, that is, subject to the deposit of the redemption moneys with the Treasurer, the Fiscal Agent, an escrow agent or other fiduciary on or before the scheduled redemption date, and such notice will be of no effect unless such moneys are so deposited. In the event sufficient moneys are not on deposit on the scheduled redemption date, then the redemption shall be canceled and on such cancellation date notice will be mailed to the Bondholders of such Series 2017 Senior Bonds.

ARTICLE IV

SALE OF SERIES 2017 SENIOR BONDS; APPLICATION; FUNDS; COVENANTS

Section 4.01. Sale of Series 2017 Senior Bonds; Application of the Proceeds of the Series 2017 Senior Bonds.

(a) The Series 2017 Senior Bonds shall be sold to the Underwriters in the manner and on the terms and conditions set forth in the Bond Purchase Agreement, and consistent with the terms of Articles II and III hereof.

(b) The proceeds of the sale of the Series 2017A Senior Bonds in the amount of \$[_____] (which sum represents the par amount of the Series 2017A Senior Bonds of \$[PARA], plus [a/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 cause to be deposited \$[_____] into the Series 2017A Construction Fund, established and maintained pursuant to Section 4.02 hereof.

(ii) The Treasurer shall deposit or cause to be deposited \$[_____] into the Series 2017 Costs of Issuance Fund, established and maintained pursuant to Section 4.05 hereof.

(c) The proceeds of the sale of the Series 2017B Senior Bonds in the amount of \$[_____] (which sum represents the par amount of the Series 2017B Senior Bonds of \$[_____] plus [a/an] [net] original issue premium of \$[_____] less an underwriters' discount of \$[_____]), shall be deposited with the Treasurer and shall be held in trust and set aside by the Treasurer as follows:

(i) The Treasurer shall deposit or cause to be deposited \$[_____] into the Series 2017B Construction Fund, established and maintained pursuant to Section 4.03 hereof.

(ii) The Treasurer shall deposit or cause to be deposited \$[_____] into the Series 2017 Costs of Issuance Fund, established and maintained pursuant to Section 4.05 hereof.

(d) The proceeds of the sale of the Series 2017C Senior Bonds in the amount of \$[_____] (which sum represents the par amount of the Series 2017C Senior Bonds of \$[_____] plus [a/an] [net] original issue premium of \$[_____] less an underwriters' discount of \$[_____]), shall be deposited with the Treasurer and shall be held in trust and set aside by the Treasurer as follows:

(i) The Treasurer shall deposit or cause to be deposited \$[_____] into the Series 2017C Construction Fund, established and maintained pursuant to Section 4.04 hereof.

(ii) The Treasurer shall deposit or cause to be deposited \$[_____] to the Subordinate Redemption Fund, for the purpose of current refunding and repaying the Refunded Series B Subordinate Obligations.

(iii) The Treasurer shall deposit or cause to be deposited \$[_____] into the Series 2017 Costs of Issuance Fund, established and maintained pursuant to Section 4.05 hereof.

(e) 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. Establishment and Application of Series 2017A Construction Fund.

(a) The Treasurer shall establish, maintain and hold in trust a separate fund designated as the “City of Long Beach, California Harbor Revenue Bonds, Series 2017A Construction Fund” (the “*Series 2017A Construction Fund*”).

(b) (i) The moneys in the Series 2017A Construction Fund shall be held by the Treasurer in trust and applied, at the direction of an Authorized Board Representative, to the costs of acquisition, construction, expansion, improvement, financing and refinancing of the Series 2017A Projects and the expenses incident thereto or connected therewith, including, if necessary, reimbursement to the Board for expenses incurred prior to the issuance of the Series 2017A Senior Bonds.

(ii) The Treasurer shall keep a record of all payments from the Series 2017A Construction Fund, which record shall state: (A) the item number of such payment; (B) the name and address of the person to whom each such payment is due, which may be the Department in the case of reimbursement for costs theretofore paid by the Board; (C) the respective amounts to be paid; and (D) the purpose by general classification for which each obligation to be paid was incurred.

(iii) Moneys held in the Series 2017A Construction Fund shall be invested and reinvested by the Treasurer in Investment Securities. Earnings on the Series 2017A Construction Fund shall be retained in the Series 2017A Construction Fund and utilized to pay for the Series 2017A Projects or for other lawful uses so long as the Board first obtains an Opinion of Bond Counsel to the effect that the Board’s intended use of such balance is a lawful purpose for which such proceeds may be used under the Law and such use will not adversely affect the exclusion of interest on the Series 2017A Senior Bonds from gross income for federal income tax purposes, except that such exclusion will not apply with respect to interest on any Series 2017A Senior Bonds held by a Bondholder who is or was a “substantial user” or “related party” to such substantial user (both as defined in Section 147(a) of the Code) of the facilities financed or refinanced by the Series 2017A Senior Bonds.

(iv) The completion of the Series 2017A Projects shall be evidenced by the filing with the Treasurer of a certificate of an Authorized Board Representative stating either (A) the date of completion of the Series 2017A Projects and the amount, if any, required in the opinion of such Authorized Board Representative for the payment of any remaining part of the costs of the Series 2017A Projects or (B) that all amounts in such account have been disbursed or expenses in respect thereof have been incurred. Any amount remaining in the Series 2017A Construction Fund following the delivery of such certificate, or upon the determination of the Board not to proceed with the Series 2017A Projects, may, at the determination of the Board, be applied upon written requisition of an Authorized Board Representative to any other lawful purpose

designated in such requisition and for which purpose such proceeds may be used under the Law. As a condition to the disbursement of funds under the provisions of the prior sentence, there shall be delivered to the Board and the Treasurer with the requisition an Opinion of Bond Counsel that the purpose for which such funds are to be used is a lawful purpose for which such proceeds may be used under the Law and that such use shall not result in the inclusion of interest on any Series 2017A Senior Bonds in gross income of the recipient thereof for federal income tax purposes, except that such exclusion of interest will not apply with respect to interest on any Series 2017A Senior Bonds held by a Bondholder who is or was a “substantial user” or “related party” to such substantial user (both as defined in Section 147(a) of the Code) of the facilities financed or refinanced by the Series 2017A Senior Bonds.

Section 4.03. Establishment and Application of Series 2017B Construction Fund.

(a) The Treasurer shall establish, maintain and hold in trust a separate fund designated as the “City of Long Beach, California Harbor Revenue Bonds, Series 2017B Construction Fund” (the “*Series 2017B Construction Fund*”).

(b) (i) The moneys in the Series 2017B Construction Fund shall be held by the Treasurer in trust and applied, at the direction of an Authorized Board Representative, to the costs of acquisition, construction, expansion, improvement, financing and refinancing of the Series 2017B Projects and the expenses incident thereto or connected therewith, including, if necessary, reimbursement to the Board for expenses incurred prior to the issuance of the Series 2017B Senior Bonds.

(ii) The Treasurer shall keep a record of all payments from the Series 2017B Construction Fund, which record shall state: (A) the item number of such payment; (B) the name and address of the person to whom each such payment is due, which may be the Department in the case of reimbursement for costs theretofore paid by the Board; (C) the respective amounts to be paid; and (D) the purpose by general classification for which each obligation to be paid was incurred.

(iii) Moneys held in the Series 2017B Construction Fund shall be invested and reinvested by the Treasurer in Investment Securities. Earnings on the Series 2017B Construction Fund shall be retained in the Series 2017B Construction Fund and utilized to pay for the Series 2017B Projects or for other lawful uses so long as the Board first obtains an Opinion of Bond Counsel to the effect that the Board’s intended use of such balance is a lawful purpose for which such proceeds may be used under the Law and such use will not adversely affect the exclusion of interest on the Series 2017B Senior Bonds from gross income for federal income tax purposes, except that such exclusion will not apply with respect to interest on any Series 2017B Senior Bonds held by a Bondholder who is or was a “substantial user” or “related party” to such substantial user (both as

defined in Section 147(a) of the Code) of the facilities financed or refinanced by the Series 2017B Senior Bonds.

(iv) The completion of the Series 2017B Projects shall be evidenced by the filing with the Treasurer of a certificate of an Authorized Board Representative stating either (A) the date of completion of the Series 2017B Projects and the amount, if any, required in the opinion of such Authorized Board Representative for the payment of any remaining part of the costs of the Series 2017B Projects or (B) that all amounts in such account have been disbursed or expenses in respect thereof have been incurred. Any amount remaining in the Series 2017B Construction Fund following the delivery of such certificate, or upon the determination of the Board not to proceed with the Series 2017B Projects, may, at the determination of the Board, be applied upon written requisition of an Authorized Board Representative to any other lawful purpose designated in such requisition and for which purpose such proceeds may be used under the Law. As a condition to the disbursement of funds under the provisions of the prior sentence, there shall be delivered to the Board and the Treasurer with the requisition an Opinion of Bond Counsel that the purpose for which such funds are to be used is a lawful purpose for which such proceeds may be used under the Law and that such use shall not result in the inclusion of interest on any Series 2017B Senior Bonds in gross income of the recipient thereof for federal income tax purposes, except that such exclusion of interest will not apply with respect to interest on any Series 2017B Senior Bonds held by a Bondholder who is or was a “substantial user” or “related party” to such substantial user (both as defined in Section 147(a) of the Code) of the facilities financed or refinanced by the Series 2017B Senior Bonds.

Section 4.04. Establishment and Application of Series 2017C Construction Fund.

(a) The Treasurer shall establish, maintain and hold in trust a separate fund designated as the “City of Long Beach, California Harbor Revenue Bonds, Series 2017C Construction Fund” (the “*Series 2017C Construction Fund*”).

(b) (i) The moneys in the Series 2017C Construction Fund shall be held by the Treasurer in trust and applied, at the direction of an Authorized Board Representative, to the costs of acquisition, construction, expansion, improvement, financing and refinancing of the Series 2017C Projects and the expenses incident thereto or connected therewith, including, if necessary, reimbursement to the Board for expenses incurred prior to the issuance of the Series 2017C Senior Bonds.

(ii) The Treasurer shall keep a record of all payments from the Series 2017C Construction Fund, which record shall state: (A) the item number of such payment; (B) the name and address of the person to whom each such payment is due, which may be the Department in the case of reimbursement for costs theretofore paid by the Board; (C) the respective amounts to be paid; and (D) the

purpose by general classification for which each obligation to be paid was incurred.

(iii) Moneys held in the Series 2017C Construction Fund shall be invested and reinvested by the Treasurer in Investment Securities. Earnings on the Series 2017C Construction Fund shall be retained in the Series 2017C Construction Fund and utilized to pay for the Series 2017C Projects or for other lawful uses so long as the Board first obtains an Opinion of Bond Counsel to the effect that the Board's intended use of such balance is a lawful purpose for which such proceeds may be used under the Law and such use will not adversely affect the exclusion of interest on the Series 2017C Senior Bonds from gross income for federal income tax purposes.

(iv) The completion of the Series 2017C Projects shall be evidenced by the filing with the Treasurer of a certificate of an Authorized Board Representative stating either (A) the date of completion of the Series 2017C Projects and the amount, if any, required in the opinion of such Authorized Board Representative for the payment of any remaining part of the costs of the Series 2017C Projects or (B) that all amounts in such account have been disbursed or expenses in respect thereof have been incurred. Any amount remaining in the Series 2017C Construction Fund following the delivery of such certificate, or upon the determination of the Board not to proceed with the Series 2017C Projects, may, at the determination of the Board, be applied upon written requisition of an Authorized Board Representative to any other lawful purpose designated in such requisition and for which purpose such proceeds may be used under the Law. As a condition to the disbursement of funds under the provisions of the prior sentence, there shall be delivered to the Board and the Treasurer with the requisition an Opinion of Bond Counsel that the purpose for which such funds are to be used is a lawful purpose for which such proceeds may be used under the Law and that such use shall not result in the inclusion of interest on any Series 2017C Senior Bonds in gross income of the recipient thereof for federal income tax purposes.

Section 4.05. Establishment and Application of Series 2017 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 Bonds, Series 2017 Costs of Issuance Fund" (the "*Series 2017 Costs of Issuance Fund*"). The moneys in the Series 2017 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 2017 Senior Bonds.

(b) The Treasurer shall keep a record of all payments from the Series 2017 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 2017 Costs of Issuance Fund shall be invested and reinvested by the Treasurer in Investment Securities. All investment earnings on funds held in the Series 2017 Costs of Issuance Fund related to the Series 2017A Senior Bonds shall be deposited to the Series 2017A Construction Fund. All investment earnings on funds held in the Series 2017 Costs of Issuance Fund related to the Series 2017B Senior Bonds shall be deposited to the Series 2017B Construction Fund. All investment earnings on funds held in the Series 2017 Costs of Issuance Fund related to the Series 2017C Senior Bonds shall be deposited to the Series 2017C Construction Fund. Any amounts remaining in the Series 2017 Costs of Issuance Fund on [December __], 2017 related to (i) the Series 2017A Senior Bonds shall be transferred to the Series 2017A Construction Fund, (ii) the Series 2017B Senior Bonds shall be transferred to the Series 2017B Construction Fund, and (iii) the Series 2017C Senior Bonds shall be transferred to the Series 2017C Construction Fund, and the Series 2017 Costs of Issuance Fund shall be closed.

Section 4.06. Establishment and Application of Series 2017 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 Bonds, Series 2017 Rebate Fund” (the “*Series 2017 Rebate Fund*”). Within the Series 2017 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 2017 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 2017 Senior Bonds shall have any rights in or claim to such money. All amounts deposited into or on deposit in the Series 2017 Rebate Fund shall be governed by this Twentieth 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 2017 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 2017 Rebate Fund, in accordance with the Tax Compliance Certificate. Moneys shall not be transferred from the Series 2017 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 2017 Senior Bonds.

(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 2017 Senior Bonds has been paid, whether upon maturity, redemption, or acceleration thereof.

Section 4.07. Tax Covenants.

(a) In order to maintain the exclusion from gross income for federal income tax purposes of interest on the Series 2017 Senior Bonds, 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 2017 Senior Bonds will not be included in gross income for federal income tax purposes (except for any interest paid on any Series 2017A/B Senior Bonds held by a Bondholder who is or was a “substantial user” or “related party” to such substantial user (both as defined in Section 147(a) of the Code) of the facilities financed and refinanced by the Series 2017A/B Senior Bonds). 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 2017 Senior Bonds or any other funds of the Board held by the Treasurer under this Twentieth Supplemental Resolution, attributable to the Series 2017 Senior Bonds, 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 2017 Senior Bonds in any manner, and shall not take or permit to be taken any other action or actions, which would cause any Series 2017 Senior Bond 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 2017 Senior Bonds 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 2017 Senior Bonds 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 Twentieth Supplemental Resolution which are necessary or desirable in order to assure that interest paid on the Series 2017 Senior Bonds will not be included in gross income for federal income tax purposes (except for any interest paid on any Series 2017A/B Senior Bonds held by a Bondholder who is or was a “substantial user” or “related party” to such substantial user (both as defined in Section 147(a) of the Code) of the facilities financed and refinanced by the Series 2017A/B Senior Bonds) 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 4.06 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 4.06 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 2017 Senior Bonds 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 2017 Senior Bonds. 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 Twentieth 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 2017 Senior 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 Twentieth 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 2017 Senior Bonds 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 2017 Senior Bonds Subject to the Master Resolution. The Series 2017 Senior Bonds 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 Twentieth Supplemental Resolution. Except as expressly provided in this Twentieth Supplemental Resolution, every term and condition contained in the Master Resolution shall apply to this Twentieth Supplemental Resolution and to the Series 2017 Senior Bonds 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 Twentieth Supplemental Resolution.

Section 7.02. Severability of Invalid Provisions. If any one or more of the provisions contained in this Twentieth Supplemental Resolution or in the Series 2017 Senior Bonds 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 Twentieth Supplemental Resolution and such invalidity, illegality or unenforceability shall not affect any other provision of this Twentieth Supplemental Resolution, and this Twentieth 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 Twentieth Supplemental Resolution and each and every other Article, Section, paragraph, sentence, clause or phrase hereof and authorized the issuance of the Series 2017 Senior Bonds pursuant thereto irrespective of the fact that any one or more Articles, Sections, paragraphs, sentences, clauses or phrases of this Twentieth Supplemental Resolution may be held illegal, invalid or unenforceable.

Section 7.03. 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 Twentieth Supplemental Resolution.

All references herein to “Article,” “Sections” and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Twentieth Supplemental Resolution; the words “herein,” “hereof,” “hereby,” “hereunder” and other words of similar import refer to this Twentieth 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 7.04. Governing Law. This Twentieth Supplemental Resolution shall be construed and governed in accordance with the laws of the State of California.

Section 7.05. Effective Date of Resolution. This Twentieth 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 Twentieth Supplemental Resolution and shall cause a certified copy of this Twentieth 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 Twentieth 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 [June __], 2017 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 2017 SENIOR BOND

UNITED STATES OF AMERICA

No. R-____

\$_____

CITY OF LONG BEACH, CALIFORNIA
HARBOR REVENUE BOND, SERIES 2017[A/B/C]

UNLESS THIS BOND 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 2017[A/B/C] SENIOR BOND 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.

Interest Rate	Maturity Date	Original Issue Date	CUSIP
____%	May 15, 20____	[June__], 2017	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, unless redeemed prior thereto as hereinafter provided, 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 Twentieth Supplemental Resolution) before the date of authentication hereof (unless this Bond is authenticated during the period after a Record Date (as defined in the Twentieth Supplemental Resolution) but on or before the next Interest Payment Date, in which event this Bond shall bear interest from that Interest Payment Date, or unless this Bond is authenticated prior to the first Record Date, in which event this Bond 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

May 15 and November 15, commencing on November 15, 2017, at the interest rate set forth above, until the principal amount hereof is paid or made available for payment.

Except if this Bond is a book-entry bond, the principal of this Bond is payable to the registered holder hereof in lawful money of the United States of America upon presentation and surrender of this Bond at the principal corporate trust office of U.S. Bank National Association in [St. Paul, Minnesota] (the “Fiscal Agent”). Except if this Bond is a book-entry bond, interest on this Bond 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 2017[A/B/C] Senior Bonds 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 Bond is one of a duly authorized issue of “City of Long Beach, California Harbor Revenue Bonds, Series 2017[A/B/C]” (the “Series 2017[A/B/C] Senior Bonds”) issued in the aggregate principal amount of \$[_____] 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 of the Board of Harbor Commissioners of the City adopted by the Board on November 8, 1989, as amended and supplemented (the “Master Resolution”), and Resolution No. HD-[_____] adopted by the Board on [June ____], 2017 (the “Twentieth Supplemental Resolution”) (the Master Resolution as supplemented and amended and as further supplemented by the Twentieth Supplemental Resolution is referred to herein as the “Resolution”). Simultaneously with the issuance of the Series 2017[A/B/C] Senior Bonds, the City, acting by and through the Board, is issuing (i) the “City of Long Beach, California Harbor Revenue Bonds, Series 2017[A/B/C]” (the “Series 2017[A/B/C] Bonds”) in the aggregate principal amount of \$[_____] and (ii) the “City of Long Beach, California Harbor Revenue Bonds, Series 2017[A/B/C]” (the “Series 2017[A/B/C] Bonds,” and collectively with the Series 2017[A/B/C] Bonds and the Series 2017[A/B/C] Bonds, the “Series 2017 Senior Bonds”) in the aggregate principal amount of \$[_____]. The Series 2017[A/B/C] Senior Bonds are being issued to provide funds to: (a) finance the acquisition, construction and equipping of the Series 2017[A/B/C] Projects (as defined in the Twentieth Supplemental Resolution), [(b) current refund and repay \$[_____] aggregate principal amount of the outstanding Series B Subordinate Obligations (as defined in the Twentieth Supplemental Resolution), and (c) pay the costs of issuing the Series 2017[A/B/C] Senior Bonds.

Reference is hereby made to the Resolution, the Law and the Fiscal Agent Agreement, dated as of [June ____], 2017 (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 2017[A/B/C] Senior Bonds 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 and the registered owner from time to time of this Bond, and by acceptance hereof the registered holder of this Bond assents to said terms and conditions. The Resolution is adopted under, the Fiscal Agent Agreement and this Bond 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 2017[A/B/C] Senior Bonds 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 and certain funds and accounts pledged under the Resolution on a parity with all Revenue Bonds and all other debt incurred and payable from Revenues on a parity with the Revenue Bonds. The principal of and interest on the Series 2017[A/B/C] Senior Bonds 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 2017[A/B/C] Senior Bonds 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 Bond or any interest hereon.

The Series 2017[A/B/C] Senior Bonds 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 deposited 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, "Revenue Bonds" means, the Series 2017[A/B/C] Senior Bonds; the Series 2017[A/B/C] Senior Bonds; the Series 2017[A/B/C] Senior Bonds; 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; and any additional Bonds issued in accordance with the Resolution.

The Series 2017[A/B/C] Senior Bonds maturing on or after May 15, 20[___] shall be subject to redemption prior to maturity, at the option of the Board, as a whole or in part on any date, on or after May 15, 20[___], at a Redemption Price equal to 100% of the principal amount of the Series 2017[A/B/C] Senior Bonds to be redeemed, plus accrued interest thereon to the date fixed for redemption, without premium.

[The Series 2017[A/B/C] Senior Bonds maturing on May 15, 20[___] are Term Bonds and shall, subject to the provisions of Section 5.05(B) of the Master Resolution, be called before maturity and redeemed at a redemption price equal to the par amount thereof from Mandatory Sinking Account Payments which have been deposited in the Principal Account, in the amounts and upon the dates set forth in the Twentieth Supplemental Resolution.]

This Bond 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 Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form approved by the Fiscal Agent. Whenever any Series 2017[A/B/C] Senior Bond is surrendered for transfer, the City shall execute and the Fiscal Agent shall authenticate and deliver a new Series 2017[A/B/C] Senior Bond or Bonds, of the same tenor and maturity and for a like aggregate principal amount. This Bond may be exchanged without charge at the corporate trust office of the Fiscal Agent in [St. Paul, Minnesota] for Series 2017[A/B/C] Senior Bonds of authorized denominations having the same aggregate principal amount, tenor and maturity. The Fiscal Agent may require the holder of any Series 2017[A/B/C] Senior Bond 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 2017[A/B/C] Senior Bonds 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 Bond, or reduce the amount of principal hereof, or extend the time of payment of this Bond, or reduce the rate of interest hereon, or extend the time of payment of interest hereon, or reduce any premium payable upon the redemption hereof, without the consent of the owner hereof, or reduce the percentage of Series 2017[A/B/C] Senior Bonds 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 2017[A/B/C] Senior Bonds of the lien created by the Resolution on such Revenues and other assets, without the consent of the holders of all of the Series 2017[A/B/C] Senior Bonds then outstanding.

This Bond 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 Bond, by their purchase and acceptance of this Bond, 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 Bond 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 Bond, 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.

[Remainder of page intentionally left blank]

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

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

[SEAL]

ATTESTED

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

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

This Bond is one of the Series 2017[A/B/C] Senior Bonds 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 2017[A/B/C] Senior Bond 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 2017[A/B/C] Senior Bond 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
THE SERIES 2017 PROJECTS

Series 2017A Projects

- Middle Harbor Terminal Redevelopment Project
- Middle Harbor - Wharf/Backlands Redevelopment, Phase 2
- Middle Harbor – Pier E [CNTR] Yard, Intermodal Railyard
- Middle Harbor – Pier E Terminal – Slip 1 Fill & Berth D28 [DM]
- Pier E Marine Operations Building & [P/C] Maintenance Shop
- Pier E – Battery Exchange Building
- Pier E Terminal [CNTR] Yard/Intermodal Railyard, Phase 2
- Pier E – East Basin Fill, Phase 3
- Pier G, Metropolitan Stevedore Track

Series 2017B Projects

- Middle Harbor Terminal Redevelopment Project, including:
 - o Pier E Terminal Administration Building
 - o Pier E Intermodal Rail Yard, Phase 3
 - o Pier E, Berth E22, Wharf and Backlands Redevelopment, Stage 3 of Phase 3

Series 2017C Projects

- [Deepening West Basin Approach]
- Harbor Department Headquarters Building

PRELIMINARY OFFICIAL STATEMENT DATED [JUNE __], 2017

NEW ISSUES—BOOK-ENTRY ONLY

RATINGS: See “RATINGS” herein.

In the opinion of Kutak Rock LLP, Bond 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 2017 Senior Bonds is excluded from gross income for federal income tax purposes, except for interest on any Series 2017A/B Senior Bond for any period during which such Series 2017A/B Senior Bond is held by a “substantial user” of the facilities financed or refinanced by the Series 2017A/B Senior Bonds, or a “related person” within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended. Bond Counsel is further of the opinion that (a) interest on the Series 2017A/B Senior Bonds is a specific item of tax preference for purposes of the federal alternative minimum tax, and (b) interest on the Series 2017C Senior Bonds is not a specific item of tax preference for purposes of the federal alternative minimum tax, except that interest on the Series 2017C Senior Bonds will be included in a corporate taxpayer’s adjusted current earnings for purposes of computing its federal alternative minimum tax. Bond Counsel is further of the opinion that interest on the Series 2017 Senior Bonds is exempt from State of California personal income taxes. See “TAX MATTERS” herein.

[City Logo]	<p>\$(PAR)* CITY OF LONG BEACH, CALIFORNIA Harbor Revenue Bonds</p>	[Port Logo]
<p>\$(PARA)* Series 2017A (AMT)</p>	<p>\$(PARB)* Series 2017B (AMT) (Green Bonds)</p>	<p>\$(PARC)* Series 2017C (Non-AMT)</p>

Dated: Date of Delivery

Due: May 15, as shown on the inside cover

The City of Long Beach, California (the “City”), acting by and through its Board of Harbor Commissioners (the “Board”), is issuing its Harbor Revenue Bonds, Series 2017A (the “Series 2017A Senior Bonds”), Harbor Revenue Bonds, Series 2017B (the “Series 2017B Senior Bonds,” and together with the Series 2017A Senior Bonds, the “Series 2017A/B Senior Bonds”), and Harbor Revenue Bonds, Series 2017C (the “Series 2017C Senior Bonds,” and together with the Series 2017A/B Senior Bonds, the “Series 2017 Senior Bonds”) to provide funds to (a) pay and/or reimburse the Harbor Department of the City of Long Beach (the “Harbor Department”) for capital expenditures incurred or to be incurred at the Port of Long Beach (the “Port”), (b) refund and repay all of the outstanding Series B Subordinate Revolving Obligations, the proceeds of which were used to pay for capital expenditures at the Port, and (c) pay the costs of issuing the Series 2017 Senior Bonds, as described herein. See “PLAN OF FINANCE.”

The Series 2017 Senior Bonds 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 2017 Senior Bonds 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 2017 Senior Bonds. Interest on the Series 2017 Senior Bonds will be payable on May 15 and November 15 of each year, commencing on November 15, 2017. So long as the Series 2017 Senior Bonds are held by DTC, the principal of and interest on the Series 2017 Senior Bonds 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 2017 Senior Bonds, as more fully described herein.

Maturity Schedule on Inside Front Cover

The Series 2017 Senior Bonds are subject to optional and mandatory sinking fund redemption prior to maturity as more fully described herein. See “DESCRIPTION OF THE SERIES 2017 SENIOR BONDS—Redemption of Series 2017 Senior Bonds.”

The Series 2017 Senior Bonds 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 2017 Senior Bonds 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 2017 Senior Bonds or interest thereon, nor is the credit or the taxing power of the City pledged therefor. An Owner of the Series 2017 Senior Bonds may not compel the exercise of the taxing power of the City or the forfeiture of any of its property. The Series 2017 Senior Bonds will be issued on a parity with the Existing Senior Bonds, which as of May 16, 2017 were outstanding in the aggregate principal amount of

* Preliminary; subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

\$822,725,000, and any additional Senior Bonds issued in the future. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 SENIOR BONDS.”

This cover page is not intended to be a summary of the terms of, or security for, the Series 2017 Senior Bonds. 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 2017 Senior Bonds are offered, when, as and if issued by the City, subject to the approval of validity by Kutak Rock LLP, Bond 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, Stradling Yocca Carlson & Rauth, a Professional Corporation. It is expected that the Series 2017 Senior Bonds will be available for delivery through the facilities of DTC on or about June ____, 2017.

Citigroup

[BofA Merrill Lynch]

Siebert Cisneros Shank & Co., L.L.C.

Date of Official Statement:

MATURITY SCHEDULE*

[\$[PARA]]*
City of Long Beach, California
Harbor Revenue Bonds
Series 2017A
(AMT)

<u>Maturity Date</u> <u>(May 15)*</u>	<u>Principal</u> <u>Amount*</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP No.¹</u>
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\$ _____ % Series 2017A Senior Term Bonds Due May 15, 20____;
Yield: ____%; Price ____%; CUSIP Number¹: _____

[\$[PARB]]*
City of Long Beach, California
Harbor Revenue Bonds
Series 2017B
(AMT) (Green Bonds)

<u>Maturity Date</u> <u>(May 15)*</u>	<u>Principal</u> <u>Amount*</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP No.¹</u>
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\$ _____ % Series 2017B Senior Term Bonds Due May 15, 20____;
Yield: ____%; Price ____%; CUSIP Number¹: _____

* Preliminary; subject to change.

¹ Copyright 2017, 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 2017 Senior Bonds. None of the City, the Board, the Harbor Department or the Underwriters take responsibility for the accuracy of the CUSIP numbers.

[\$[PARC]*
City of Long Beach, California
Harbor Revenue Bonds
Series 2017C
(Non-AMT)

<u>Maturity Date</u> <u>(May 15)*</u>	<u>Principal</u> <u>Amount*</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP No.²</u>
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\$ _____ % Series 2017C Senior Term Bonds Due May 15, 20____;
Yield: ____%; Price ____%; CUSIP Number¹: _____

* Preliminary; subject to change.

² Copyright 2017, 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 2017 Senior Bonds. 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]

HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

BOARD OF HARBOR COMMISSIONERS

Lori Ann Guzmán
President

Lou Anne Bynum
Vice President

Tracy J. Egoscue
Secretary

Rich Dines
Commissioner

Doug Drummond
Commissioner

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

PORT MANAGEMENT

[Mario Cordero]
Chief Executive

Dr. Noel Hacegaba
Managing Director, Commercial Operations, and Chief Commercial Officer

[Chuck Adams]
*Acting Managing Director,
Finance & Administration*

Sean A. Gamette
Managing Director, Engineering

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

Louis Gutierrez
*Managing Director, Human Resources and
Team Development*

Maurina Lee
Director of Finance

CITY OF LONG BEACH, CALIFORNIA

CITY COUNCIL

Dr. Robert Garcia
Mayor

Rex Richardson
Vice Mayor, Ninth District

Lena Gonzalez, *First District*
Jeannine Pearce, *Second District*
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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 2017 Senior Bonds 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 2017 Senior Bonds 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 2017 Senior Bonds. 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 2017 Senior Bonds 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 2017 Senior Bonds, the Underwriters may overallocate or effect transactions that stabilize or maintain the market prices of the Series 2017 Senior Bonds 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 2017 Senior Bonds 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 2017 Senior Bonds 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 2017 Senior Bonds 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 2017 Senior Bonds.

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OFFICIAL STATEMENT

[\$[PAR]* CITY OF LONG BEACH, CALIFORNIA Harbor Revenue Bonds

**[\$[PARA]*
Series 2017A
(AMT)**

**[\$[PARB]*
Series 2017B
(AMT) (Green Bonds)**

**[\$[PARC]*
Series 2017C
(Non-AMT)**

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 2017 Senior Bonds (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 (a) [\$[PARA]* aggregate principal amount of City of Long Beach, California, Harbor Revenue Bonds, Series 2017A (the “Series 2017A Senior Bonds”), (b) [\$[PARB]* aggregate principal amount of City of Long Beach, California, Harbor Revenue Bonds, Series 2017B (the “Series 2017B Senior Bonds,” and together with the Series 2017A Senior Bonds, the “Series 2017A/B Senior Bonds”), and (c) [\$[PARC]* aggregate principal amount of City of Long Beach, California, Harbor Revenue Bonds, Series 2017C (the “Series 2017C Senior Bonds,” and collectively with the Series 2017A Senior Bonds and the Series 2017B Senior Bonds, the “Series 2017 Senior Bonds”).

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.

* Preliminary; subject to change.

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, 2015 (the latest information available), 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 to the Port, was the number one-ranked container port). The facilities at the Port moved more than 6.8 million Twenty-Foot Equivalent Units (“TEUs”) during the calendar year ended December 31, 2016. According to statistics compiled by the Journal of Commerce, during calendar year 2015 (the latest information available), 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 Finance

The Series 2017 Senior Bonds are being issued to (a) pay and/or reimburse the Harbor Department for capital expenditures incurred or to be incurred at the Port, (b) refund and repay all of the outstanding Series B Subordinate Revolving Obligations (as defined herein), and (c) pay the costs of issuing the Series 2017 Senior Bonds, all as further described herein. See “PLAN OF FINANCE.”

The Series 2017 Senior Bonds

The Series 2017 Senior Bonds 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 [May 16], 2017 (“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 Twentieth Supplemental Senior Resolution, which, as provided for in Resolution No. HD-[___], will be adopted by the Board after the execution and delivery of the Bond Purchase Agreement (as defined herein) (the “Twentieth Supplemental Senior Resolution,” and together with the Master Senior Resolution, the “Senior Resolution”). The Twentieth Supplemental Senior Resolution is currently scheduled to be adopted by the Board on June [___], 2017.

The Series 2017 Senior Bonds will be dated their initial date of delivery, will mature as shown on the inside cover page hereof, 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 May 15 and November 15 of each year commencing November 15, 2017. The Series 2017 Senior Bonds will be subject to redemption prior to maturity, as described under “DESCRIPTION OF THE SERIES 2017 SENIOR BONDS—Redemption of Series 2017 Senior Bonds.”

The Series 2017 Senior Bonds will be issued as fully registered bonds 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 2017 Senior Bonds. Upon receipt of payments of principal and interest, DTC will 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 2017 Senior Bonds. See “APPENDIX F—BOOK-ENTRY-ONLY SYSTEM.”

Security for Series 2017 Senior Bonds

The Series 2017 Senior Bonds 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 2017 Senior Bonds 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 2017 Senior Bonds or any interest thereon, nor is the credit or the taxing power of the City pledged therefor. An Owner of the Series 2017 Senior Bonds 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 2017 SENIOR BONDS.”

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 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 2017 SENIOR BONDS—Rate Covenant.”

Outstanding Senior Bonds

Pursuant to the Master Senior Resolution, the City, acting by and through the Board, has previously issued and as of May 16, 2017 there was outstanding \$822,725,000 aggregate principal amount of 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 Short-Term Notes, Series 2014C¹ (the “Series 2014C Senior Notes”), 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”), and the City of Long Beach, California Harbor Revenue Bonds, Series 2015D (the “Series 2015D Senior Bonds,” and collectively with the Series 1998A Senior Bonds, the Series 2010A Senior Bonds, the Series 2010B Senior Bonds, the Series 2014B Senior Bonds, the Series 2014C Senior Notes, the Series 2015A Senior Bonds, the Series 2015B Senior Bonds and the Series 2015C Senior Bonds, the “Existing Senior Bonds”).

¹ The Harbor Department expects to pay the principal of the Series 2014C Senior Notes with proceeds of the Subordinate TIFIA Loan (as defined herein).

The Existing Senior Bonds, the Series 2017 Senior Bonds 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 2017 SENIOR BONDS” and “OUTSTANDING OBLIGATIONS AND DEBT SERVICE SCHEDULE.”

Outstanding Subordinate 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 MUFG 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 May 16, 2017, the City, acting by and through the Board, had \$[_____] aggregate principal amount of Series B Subordinate Revolving Obligations outstanding, and no Series C Subordinate Revolving Obligations outstanding. A portion of the proceeds of the Series 2017 Senior Bonds will be used to refund and repay all of the outstanding Series B Subordinate Revolving Obligations. 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 2017 Senior Bonds) 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 in accordance with the terms of the Subordinate Revolving Obligations Credit Agreement. See “OUTSTANDING OBLIGATIONS AND DEBT SERVICE SCHEDULE—Outstanding Subordinate Obligations (Subordinate Revolving Obligations and Subordinate TIFIA Loan).”

The City, acting by and through the Board, entered into a loan agreement, dated as of May 21, 2014 (the “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 “Subordinate TIFIA Loan”), the proceeds of which, if drawn, will be used by the Harbor Department to finance and refinance the costs of the Gerald Desmond Bridge Replacement Project. If drawn, the Subordinate TIFIA Loan will be secured by a pledge of Subordinate Revenues on parity with the Subordinate Revolving Obligations. Pursuant to the terms of Resolution No. HD-2767 adopted by the Board on June 9, 2014 (the “TIFIA Resolution”), the Board has reserved the right to (but is not obligated to) use all or a portion of the proceeds of the Subordinate TIFIA Loan to pay all or a portion of the principal of the Series 2014C Senior Notes on their maturity date (November 15, 2018), or any obligations it may issue to refinance the Series 2014C Senior Notes, and/or to pay additional federally eligible costs of the Gerald Desmond Bridge Replacement Project. See “OUTSTANDING OBLIGATIONS AND DEBT SERVICE SCHEDULE Outstanding Subordinate Obligations (Subordinate Revolving Obligations and Subordinate TIFIA Loan)” and “CAPITAL DEVELOPMENT PROGRAM—2017-26 Capital Plan—Gerald Desmond Bridge Replacement Project.”

The Subordinate Revolving Obligations, the Subordinate TIFIA Loan and any additional obligations issued pursuant to the terms of the Master Subordinate Resolution 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 most recent version of the Port of Long Beach Master Plan, as amended (the “Port Master Plan”), sets forth certain capital projects and improvements to the Port that the Harbor Department anticipates undertaking through 2020. 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”).

On November 4, 2016, the Harbor Department issued a request for proposals for consultant support for a comprehensive update to the Port Master Plan. Consultant selection and project kick-off is expected in the first half of 2017. The selected consultant will assist 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 “2017-26 Capital Plan”) includes capital projects and improvements to be undertaken at the Port between fiscal years 2017 and 2026. 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. The 2017-26 Capital Plan includes, but is not limited to, 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, the dredging of the Long Beach Harbor, 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 2017-26 Capital Plan has an aggregate estimated cost of approximately \$3.0 billion. The Harbor Department expects to finance approximately \$2.6 billion of the costs of the 2017-26 Capital Plan with revenues of the Harbor Department, proceeds of the Series 2017 Senior Bonds, additional Senior Bonds and Subordinate Obligations (including the Subordinate TIFIA Loan). The Harbor Department expects the remaining approximately \$393.0 million of costs of the 2017-26 Capital Plan will be financed with 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 projects to be financed with such grants will be delayed and/or reduced in scope, or the Harbor Department 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 2016, 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 \$258.9 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 material events. These covenants are made in order to assist the Underwriters (as defined herein) of the Series 2017 Senior Bonds 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 2017 Senior Bonds, the Owners and Beneficial Owners of the Series 2017 Senior Bonds are deemed to have consented to the Master Senior Resolution Amendments. The Underwriters of the Series 2017 Senior Bonds will not be providing any consents on behalf of the Owners and Beneficial Owners of the Series 2017 Senior Bonds. 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 2017 Senior Bonds) 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 2017 Senior Bonds, the Senior Resolution, the Fiscal Agent 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 purchasers or Owners of any of the Series 2017 Senior Bonds. 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 2017 Senior Bonds.

PLAN OF FINANCE

Plan of Finance

Proceeds from the sale of the Series 2017 Senior Bonds will be used to (a) pay and/or reimburse the Harbor Department for capital expenditures incurred or to be incurred at the Port, including, but not limited to the Series 2017 Projects (described below), (b) refund and repay all of the outstanding Series B Subordinate Revolving Obligations, and (c) pay the costs of issuing the Series 2017 Senior Bonds, all as further described herein.

Series 2017 Projects

The “Series 2017 Projects” to be financed in part by proceeds of the Series 2017 Senior Bonds consist of certain capital projects and improvements at the Port, include, among other projects, terminal development projects at Piers D/E/F (the Middle Harbor Terminal Redevelopment Project) and Pier G, dredging projects, rail projects, the Harbor Department’s new Administration Building, and related facilities and improvements.

Estimated Sources and Uses of Funds

The following table sets forth the estimated sources and uses of funds in connection with the issuance of the Series 2017 Senior Bonds.

	<u>Series 2017A</u> <u>Senior Bonds</u>	<u>Series 2017B</u> <u>Senior Bonds</u>	<u>Series 2017C</u> <u>Senior Bonds</u>	<u>Total</u>
<i>Sources</i>				
Principal Amount	\$	\$	\$	\$
Original Issue Premium/(Discount)				
Total Sources	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
<i>Uses</i>				
Deposit to Series 2017A Construction Fund	\$	\$	\$	\$
Deposit to Series 2017B Construction Fund				
Deposit to Series 2017C Construction Fund				
Repayment of Series B Subordinate Revolving Obligations				
Costs of Issuance ²				
Total Uses	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

¹Includes underwriters' discount, legal costs and expenses and other costs of issuance.

GREEN BONDS DESIGNATION OF SERIES 2017B SENIOR BONDS -

The Series 2017B Senior Bonds are being designated by the City, acting by and through the Board, as “Green Bonds.” The purpose of designating the Series 2017B Senior Bonds as “Green Bonds” is to allow investors to invest directly in bonds which finance or refinance projects which the Board believes are environmentally beneficial (“Green Projects”). The Green Projects to be financed with the proceeds of the Series 2017B Senior Bonds include the terminal administration building, the intermodal railyard and the wharf and the backlands redevelopment that are being constructed as part of the Middle Harbor Terminal Redevelopment Project. The term “Green Bonds” and “Green Projects” are neither defined in, nor related to, the Senior Resolution, and their use herein is solely for identification purposes and is not intended to provide or imply that the owners of the Series 2017B Senior Bonds are entitled to any security other than that described under the heading, “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 SENIOR BONDS.” The City, acting by and through the Board, makes no representation that every component of the projects being financed with the Series 2017B Senior Bonds meets the classification of a Green Project. The City, acting by and through the Board, assumes no obligation to ensure compliance with any legal or other principles of Green Bonds as such principles may evolve over time.

[In connection with the Series 2017B Senior Bonds and the projects to be financed with the Series 2017B Senior Bonds, the Harbor Department enlisted Sustainalytics, a second opinion provider that conducted environmental, social and governance research to assess the alignment of the Series 2017B Senior Bonds with the “Green Bond Principles 2016” of the International Capital Market Association. The Green Bond Principals 2016 are voluntary process guidelines that recommend transparency and disclosure of information by issuers to stakeholders with respect to “Green Bonds”. The Green Bond Principals 2016 have four main components: (i) use of bond proceeds, (ii) process for project evaluation and selection, (iii) management of bond proceeds, and (iv) reporting. [Sustainalytics will provide the Harbor Department with an [opinion] that the Series 2017B Senior Bonds and the projects to be financed with the Series 2017B Senior Bonds comply with the Green Bond Principals 2016.]

DESCRIPTION OF THE SERIES 2017 SENIOR BONDS

General

The Series 2017 Senior Bonds 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 of this Official Statement, payable semiannually on May 15 and November 15 of each year commencing November 15, 2017 (each an “Interest Payment Date”). Each Series 2017 Senior Bond 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 2017 Senior Bond 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 2017 Senior Bond will bear interest from such succeeding Interest Payment Date, or unless such date of authentication is prior to November 1, 2017, in which event such Series 2017 Senior Bond will bear interest from their date of delivery. If interest on the Series 2017 Senior Bonds is in default, Series 2017 Senior Bonds issued in exchange for Series 2017 Senior Bonds surrendered for transfer or exchange will bear interest from the Interest Payment Date to which interest has been paid in full on the Series 2017 Senior Bonds surrendered. The Series 2017 Senior Bonds will mature (subject to prior redemption), on May 15 in the years and in the principal amounts set forth on the inside cover of this Official Statement. The principal of and interest on the Series 2017 Senior Bonds will be payable in lawful money of the United States of America.

The Series 2017 Senior Bonds will be issued in denominations of \$5,000 and integral multiples thereof. The Series 2017 Senior Bonds 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 2017 Senior Bonds. Individual purchases may be made in book-entry form only. Purchasers will not receive certificates representing their interest in the Series 2017 Senior Bonds purchased. So long as Cede & Co., as nominee of DTC, is the registered owner of the Series 2017 Senior Bonds, references herein to the Owners or registered owners will mean Cede & Co. and will not mean the Beneficial Owners of the Series 2017 Senior Bonds.

So long as Cede & Co. is the registered owner of the Series 2017 Senior Bonds, principal of and interest on the Series 2017 Senior Bonds 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 2017 Senior Bonds.

Redemption of Series 2017 Senior Bonds

Optional Redemption. The Series 2017 Senior Bonds maturing on or before May 15, 20__ are not subject to redemption prior to maturity. The Series 2017 Senior Bonds maturing on or after May 15, 20__ are subject to redemption prior to maturity, at the option of the Board, as a whole or in part on any date, on or after May 15, 20__, at a redemption price equal to 100% of the principal amount of the Series 2017 Senior Bonds to be redeemed, plus accrued interest thereon to the date fixed for redemption, without premium.

Mandatory Sinking Fund Redemption. The Series 2017A Senior Bonds maturing on May 15, 20__ will be called prior to maturity and redeemed at a redemption price equal to the par amount thereof from Mandatory Sinking Account Payments which have been deposited in the Principal Account, in the amounts and upon the dates as follows:

<u>Payment Date</u> <u>(May 15)</u>	<u>Amount</u>
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¹ Final Maturity

The Series 2017B Senior Bonds maturing on May 15, 20__ will be called prior to maturity and redeemed at a redemption price equal to the par amount thereof from Mandatory Sinking Account Payments which have been deposited in the Principal Account, in the amounts and upon the dates as follows:

<u>Payment Date</u> <u>(May 15)</u>	<u>Amount</u>
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¹ Final Maturity

The Series 2017C Senior Bonds maturing on May 15, 20__ will be called prior to maturity and redeemed at a redemption price equal to the par amount thereof from Mandatory Sinking Account Payments which have been deposited in the Principal Account, in the amounts and upon the dates as follows:

<u>Payment Date</u> <u>(May 15)</u>	<u>Amount</u>
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¹ Final Maturity

Selection of Series 2017 Senior Bonds to be Redeemed. Redemption of the Series 2017 Senior Bonds will only be in Authorized Denominations. The Series 2017 Senior Bonds are subject to redemption in such order of maturity and interest rate as the Board may direct and by lot within such

maturity and interest rate selected in such manner as the Fiscal Agent (or DTC, as long as DTC is the securities depository for the Series 2017 Senior Bonds), deems appropriate.

Notice of Redemption; Conditional Notice of Optional Redemption. Each notice of redemption will be mailed by the Fiscal Agent, not less than 30 nor more than 60 days prior to each redemption date, to each Owner (DTC, so long as the book-entry system with DTC is in effect) of the Series 2017 Senior Bonds selected for redemption. Each notice of redemption will state the date of such notice, the date of issue of the Series 2017 Senior Bonds, the date fixed for redemption, the redemption price, the place or places of redemption (including the name and appropriate address or addresses of the Fiscal Agent), the maturity date, the interest rate and CUSIP number of the Series 2017 Senior Bonds to be redeemed, if less than all Series 2017 Senior Bonds of a maturity and interest rate are to be redeemed, the distinctive certificate numbers of the Series 2017 Senior Bonds of such maturity and interest rate to be redeemed, and the principal amount of the Series 2017 Senior Bonds to be redeemed. Except as described in the following paragraph with respect to an optional redemption of the Series 2017 Senior Bonds, each such notice will also state that on said date there will become due and payable on each of said Series 2017 Senior Bonds called for redemption the redemption price thereof, or of said specified portion of the principal amount thereof in the case of a Series 2017 Senior Bond to be redeemed in part only, together with interest accrued thereon to the date fixed for redemption, and that from and after such redemption date interest thereon will cease to accrue, and will require that such Series 2017 Senior Bonds be then surrendered at the address or addresses of the Fiscal Agent specified in the redemption notice. Neither the failure of any Owner of Series 2017 Senior Bonds to receive notice or any defect in any such notice will affect the sufficiency of the proceedings for redemption.

The Board may cause the Fiscal Agent to provide that, if at the time of mailing of notice of an optional redemption there has not been deposited with the Treasurer of the City (the “Treasurer”), the Fiscal Agent, an escrow agent or other fiduciary, in trust, moneys sufficient to redeem all the applicable Series 2017 Senior Bonds called for redemption, such notice may state that it is conditional, that is, subject to the deposit of the redemption moneys with the Treasurer, the Fiscal Agent, an escrow agent or other fiduciary on or before the scheduled redemption date, and that such notice will be of no effect unless such moneys are so deposited. In the event sufficient moneys are not on deposit on the scheduled redemption date, then the redemption will be canceled and on such cancellation date notice will be mailed to the Owners of such Series 2017 Senior Bonds.

Effect of Notice of Redemption. Notice having been given in the manner described above under the caption “Notice of Redemption; Conditional Notice of Optional Redemption,” if on the redemption date, moneys for the redemption of all the Series 2017 Senior Bonds or portions thereof to be redeemed on such date, together with interest to the redemption date, will be available therefor on said date then, from and after the redemption date such Series 2017 Senior Bonds so called for redemption will cease to accrue and become payable.

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 SENIOR BONDS

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 2017 Senior Bonds 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 2017 Senior Bonds 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 2017 Senior Bonds and interest thereon. The general fund of the City is not liable for the payment of any Series 2017 Senior Bonds or interest thereon, nor is the credit or taxing power of the City pledged for the payment of any Series 2017 Senior Bonds or interest thereon. An Owner of any Series 2017 Senior Bond may not compel the exercise of the taxing power by the City or the forfeiture of any of its property.

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 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 Subordinate TIFIA 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 and Surety Obligation Payments (as described 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 2017 Senior Bonds, the Treasurer will enter into a trustee services agreement with U.S. Bank National Association to establish and maintain the Series 2017 Construction Funds, the Series 2017 Costs of Issuance Fund and the Series 2017 Rebate Fund. All such funds will be held in trust, disposed of and invested in accordance with instructions given by the Treasurer.

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 2017 Senior Bonds).

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 2017 Senior Bonds 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 above with respect to the issuance of the Series 2017 Senior Bonds. 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.

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 May 16, 2017, were outstanding in the aggregate principal amount of \$822,725,000. The following table sets forth the Existing Senior Bonds which have been issued and were outstanding as of May 16, 2017.

TABLE 1
Harbor Department of the City of Long Beach
Existing Senior Bonds
(as of May 16, 2017)

Existing Senior Bonds	Original Principal Amount	Principal Amount Outstanding	Final Maturity Date
Series 1998A	\$ 206,330,000	\$ 32,260,000	5/15/2019
Series 2010A	200,835,000	124,245,000	5/15/2025
Series 2010B	158,085,000	127,530,000	5/15/2027
Series 2014B	20,570,000	17,180,000	5/15/2027
Series 2014C	325,000,000 ¹	325,000,000	11/15/2018
Series 2015A	44,845,000	43,430,000	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
Total	\$1,108,745,000	\$822,725,000	

¹ The Harbor Department expects to pay the principal of the Series 2014C Senior Notes (or any obligations it may issue to refinance the Series 2014C Senior Notes) with proceeds from the Subordinate TIFIA Loan. See “CAPITAL DEVELOPMENT PROGRAM—2017-26 Capital Plan—Gerald Desmond Bridge Replacement Project” and “CERTAIN INVESTMENT CONSIDERATIONS—Market Access Required if Subordinate TIFIA Loan Proceeds are not Disbursed.”

Source: Harbor Department.

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Senior Bonds Debt Service Requirements

The following table sets forth the debt service requirements of the Existing Senior Bonds and the Series 2017 Senior Bonds. See “— Future Financings (Additional Senior Bonds and Subordinate Obligations)” below for a discussion of the Board’s plans to issue additional Senior Bonds and/or Subordinate Obligations.

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

Bond Year² Ending May 15	Total Debt Service Requirements for Existing Senior Bonds	Principal Requirements for Series 2017A Senior Bonds	Interest Requirements for Series 2017A Senior Bonds	Principal Requirements for Series 2017B Senior Bonds	Interest Requirements for Series 2017B Senior Bonds	Principal Requirements for Series 2017C Senior Bonds	Interest Requirements for Series 2017C Senior Bonds	Total Senior Bonds Debt Service
2018	\$ 72,072,150							
2019 ³	393,510,900							
2020	57,434,750							
2021	57,405,100							
2022	57,404,600							
2023	56,596,350							
2024	56,600,850							
2025	56,552,750							
2026	33,390,250							
2027	28,217,500							
2028	12,161,500							
2029	13,363,750							
2030	12,163,750							
2031	12,157,750							
2032	12,158,000							
2033	8,658,250							
2034	8,657,500							
2035	8,658,500							
2036	8,660,500							
2037	8,662,750							
2038	8,659,500							
2039	8,660,250							
2040	8,659,000							
2041	8,660,000							
2042	8,657,250							
Total	\$1,017,783,450							

¹ Numbers may not sum due to rounding.

² Bond Year means the period beginning on May 16 of each year and ending on the next succeeding May 15.

³ Includes the principal of the \$325 million of Series 2014C Senior Notes due on November 15, 2018. The Harbor Department expects to pay the principal of the Series 2014C Notes (or any obligations it may issue to refinance the Series 2014C Senior Notes) with proceeds of the Subordinate TIFIA Loan. See “CAPITAL DEVELOPMENT PROGRAM—2017-26 Capital Plan—Gerald Desmond Bridge Replacement Project” and “CERTAIN INVESTMENT CONSIDERATIONS—Market Access Required if Subordinate TIFIA Loan Proceeds are not Disbursed.”

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 2012 through 2016 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
2012	\$337,189	\$87,637	\$249,552	\$80,008	4.2x	3.1x
2013	349,033	97,696	251,337	80,811	4.3	3.1
2014	363,656	108,455	255,201	84,724	4.3	3.0
2015	359,486	133,771	225,715	78,363	4.6	2.9
2016	365,298	144,533	220,765	88,669	4.1	2.5

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.

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 2012-2016.

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

Subordinate Revolving Obligations. Pursuant to the Master Subordinate Resolution, the Subordinate Revolving Obligations Supplemental Resolutions and 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 May 16, 2017, the City, acting by and through the Board, had \$[_____] aggregate principal amount of Subordinate Revolving Obligations outstanding. A portion of the proceeds of the Series 2017 Senior Bonds will be used to refund and repay all of the outstanding Subordinate Revolving Obligations. 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 2017 Senior Bonds) 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 (MUFG 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 the option of the City, acting by and through the Board, at fixed or 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.”

Subordinate TIFIA Loan. The City, acting by and through the Board, entered into the Subordinate TIFIA Loan Agreement with the TIFIA Lender, pursuant to which the TIFIA Lender, subject to certain conditions, agreed to make the Subordinate TIFIA Loan to the City, acting by and through the Board, in an amount not to exceed \$325 million. The proceeds of the 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—2017-2026 Capital Plan—Gerald Desmond Bridge Replacement Project.” The 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 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 TIFIA Resolution, the Board has reserved the right (but is not obligated to) use all or a portion of the proceeds of the Subordinate TIFIA Loan to pay all or a portion of the principal of the Series 2014C Senior Notes on their maturity date (November 15, 2018), or any obligations that may be issued to refinance the Series 2014C Senior Notes, and/or to pay additional federally eligible costs of the Gerald Desmond Bridge Replacement Project. The final maturity date of the Subordinate TIFIA Loan will be approximately 35 years after the date the proceeds are first drawn. Pursuant to the provisions of the Subordinate TIFIA Loan Agreement, the TIFIA Lender has the right to accelerate the payment of the principal of and interest on the Subordinate TIFIA Loan upon the occurrence of certain events of default set forth in the Subordinate TIFIA Loan Agreement. See “CERTAIN INVESTMENT CONSIDERATIONS—Remedies Upon Default.”

Future Financings (Additional Senior Bonds and Subordinate Obligations)

See “CAPITAL DEVELOPMENT PROGRAM—Funding Sources of 2017-26 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 2017-26 Capital Plan. 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 Port and the Port of Los Angeles (together, 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, 2016, ACTA had outstanding approximately \$2.2 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, 2016 outstanding amount of the ACTA Obligations, the Harbor Department and the Port of Los Angeles are potentially liable for a maximum of approximately \$900 million (the Harbor Department and the Port of Los Angeles each being liable for approximately \$450 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. The Harbor Department and the Port of Los Angeles were not required to pay Shortfall Advances in 2013, 2014, 2015 or 2016 and do not expect to pay Shortfall Advances in 2017.

In May 2016, ACTA issued its Series 2016A and Series 2016B Bonds, the proceeds of which were used to, among other things refund ACTA’s Series 2004A Bonds. The issuance of the Series 2016A and Series 2016B 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 refunding bonds in 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 \$4.1 million to the debt service reserve fund for the Series 2012 ACTA Bonds, thereby reducing the Surety Obligation Payments to a maximum of approximately \$1.6 million each for 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 2017 Senior Bonds) 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.

Clean Trucks Program - Lease Subsidy Obligations. In 2006, the Harbor Department together with the Port of Los Angeles, developed the San Pedro Bay Ports Clean Air Action Plan (the "CAAP"). The CAAP was updated and reauthorized in 2010. The CAAP is the Harbor Department's ten-year comprehensive plan to address air pollution emissions from Port related sources. Emission sources targeted by the CAAP include ships, trains, cargo handling equipment, harbor craft and heavy duty trucks. Pursuant to the CAAP, the Harbor Department has undertaken several programs to lower air pollution levels at the Port, including a Clean Trucks Program (the "CTP"), which requires progressively cleaner engine standards for trucks operating at the Port so that by January 2012, all trucks operating at the Port had to be either replaced or retrofitted with emission controls to meet the United States Environmental Protection Agency's ("EPA") 2007 On-Road Heavy Duty emissions standards. See "THE PORT OF LONG BEACH—Environmental Compliance—Air Pollution Reduction Programs—Clean Trucks Program."

The Harbor Department offered financial incentives, including a subsidized lease program to assist current truck operators that needed financial assistance to buy a cleaner truck. The Harbor Department agreed to provide an 80% subsidy towards the monthly lease obligations, the preventative maintenance requirements of participants in the lease program of the CTP, and the payment of the residual value of the leased truck upon purchase of such truck by the participants in the lease program of the CTP. The Harbor Department's lease subsidy obligations are collectively referred to herein as the

“Lease Subsidy Obligations.” Additionally, as part of the Port’s subsidized lease program, the Harbor Department agreed to guarantee pursuant to a Continuing Guaranty, dated October 8, 2008 (the “Guaranty”), to DCFS USA LLC and Daimler Trust (collectively, “Daimler”), the lease obligations of each of the participants in the lease program of the CTP.

The Harbor Department’s Lease Subsidy Obligations and its obligations under the Guaranty are payable from any legally available source of funds after the payment of debt service and reserve fund obligations on the Senior Bonds (including the Series 2017 Senior Bonds) and the Subordinate Obligations. As of March 1, 2017, there were 38 lessee participants in the CTP, and as of such date the Harbor Department had paid approximately \$32.0 million in lease subsidies. The Harbor Department expects that its total remaining Lease Subsidy Obligations and obligations under the Guaranty will be approximately \$3 million through the end of calendar year 2017. The Harbor Department’s Lease Subsidy Obligations and its obligations under the Guaranty will expire at the end of calendar year 2017.

Transfers to City. Pursuant to Chapter XII, Section 1209(c)(4) of the Charter, at the beginning of each fiscal year, 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 \$17.8 million (5% of the Harbor Department’s fiscal year 2015 gross operating revenue) from the Harbor Revenue Fund to the City’s Tideland’s Operating Fund for the fiscal year ended September 30, 2016. 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 2013 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 operating expenses (before depreciation and amortization). This policy is only 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, 2015 (the latest information available). The facilities at the Port moved approximately 6.8 million TEUs for the year ended December 31, 2016. According to statistics compiled by the Journal of Commerce, during calendar year 2015 (the latest information available), 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 1,093 acres of the Naval Complex and leases the remaining 47 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 47 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, 2016, the total investment in land, structures and facilities at the Port was approximately \$6.1 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 or the City Council of the City, 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 2017 Senior Bonds.

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:

Lori Ann Guzmán–President. Ms. Guzmán was appointed to the Board in 2013 and her six-year term will end on June 30, 2019. She was elected President of the Board by the other members of the Board in December 2015. 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.

Lou Anne Bynum–Vice President. 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. She was elected Vice President of the Board by the other members of the Board in July 2016. Ms. Bynum currently serves as Executive Vice President for Long Beach City College (“LBCC”) in which she oversees college advancement, economic development programs, workforce training, community and corporate education and training, federal and state grants and contracts, communications and public information and special resource development projects on behalf of LBCC. 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 an appointee 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.

Tracy J. Egoscue–Secretary. Ms. Egoscue was appointed to the Board in 2014. Her six-year term ends on June 30, 2020. She was elected Secretary of the Board by the other members of the Board in July 2015. Ms. Bynum 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 also serves on the Board of Directors of the California League of Conservation Voters 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.

Rich Dines–Commissioner. Mr. Dines was appointed to the Board in 2011 and his six-year term ends on June 30, 2017. Mr. Dines, a Marine Clerk with the International Longshore and Warehouse Union, brings nearly 20 years of experience on the waterfront to his position as a member of the Board. Together with the other Board members, he has provided policy direction and oversight for the most extensive capital improvement program in the Port's history, reaching over \$4 billion over ten years. Mr. Dines also has been actively involved with long-range efforts to improve efficiency and productivity at the Port, and is an advocate for the use of alternative energy, resulting in adoption by the Board of a groundbreaking energy policy in 2013. A resident of Long Beach's Fifth District, Mr. Dines is active in the community and currently serves on the governing board of the Alameda Corridor Transportation Authority, serves as Chair of the Intermodal Container Transfer Facility Joint Powers Authority and sits on the Policy and Steering Committee for the California State University, Long Beach Center for International Trade and Transportation.

Doug Drummond–Commissioner. Mr. Drummond was appointed to the Board in 2011. His current six-year term ends on June 30, 2021. Previously, Mr. Drummond served the City as a two-term City Council member, Vice Mayor and Police Department Commander. Mr. Drummond's more than 45 years of service to Long Beach began in 1959 when he became a Long Beach Police Department officer, attaining the ranks of Sergeant, Lieutenant and Captain, and then retiring in 1988 as Commander after 29 years on the force. He was elected to the Long

Beach City Council in 1990, and Mr. Drummond served two four-year terms on the Council, two of those years as Vice Mayor. Mr. Drummond also has been a member of the City of Long Beach Civil Service Commission, the Board of Directors of the Long Beach Transportation Company, California State Commissioner for the Board of Parole Hearings, and Fish & Game Commissioner for Los Angeles County. He served in the U. S. Army as a paratrooper in Germany and was discharged as a sergeant. He holds a bachelor's degree from California State University, Long Beach in Political Science and Public Administration, a master's degree in Public Administration from the University of Southern California, a doctorate in Criminology from August Vollmer University and is a part-time faculty member at all three schools. He also graduated from the FBI National Academy in 1974 and is a published author.

The Staff. The Charter provides that the Board appoint and employ a Chief Executive, 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 five bureaus (the Finance and Administration Bureau, the Commercial Operations Bureau, the Planning and Environmental Affairs Bureau, the Engineering Services Bureau, and the Human Resources and Team Development Bureau) reporting to the Chief Executive. 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 Services 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 Survey Division. The Human Resources and Team Development Bureau consists solely of the Human Resources Division. In addition to the five bureaus discussed above, the Senior Executive Lead for Supply Chain Optimization and the Capital Program Executive report directly to the Chief Executive. The Government Relations Division and the Communications Division also report directly to the Chief Executive. The executive management of the Harbor Department includes the following individuals:

[Mario Cordero—Chief Executive. [Bio to come]

Dr. Noel Hacegaba—Managing Director, Commercial Operations, and Chief Commercial Officer. Dr. Hacegaba was appointed Managing Director, Commercial Operations, and Chief Commercial Officer for 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.

[Chuck Adams—Acting Managing Director, Finance and Administration. Mr. Adams was appointed Acting Managing Director, Finance and Administration and Chief Financial Officer for the Harbor Department in October 2016. He manages the Finance and Administration Bureau which manages a \$3 billion, ten-year capital program and an annual budget of \$800 million with approximately 70 employees. Mr. Adams previously served as an Assistant Director of Administration and Finance for the Los Angeles County Department of Public Works and City Controller for the City of Long Beach before retiring in 2010. Since then, other interim assignments have included Interim Director of Administrative Services for the City of Irvine and, for the City of South El Monte, Finance Director and later Interim Assistant City Manager. Mr. Adams received a bachelor's degree in Business Administration from Michigan State University and a master's degree in Personnel Management from Central Michigan University.]

Sean A. Gamette,—Managing Director, Engineering Services. Mr. Gamette was appointed Managing Director, Engineering Services for the Harbor Department since 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.

Richard D. Cameron—Managing Director, Planning and Environmental Affairs. Mr. Cameron is the Managing Director, Planning and Environmental Affairs Bureau for 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.

Louis Gutierrez—Managing Director, Human Resources and Team Development. Mr. Gutierrez is the Managing Director, Human Resources and Team Development Bureau for the Harbor Department and was named to the post in August 2015. The Human Resources and Team Development Bureau is dedicated to recruiting, employee relations, compensation, human resources information systems, records management and support, and employee learning and development. During his human resources career, Mr. Gutierrez has served in senior roles in Los Angeles and Atlanta for divisions of various Fortune 500 companies including Cox Enterprises Automotive Group, Turner Broadcasting, Time Warner Cable, the Disney/ABC Media Networks Group and Paramount Pictures (domestic and international operations). Mr. Gutierrez received a bachelor's degree in communications studies from University of California, Los Angeles and a juris doctorate from University of California, Los Angeles School of Law. He is a member of the Society for Human Resources Management.

Maurina Lee, Director of Finance. Ms. Lee is Director of the Finance Division in the Finance and Administration Bureau of the Harbor Department. Ms. Lee was appointed Controller and Assistant Director of Finance by the Board in March 2015, moved up to Acting Director the following November, and named Director in March 2016. Ms. Lee leads and directs all financial operations of the Harbor Department, including general accounting, internal controls, financial planning and analyses, budget development, and the Harbor Department's annual financial reporting, among other areas. Before joining the Harbor Department, Ms. Lee was Finance Manager for the City of Downey, California. Ms. Lee received a bachelor's degree in Business Administration, with emphasis in Accounting, from Pacific Union College in Angwin, California, followed by a master's degree in Public Administration from the University of Southern California, Los Angeles. She is a member of the California Society of Municipal Finance Officers and a member of the Government Finance Officers Association.

Employee Relations

As of January 1, 2017, the Harbor Department employed approximately 527 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"), 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 Memoranda of Understanding with the LBAEE, ALBE and LBMA are still being negotiated. 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 a new Memorandum 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 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 50 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. See “CAPITAL DEVELOPMENT PROGRAM—2017-26 Capital Plan—Long Beach Harbor Dredging.”

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.

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, 2016, 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—2017-26 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”), Terminals Investment Limited and Mediterranean Shipping Company, currently operates the container terminal on Pier A (the “Pier A Container Terminal”). The Pier A Container Terminal is an approximately 200-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 9,000 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 114 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.

Piers D, E and F. Piers D, E and F (collectively, the “Middle Harbor Terminal”) are currently being consolidated into one 305-acre container terminal as part of the “Middle Harbor Terminal Redevelopment Project.” A portion of the facilities on Piers D and E are currently out of service as the Harbor Department constructs the Middle Harbor Terminal Redevelopment Project.

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. Phase 1 of the Middle Harbor Terminal was completed and became operational in late-2015. Phase 1 of the Middle Harbor Terminal consists of 193 acres and is capable of handling ships carrying approximately 22,000 TEUs. Once the overall Middle Harbor Terminal Redevelopment Project is fully complete, the facility will be able to handle ships carrying up to 24,000 TEUs. 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 will be operated by OOCL’s subsidiary, Long Beach Container Terminal, LLC. See “CAPITAL DEVELOPMENT PROGRAM—2017-26 Capital Plan—Middle Harbor Terminal Redevelopment (Piers D, E and F).”

Pier F continues to be operational while improvements are made to Piers D and E. Long Beach Container Terminal, Inc., an OOCL subsidiary, conducts its ground and chassis operation at Pier F (the “Pier F Container Terminal”). The Pier F Container Terminal is an approximately 100-acre facility that includes five berths, a 2,750 foot-long wharf with a water depth of 50 feet, a storage area for approximately 10,000 on-ground containers, power outlets for 240 refrigerated containers, and an on-dock rail yard. The Pier F Container Terminal has seven gantry cranes, with capacities ranging from 40-tons to 60-tons. The facilities at the Pier F Container Terminal can handle ships carrying up to 8,500 TEUs. The operations of Pier F will be consolidated with the operations on Piers D and E once the Middle Harbor Terminal Redevelopment Project is complete.

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 247-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 384 refrigerated containers and an on-dock railyard. The Pier G Container Terminal has 17 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 10,000 TEUs.

Pier J. Pacific Maritime Services LLC (a joint venture between SSAT, CMA-CGM and China Overseas Shipping Company (“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 POLB’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—Hanjin Bankruptcy”

for a discussion of the bankruptcy proceedings involving Hanjin Shipping Company, Ltd. (“Hanjin”), which was previously the 54% owner of Total Terminals International, LLC (“Total Terminals”). See also “—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, 2016, dry bulk accounted for approximately 8% 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 5 million and 6 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 2016 and 2015, 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 MMC 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, 2016, general cargo accounted for approximately 7% 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 199,000 vehicles were shipped through this terminal during fiscal year 2016 as compared to approximately 204,000 vehicles during fiscal year 2015. 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 72,000 vehicles in fiscal year 2016 and approximately 68,000 vehicles in fiscal year 2015 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 173 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, 2016, 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 2016 was approximately 31.2 million metric tons as compared to approximately 31.0 million metric tons during fiscal year 2015.

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)

	2012	2013	2014	2015	2016
Inbound/Outbound Cargo in Revenue Tonnage (MRTs)¹					
<i>Inbound Cargo</i>					
Foreign	91,490,396	101,026,699	104,245,298	98,464,085	93,927,997
Coastwise/InterCoastal	15,793,069	18,476,723	17,998,456	26,060,757	29,008,568
Total Inbound Cargo	107,283,465	119,503,422	122,243,754	124,524,842	122,936,565
<i>Outbound Cargo</i>					
Foreign	33,278,391	36,768,609	37,066,641	33,592,125	32,737,305
Coastwise/InterCoastal	3,270,377	5,141,434	5,348,303	4,843,410	3,995,516
Bunkers	1,311,310	843,291	866,945	1,313,215	1,652,476
Total Outbound Cargo	37,860,078	42,753,334	43,281,889	39,748,750	38,385,297
Total Cargo in Revenue Tonnage	145,143,543	162,256,756	165,525,643	164,273,592	161,321,863
Container Count in TEUs²	5,857,206	6,647,975	6,817,591	7,087,700	6,946,257

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 decreased by approximately 1.8% and 2.0%, respectively, in fiscal year 2016 as compared to fiscal year 2015. These decreases were primarily a result of the bankruptcy of Hanjin and the resulting slowdown of cargo volume passing through the Pier T Container Terminal, shifting carrier alliance routes and consolidation of shipping lines. See “—Operating Performance—Leading Revenue Producers—Hanjin Bankruptcy” for a discussion of the Hanjin bankruptcy. Also, see “FINANCIAL DATA” for a discussion of the Harbor Department’s fiscal year 2016 financial results.

The following table sets forth the number of TEUs handled by the Port in the first six months (October through March) of fiscal years 2016 and 2017.

TABLE 5
Harbor Department of the City of Long Beach
TEUs Handled by Port
(First Six Months of Fiscal Years 2016 and 2017)

<u>Month</u>	<u>First Six Months Fiscal Year 2016</u>	<u>First Six Months Fiscal Year 2017</u>	<u>Percentage Change</u>
October	619,983	581,808	(6.2)%
November	619,699	534,308	(13.8)
December	596,448	548,929	(8.0)
January	536,188	582,689	8.7
February	561,412	498,311	(11.2)
March	<u>464,855</u>	<u>505,382</u>	<u>8.7</u>
Total	<u>3,398,585</u>	<u>3,251,427</u>	<u>(4.3)</u>

Source: Harbor Department

TEUs handled at the Port decreased 4.3% during the first six months of fiscal year 2017 as compared to fiscal year 2016. The main contributing factor to such decreases was Hanjin’s filing for bankruptcy protection in August 2016, and the resulting slowdown of cargo passing through the Pier T Container Terminal. Prior to its bankruptcy filing, Hanjin was one of the largest shipping lines calling at the Port. In addition, new ocean carrier alliances in 2016 resulted in shifting of service routes. This downward trend is expected to reverse as newly formed alliances take effect on April 1, 2017

Cargo Summary. For the year ended September 31, 2016, 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.

The following is a breakdown of cargo handled at the Port during the past two fiscal years in tonnage and revenue:

TABLE 6
Harbor Department of the City of Long Beach
Cargo Summary
(Fiscal Years Ended September 30, 2015 and 2016)

Type of Cargo	2015				2016			
	Metric Revenue Tons (000's)	Percent of Total Tons	Revenue (000's) ¹	Percent of Revenue ¹	Metric Revenue Tons (000's)	Percent of Total Tons	Revenue (000's) ¹	Percent of Revenue ¹
Containerized	125,105	76%	\$269,866	78%	123,014	76%	\$274,732	79%
Petroleum/Liquid Bulk	31,000	19	17,299	4	31,174	19	17,177	5
Dry Bulk	7,029	4	29,253	9	6,028	4	29,389	8
General Cargo	1,140	1	26,696	8	1,106	1	26,873	8
Total	164,274	100%	\$343,134	100%	161,322	100%	\$348,171	100%

¹ Revenue includes operating revenues from wharfage, dockage, storage/demurrage, rentals, bunkers, special facilities rentals, crane rentals and other.

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 2016 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 2016 Results)
(Metric Tons)

Countries	2012	2013	2014	2015	2016
Inbound					
China	11,768,196	14,860,528	15,693,666	15,741,891	14,025,907
Panama	1,676,090	2,181,606	2,844,573	2,639,291	2,554,182
Saudi Arabia	18,348	238,081	689,147	1,232,156	2,439,698
Ecuador	3,048,609	2,238,208	1,274,199	2,826,985	1,951,651
South Korea	1,189,805	1,203,568	1,639,582	1,684,992	1,641,842
Outbound					
China	6,788,978	8,986,568	9,957,376	6,959,538	7,190,713
Japan	3,936,445	4,305,008	4,082,910	3,414,694	2,805,124
Taiwan	1,691,879	1,778,155	1,921,029	1,358,072	1,257,552
South Korea	1,207,778	955,389	931,765	1,144,523	995,048
Vietnam	439,007	373,615	384,487	548,774	787,755

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, Indonesia, 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 2017 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 2016, the preferential assignment agreements with the Port’s major container terminal operators contained guaranteed annual minimum payments of approximately \$258.9 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. The Harbor Department expects that future property agreements also will make the terminal operators responsible 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, 2016, revenues from non-waterfront properties and miscellaneous sources have accounted for approximately 3.3% 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)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016¹</u>
Operating Revenues					
Berths & Special Facilities					
Wharfage	\$268,080	\$296,623	\$307,561	\$312,074	\$322,522
Dockage	11,705	12,055	10,877	10,773	8,089
Bunkers	1,373	1,375	703	1,048	1,412
Special Facilities Rentals	28,188	12,426	13,758	16,247	15,612
Crane Rentals ²	12,760	12,789	12,789	2,372	-
Other	319	601	570	620	536
<i>Total Berths & Special Facilities</i>	<u>\$322,425</u>	<u>\$335,869</u>	<u>\$346,258</u>	<u>\$343,134</u>	<u>\$348,171</u>
Rental Properties	\$ 9,577	\$ 9,374	\$ 9,360	\$ 9,881	\$ 9,958
Utilities/Miscellaneous	1,885	1,001	1,262	2,435	2,531
Total Operating Revenues	<u><u>\$333,887</u></u>	<u><u>\$346,244</u></u>	<u><u>\$356,880</u></u>	<u><u>\$355,450</u></u>	<u><u>\$360,660</u></u>

¹ See "FINANCIAL DATA" for a discussion of the Harbor Department's fiscal year 2016 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 89% 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)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Total Metric Revenue Tons (000's)	145,144	162,257	165,526	164,274	161,322
Wharfage Revenue (000's)	\$268,080	\$296,623	\$307,561	\$312,074	\$322,522
Average Wharfage Revenues Per Ton	\$1.85	\$1.83	\$1.86	\$1.90	\$2.00

Source: Harbor Department

Leading Revenue Producers.

General. The following companies represent the Harbor Department's twenty-two largest customers in terms of revenues, listed alphabetically. These customers accounted for approximately 97% of the Harbor Department's operating revenue in fiscal year 2016. The largest single customer accounted for approximately 22% of the Harbor Department's operating revenues in fiscal year 2016.

TABLE 10
Harbor Department of the City of Long Beach
Leading Revenue Producers
Fiscal Year 2016

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

¹ 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 and generated approximately 22% of the Harbor Department’s operating revenues in fiscal year 2016. Mediterranean Shipping Company owned the remaining 46% of Total Terminals. 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. Additionally, 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. Some of the same shipping lines call at both the Pier A Container Terminal and the Pier T Container Terminal. As a result of the movement to larger container ships in the maritime industry, these shipping lines have shifted cargo from the Pier A Container Terminal to the larger terminal facilities at the Pier T Container Terminal. This shift in cargo volume has led the Harbor Department and the operators of the Pier A and Pier T Container Terminals to begin discussing the potential of restructuring certain financial terms of the Pier A and Pier T Container Terminal Preferential Assignments. However, as of the date of this Official Statement, the Harbor Department has not come to any agreements with the operators of the Pier A and Pier T Container Terminal and cannot predict if any agreement will be reached or what effect, if any, the shift of cargo volumes between the Pier A and Pier T Container Terminals may have on the revenues of the Harbor Department.

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 steamship lines, marine terminal operators, car loading bureaus 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 steamship line-owned terminal operating companies such as Long Beach Container Terminal, Inc. 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 expires on June 30, 2019. The previous contract between the Association and ILWU expired on June 30, 2014. The Association and the ILWU began negotiating a new contract in May 2014, but did not agree on a new contract until February 2015. The protracted negotiations had a compounding effect on congestion issues that had slowed down container cargo movement through the 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 Air Resources Board, 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. 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. 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 Harbor Department is reviewing the comments it received. It is anticipated that the Board will consider the Final EIR for the Pier B On-Dock Rail Support Facility Project in the second half of 2017.

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.

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.

Air Pollution Reduction Programs. In 2006, the Harbor Department, together with the Port of Los Angeles, developed the CAAP with input from the EPA, the California Air Resources Board, and the South Coast Air Quality Management District. The CAAP was updated and reauthorized in 2010 and is currently undergoing a public process for a third update. 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 48% reduction in nitrogen oxides emissions from Port-related sources. 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.

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 meets the cleanest engine standards; (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 CTP, which requires progressively cleaner engine standards for trucks operating at the Port.

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 percent. 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 2016, the Green Flag Incentive Program had participation rates of 96% and 88% for 20 nautical miles and 40 nautical miles, respectively. In 2015 (the latest information available), air pollution reductions included avoided emissions of approximately 1,224 tons of smog-forming nitrogen oxides and approximately 24 tons of diesel particulate matter. In fiscal year 2016, 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 fiscal year 2017.

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 2016, approximately 23.2% of the vessel calls at the Port were eligible for the Green Ship Incentive Program and the Harbor Department provided approximately \$862,500 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 is moving forward with the implementation of shore-side 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. Under a lease agreement with the Harbor Department, at least 50 vessel calls per year must use shore-side electrical power. 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 California Air Resources Board 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 emission, and the percentage of fleet visits required to use one of these two options increases to 70% in 2017, and 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.

Clean Trucks Program. The CTP has successfully reduced air emissions and health risks by modernizing the Port’s trucking fleet. The CTP targets emissions from heavy duty trucks that move cargo in and out of the marine terminals at the Port. 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. In recent years, more than 16,000 drayage trucks were regularly operating at the San Pedro Bay Ports.

Beginning on October 1, 2008, the Port began a progressive ban on older, dirtier trucks. As of that date all trucks with engine model years older than 1989 were banned from Port service. On January 1, 2010, all trucks with engine model years 1989 to 2003 were also banned from Port service, except trucks with engine model years between 1994 and 2003 that have undergone emission retrofits. Additionally, on January 1, 2012, all trucks that did not meet the EPA’s 2007 On-Road Heavy Duty emissions standards were banned from Port service. Phasing out older vehicles produces clean-air benefits because the EPA is requiring manufacturers to build cleaner engines. Through these efforts, over 13,000 newer diesel and over 900 alternative fuel trucks meeting the EPA’s 2007 On-Road Heavy Duty emissions standards are currently serving the Port on a regular basis. With the full implementation of the CTP as of January 1, 2012, diesel particulate matter emissions from trucks has been reduced by an estimated 95% compared to 2005 levels.

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 \$2 million per year through 2018 to conduct the necessary 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 2017 and 2018, 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 establishes a flexible framework allowing for planned development of the Port and is updated periodically.

On November 4, 2016, the Harbor Department issued a request for proposals for consultant support for a comprehensive update to the Port Master Plan. Consultant selection and project kick-off is expected in the first half of 2017. The selected consultant will assist the Harbor Department 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.

Long-Term Land Use Study. The Harbor Department also is currently undertaking a comprehensive, long range, land use planning study (the “Long-Term Land Use Study”), the purpose of which is to produce conceptual plans for future land use and a plan evaluation process that will help Harbor Department staff and the Board evaluate future needs of the Port. These scenarios also will be evaluated as part of a formal update to the Port Master Plan and the associated environmental document. The Long-Term Land Use Study will address all cargo types and the support facilities they require, and cover the entire Harbor District and key adjacent property owned by the Harbor Department. The Long-Term Land Use Study and the Port Master Plan update will look beyond the point in time at which existing and entitled developments reach capacity, which most likely will occur after 2030.

2017-26 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 2017-26 Capital Plan is the Harbor Department’s current 10-year capital plan. The 2017-26 Capital Plan includes, but is not limited to, the following capital projects and improvements: the Gerald Desmond Bridge Replacement Project, expansion and modernization at the shipping terminals on Piers D, E, F and G, expansion of rail facilities, construction of a new Port administration building, dredging of the Long Beach Harbor, installation of various security improvements and various infrastructure projects at the Port (including street, storm drain, sewer and water systems projects). Currently, the 2017-26 Capital Plan has an aggregate estimated cost of approximately \$3.0 billion. The Harbor Department expects to finance approximately \$2.6 billion of the costs of the 2017-26 Capital Plan with revenues of the Harbor Department, proceeds of Senior Bonds (including the Series 2017 Senior Bonds) and Subordinate Obligations (including the Subordinate TIFIA loan). The Harbor Department expects the remaining approximately \$393 million of costs of the 2017-26 Capital Plan will be financed with 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 2017-26 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 ships. Currently, the largest container cargo ships have the capacity to carry upwards of 19,200 TEUs.

Following is a brief description of some of the major projects included in the 2017-26 Capital Plan and their funding sources:

Middle Harbor Terminal Redevelopment Project (Piers D, E and F). The Middle Harbor Terminal Redevelopment Project is a 10-year approximately \$1.3 billion modernization of the shipping terminals on Piers D, E and F. The project will consolidate the Pier E terminal (170 acres), the Pier F terminal (101 acres), and the Berth E24 subsided oil area (five acres), into a single, modern, 305-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. Phase 1 was completed in late-2015 and is currently in operation. Construction of Phase 2 began in 2015 and is expected to be completed in 2017. Construction of Phase 3 is anticipated to begin in 2018 and be completed in 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—Piers D, E and F" 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.

Rail Program. A major transportation element of the 2017-26 Capital Plan is to move more cargo by rail instead of by truck. The Port has a significant railroad infrastructure improvement program that includes four rail-related projects with an approximate cost of over \$1 billion. Three of these rail-related projects are located adjacent to, but outside of, the marine terminal lease boundaries. The fourth rail-related project will improve the efficiency of rail operations at the Pier G dry bulk terminal. 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 is expected to be a seven to 16 year program following EIR certification (see "THE PORT OF LONG BEACH—Environmental Compliance—CEQA Document Preparation Process"). 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 proposed expansion would increase on-dock rail activity at the container terminals by providing a staging yard for on-dock rail operations. This staging yard would (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 a buffer 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. The Gerald Desmond Bridge is a vital link in the San Pedro Bay Ports' goods movement infrastructure 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 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. 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 the world's tallest 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. 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 tallest ships.

The Gerald Desmond Bridge Replacement Project is budgeted to cost approximately \$1.467 billion and is a joint effort between the California Department of Transportation ("Caltrans") and the Harbor Department. The Harbor Department anticipates that funding of the project will come from numerous sources, including federal and State grants, the Subordinate TIFIA Loan, and revenues of the Harbor Department.

As of January 1, 2017, the design of the Gerald Desmond Bridge Replacement Project was approximately 99% complete and construction of the Gerald Desmond Bridge Replacement Project was approximately 64% 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. As of January 2017, the latest schedule provided by the contractors of the bridge showed a date of substantial completion of May 2019. The Harbor Department and the contractors are currently working together to adjust construction schedules to meet the June 2018 substantial completion date. However, as of the date of this Official Statement, the Harbor Department cannot predict if substantial completion of the bridge will occur by June 2018. See "CERTAIN INVESTMENT CONSIDERATIONS—Factors Affecting 2017-26 Capital Plan" and "—Market Access Required if 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.

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 expected to be 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 late-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 \$212.6 million to Plenary, which will generally equal the amount necessary for Plenary to pay off the construction loan from Sumitomo Mitsui Banking Corporation.

Long Beach Harbor Dredging. The Harbor Department has identified several dredging projects that will be in development over the next few years, including, deepening of the West Basin approach and

Pier T berths and widening of the Inner Harbor Turning Basin. A federal study to expand the limits of the federal channels is also underway. Dredging projects that are currently scheduled to move forward have an approximate cost of \$45 million.

Fire Safety Projects. The fire safety projects include the replacement of two obsolete fireboats and the construction of two new fireboat stations. The first of the fireboats was delivered and placed into service in 2016, and the second fireboat is scheduled for delivery in the first half of 2017. The budget for the two fireboats is \$70 million. 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 \$100 million.

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 and wet utilities improvements, including water, sanitary sewer and storm drain, with an approximate cost of \$200 million. To proactively monitor and manage infrastructure conditions throughout the Port, the Harbor Department intends to update the plan periodically.

Funding Sources of 2017-26 Capital Plan

The Harbor Department plans to finance the 2017-26 Capital Plan with the following sources of funding:

TABLE 11
Harbor Department of the City of Long Beach
Funding Sources of 2017-26 Capital Plan
(\$000's)

Funding Source	Amount
Senior Bonds/Subordinate Obligations ¹	\$1,160,000
Harbor Department Revenues	1,496,000
Federal and State Grants	393,000
Total	\$3,049,000

¹ Includes the Series 2017 Senior Bonds and the Subordinate TIFIA Loan.
Source: Harbor Department.

In the event any of the expected federal or State grants are not received by the Harbor Department, the projects to be financed with such grants may be delayed and/or reduced in scope or the Harbor Department will need to obtain alternative sources of funding (including, but not limited to, public-private partnerships). See also “CERTAIN INVESTMENT CONSIDERATIONS—Unavailability of, or Delays in, Anticipated Funding Sources.”

FINANCIAL DATA

The following tables present the Harbor Department's Statements of Revenues and Expenses and Balance Sheet for fiscal years 2012-2016.

TABLE 12
Harbor Department of the City of Long Beach
Comparative Summary of Statements of Revenues and Expenses
Fiscal Years Ended September 30, 2012-2016
(\$000's)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Port Operating Revenues:					
Berths and Special Facilities	\$322,425	\$335,869	\$346,258	\$343,134	\$348,171
Rental Properties	9,577	9,374	9,360	9,881	9,958
Miscellaneous	1,885	1,001	1,262	2,435	2,531
Total Port Operating Revenues	<u>\$333,887</u>	<u>\$346,244</u>	<u>\$356,880</u>	<u>\$355,450</u>	<u>\$360,660</u>
Port Operating Expenses:					
Operating/Administrative	\$ 87,637	\$ 97,696	\$108,455	\$133,771	\$144,533
Depreciation/Amortization	88,523	90,849	117,966	137,709	146,721
Total Port Operating Expenses	<u>\$176,160</u>	<u>\$188,545</u>	<u>\$226,421</u>	<u>\$271,480</u>	<u>\$291,254</u>
Income from Port Operations	<u>\$157,727</u>	<u>\$157,699</u>	<u>\$130,459</u>	<u>\$83,970</u>	<u>\$69,406</u>
Non-Operating Revenues (Expense):					
Clean Air Action Plan Income (Expense)	\$(3,926)	\$(3,420)	\$(2,474)	\$ (3,488)	\$(4,656)
Gain/(Loss) on Sale of Assets	7	(6)	16	35,979	48
Income from Equity in Joint Ventures, Net	-	2,049	3,640	2,811	2,544
Interest Expense, Net of Interest Capitalized	(10,341)	(65)	(1,205)	(878)	(13,244)
Interest Income	3,302	740	3,136	4,036	4,637
Other Income (Expense), Net	(1,904)	(182)	(298)	5,048	139
Total Non-Operating Revenues (Expenses)	<u>\$(12,863)</u>	<u>\$(884)</u>	<u>\$2,816</u>	<u>\$43,508</u>	<u>\$(10,532)</u>
Income Before Transfers and Capital Grants	<u>\$144,865</u>	<u>\$156,815</u>	<u>\$133,275</u>	<u>\$127,478</u>	<u>\$58,874</u>
Net Operating Transfers	\$(16,694)	\$(17,312)	\$(17,844)	\$(17,772)	\$(18,033)
Capital Grants	13,627	250,543 ¹	178,295 ¹	121,008 ¹	128,282 ¹
Contributions to/from Others	-	-	(10,203)	-	4,008
Change in Net Position	<u>\$ 141,798</u>	<u>\$ 390,046</u>	<u>\$283,523</u>	<u>\$230,713</u>	<u>\$173,131</u>
Total Net Position (beginning of fiscal year)	\$2,651,522	\$2,793,319	\$3,178,686	\$3,462,209	\$3,609,818
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>\$2,651,522</u>	<u>\$2,788,640</u>	<u>\$3,178,686</u>	<u>\$3,379,105</u>	<u>\$3,606,896</u>
Total Net Position (end of fiscal year)	<u>\$2,793,319</u>	<u>\$3,178,686</u>	<u>\$3,462,209</u>	<u>\$3,609,818</u>	<u>\$3,780,027</u>

¹ In fiscal years 2013, 2014, 2015 and 2016, the Harbor Department received \$230 million, \$126 million, \$97 million and \$96 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 2012-2016.

Fiscal year 2016 operating revenues were \$360,660,188, an increase of 1.5% from fiscal year 2015. The revenue categories of containerized cargo and dry bulk (the Harbor Department's highest revenue producing cargo categories) increased 1.8% and 0.5%, respectively, in fiscal year 2016. The revenue category of petroleum/liquid bulk decreased 0.7% in fiscal year 2016 and the revenue category of general cargo increased 0.7% in fiscal year 2016. Cargo volume for fiscal year 2016 was 161,321,863 MRTs, a decrease of 1.8% from fiscal year 2015. Fiscal year 2016 operating and administrative expenses were \$144,532,785, an increase of 8.0% from fiscal year 2015.

[Discussion of first six months of 2017 to come]

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TABLE 13
Harbor Department of the City of Long Beach
Comparative Balance Sheet—Assets
Fiscal Years Ended September 30, 2012-2016
(\$000's)

	2012	2013	2014	2015	2016
Current Assets:					
Pooled Cash and Cash Equivalents	\$522,116	\$ 239,891	\$301,487	\$320,731	\$335,454
Trade Accounts Receivable, Net	48,834	39,458	52,765	49,964	50,607
Due from Other Governmental Agencies	66,955	129,171	63,361	98,175	66,290
Inventories of Supplies	603	520	631	584	679
Other Current Assets	3,369	1,967	1,726	2,657	3,926
Subtotal	<u>\$641,877</u>	<u>\$411,007</u>	<u>\$419,970</u>	<u>\$472,112</u>	<u>\$456,956</u>
Harbor Revenue Bond Funds & Other Funds Restricted as to Use:					
Pooled Cash and Cash Equivalents	\$31,066	\$29,902	\$32,902	\$28,998	\$30,017
Total Current Assets	<u>\$672,943</u>	<u>\$440,909</u>	<u>\$452,872</u>	<u>\$501,110</u>	<u>486,973</u>
Noncurrent Assets:					
Capital Assets:					
Land:					
Land Purchased	\$448,936	\$448,936	\$448,936	\$450,001	\$462,009
Constructed	455,825	454,843	456,024	481,546	489,909
Net Land	<u>\$904,761</u>	<u>\$903,779</u>	<u>\$904,961</u>	<u>\$931,547</u>	<u>\$951,918</u>
Structure/Facilities	\$2,240,186	\$2,337,756	\$2,953,693	\$3,164,854	\$3,288,418
Less Accumulated Depreciation	(1,269,068)	(1,352,868)	(1,455,600)	(1,496,306)	(1,631,558)
Net Structures and Facilities	<u>\$971,118</u>	<u>\$984,888</u>	<u>\$1,498,093</u>	<u>\$1,668,548</u>	<u>\$1,656,860</u>
Furniture/Fixtures/Equipment	\$39,998	\$44,894	\$83,266	\$94,699	\$130,575
Less Accumulated Depreciation	(27,865)	(31,803)	(45,036)	(57,069)	(65,897)
Net Furniture/Fixtures/Equipment	<u>\$12,133</u>	<u>\$13,091</u>	<u>\$38,230</u>	<u>\$37,630</u>	<u>\$64,678</u>
Construction in Progress	\$603,251	\$1,367,213	\$1,248,187	\$1,251,763	\$1,484,888
Right-of-Way	207,823	207,823	207,823	207,032	207,032
Net Capital Assets	<u>\$2,699,086</u>	<u>\$3,476,794</u>	<u>\$3,897,294</u>	<u>\$4,096,520</u>	<u>\$4,365,376</u>
Other Assets					
Long-Term Receivables	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300
Environmental Mitigation Bank	43,236	43,236	43,236	41,162	41,162
Investment in Joint Ventures	3,168	3,217	4,857	5,667	5,211
Restricted pooled cash and cash Equivalents	113,213	17,597	155,242	102,929	52,047
Restricted nonpooled cash and cash Equivalents	95	259	2,103	127,166	1,765
Restricted nonpooled investments	63,511	63,238	118,998	88,979	73,846
Other Non-Current Assets	7,025	6,227	5,998	9,998	8,973
Total Other Assets	<u>\$231,548</u>	<u>\$135,074</u>	<u>\$331,734</u>	<u>\$377,201</u>	<u>\$184,304</u>
Total Noncurrent assets	<u>\$2,930,634</u>	<u>\$3,611,868</u>	<u>\$4,229,028</u>	<u>\$4,473,722</u>	<u>\$4,549,680</u>
Total Assets	<u>\$3,603,577</u>	<u>\$4,052,777</u>	<u>\$4,681,901</u>	<u>\$4,974,832</u>	<u>\$5,036,653</u>
Deferred Outflows	12,922	11,404	9,593	22,268	41,805
Total Assets and Deferred Outflows	<u>\$3,616,499</u>	<u>\$4,064,181</u>	<u>\$4,691,494</u>	<u>\$4,997,100</u>	<u>\$5,078,457</u>

Source: The Harbor Department's audited financial statements for fiscal years 2012-2016.

TABLE 14
Harbor Department of the City of Long Beach
Comparative Balance Sheet
Liabilities and Equity/Net Position
Fiscal Years Ended September 30, 2012-2016
(\$000's)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Liabilities					
Current Liabilities Payable from Current Assets:					
Accounts Payable and Accrued Expenses	\$85,652	\$108,229	\$86,239	\$69,478	\$ 75,113
Liability Claims	4,000	14,000	6,961	-	8,600
Deferred Credits and Unearned Revenue	13,821	13,633	11,668	10,667	7,116
Due to City of Long Beach	19,030	17,312	17,969	21,869	20,143
Total Current Liabilities Payable from Current Assets	<u>\$122,504</u>	<u>\$153,175</u>	<u>\$122,837</u>	<u>\$102,014</u>	<u>\$ 110,971</u>
Current Liabilities Payable from Restricted Assets:					
Current Portion of Bonded Indebtedness	\$46,965	\$49,115	\$51,805	\$45,360	\$ 44,905
Accrued Interest – Bonds	12,385	11,484	14,965	15,244	16,055
Total Current Liabilities Payable from Restricted Assets	<u>\$59,350</u>	<u>\$60,599</u>	<u>\$66,770</u>	<u>\$60,604</u>	<u>\$ 60,960</u>
Total Current Liabilities	<u>\$181,854</u>	<u>\$213,773</u>	<u>\$189,606</u>	<u>\$162,618</u>	<u>\$171,932</u>
Long-Term Obligations (Net of Current Portion):					
Unearned Revenues	\$ -	\$ -	\$ 20,453	\$ -	\$ 3,685
Bond Indebtedness	641,326 ¹	591,722 ¹	896,262	963,542	899,009
Lines of Credit	-	80,000	120,000	120,000	25,000
Compensated Absences –Long Term ²	-	-	-	7,629	10,883
Net OPEB Liability ²	-	-	-	-	3,103
Net Pension Liability ²	-	-	-	90,470	124,170
Prop 1B SCAQMD Unearned Grant Revenue ³	-	-	-	28,208	-
Other Long-Term Liabilities	-	-	-	-	49,067
Total Long Term Obligations	<u>\$641,326</u>	<u>\$671,722</u>	<u>\$1,036,715</u>	<u>\$1,209,848</u>	<u>\$1,114,917</u>
Total Liabilities	<u>\$823,180</u>	<u>\$885,495</u>	<u>\$1,226,321</u>	<u>\$1,372,466</u>	<u>\$1,286,849</u>
Deferred Inflows	-	-	2,963	14,816	11,582
Total Liabilities and Deferred Inflows	<u>\$823,180</u>	<u>\$885,495</u>	<u>\$1,226,321</u>	<u>\$1,387,282</u>	<u>\$1,298,431</u>
Net Position					
Invested in Capital Assets (Net of Related Debt)	\$2,104,915	\$2,848,456	\$2,974,555	\$3,077,224	\$3,442,251
Restricted – Nonrelated-Party Debt Service Contingency and Matching Contribution from Federally Funded Projects	95,620	-	-	-	-
Restricted – Capital Projects	43,236	43,236	180,881	251,720	75,610
Restricted – Debt Service	18,681	18,418	17,938	13,754	13,961
Unrestricted	530,866	268,576	288,835	267,120	248,204
Total Net Position	<u>\$2,793,319</u>	<u>\$3,178,686</u>	<u>\$3,462,209</u>	<u>\$3,609,818</u>	<u>\$3,780,027</u>
Total Liabilities and Position	<u>\$3,616,499</u>	<u>\$4,064,181</u>	<u>\$4,691,494</u>	<u>\$4,997,100</u>	<u>\$5,078,457</u>

¹ “Note 1(o) – Recent Accounting Pronouncements” in “APPENDIX A—HARBOR DEPARTMENT OF THE CITY OF LONG BEACH AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016.”

² Certain Governmental Accounting Board Standards Board statements, affecting accounting and financial reporting requirements, were implemented thereby affecting the manner in which the City reports its financial information.

³ In November 2006, State voters approved Proposition 1B (“Prop. 1B”) which authorized the State to sell general obligation bonds to fund transportation projects. The Harbor Department, from time to time, is awarded grant funding under Prop. 1B.

Source: The Harbor Department’s audited financial statements for fiscal years 2012-2016.

Financial Statements

The audited financial statements of the Harbor Department for the fiscal year ended September 30, 2016 (the “2016 Audited Financial Statements”) are included as Appendix A attached hereto. The 2016 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 2016 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 \$6.7 million in fiscal year 2012-13, \$6.0 million in fiscal year 2013-14, \$6.7 million in fiscal year 2014-15, and \$8.1 million in fiscal year 2015-16. The Harbor Department estimates that the required contribution for fiscal year 2016-17 will be approximately \$10 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 19.8% of the City’s total CalPERS liability.) As of June 30, 2015, 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 \$628.4 million (market value basis), and a funded ratio of 74.15% (market value basis).

In December 2016, the CalPERS Board lowered the actuarial assumption relating to the discount rate to be phased in over three years: for fiscal year 2017-18 to a rate of 7.375 percent, for fiscal year 2018-19 to a rate of 7.25 percent, and for fiscal year 2019-20 to a rate of 7.00 percent. 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 11 – Retirement Program" in "APPENDIX A—HARBOR DEPARTMENT OF THE CITY OF LONG BEACH AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016" 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 Comprehensive Annual Financial Report of the Harbor Department for the fiscal year ended September 30, 2016 reflects implementation of the new GASB requirements, and resulted in the recognition of a net pension liability of the Harbor Department of approximately \$124.2 million. See "Note 11 – Retirement Programs" in "APPENDIX A—HARBOR DEPARTMENT OF THE CITY OF LONG BEACH AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016" 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 \$3.7 million in fiscal year 2015-16, and are expected to increase in the future. See "Note 11 – Retirement Program" in "APPENDIX A—HARBOR DEPARTMENT OF THE CITY OF LONG BEACH AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016" 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 \$1.323 billion, and a deductible of \$500,000 per occurrence. Coverage for property damage caused by foreign and domestic acts of sabotage and 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 sabotage and 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 sabotage and 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 sabotage and 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, 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 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 2017 SENIOR BONDS—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 Merrill Lynch AAA U.S. Treasury/Agency 1-5 year 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 March 31, 2017, the City's invested funds totaled approximately \$1.5 billion (of which approximately \$432.4 million consisted of Harbor Department monies). The City's investment portfolio includes a variety of fixed income securities that vary in maturity from one day to five years. As of March 31, 2017, the City's investment portfolio consisted of U.S. Treasury Notes (12.46%), U.S. Agency Notes (60.50%), the State of California Local Agency Investment Pool (12.30%), and certain other types of securities (14.74%).

A summary of the City Treasurer’s Monthly Report for the quarter ending March 31, 2017, is set forth below:

TABLE 15
City of Long Beach
Invested Funds
(Quarter Ending March 31, 2017)

	Pooled Fund
Invested Market Balance	\$1,544,367,087
Portfolio Market Yield	0.79%
Short-term Weighted Average Maturity	0.49 days
Intermediate-term Weighted Average Maturity	1.52 days
Long-term Weighted Average Maturity	2.55 days

Source: The City

CERTAIN INVESTMENT CONSIDERATIONS

The purchase and ownership of the Series 2017 Senior Bonds involve investment risk and may not be suitable for all investors. Prospective purchasers of the Series 2017 Senior Bonds 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 2017 Senior Bonds. However, the following does not purport to be an exhaustive listing of all considerations which may be relevant to investing in the Series 2017 Senior Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such considerations.

Ability To Meet Rate Covenant

As discussed in “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 SENIOR REVENUE BONDS—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.

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 and domestic 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.

Recently, one of the largest factors affecting demand at the Port was Hanjin’s filing for bankruptcy protection in August 2016, and its ultimate sale of its interest in Total Terminals. As discussed above under “THE PORT OF LONG BEACH—Operating Performance—Leading Revenue Producers—Hanjin Bankruptcy”, 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%. [Cargo levels between January 1, 2017 and March 31, 2017 to come.]

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, 2016, the top nine container ports in the nation in terms of container cargo were: (1) Port of Los Angeles (8.9 million TEUs), (2) Port of Long Beach (6.8 million TEUs), (3) Ports of New York and New Jersey (6.3 million TEUs), (4) Port of Savannah (3.6 million TEUs); (5) Sea-Tac Alliance (3.6 million TEUs), (6) Port of Norfolk (2.7 million TEUs), (7) Port of Oakland (2.4 million TEUs), (8) Port of Houston (2.2 million TEUs), and (9) Port of Charleston (2.0 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 Gulf of Mexico 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 18 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 decreased slightly from approximately 15.7 million TEUs in 2007 to approximately 15.6 million TEUs in 2016. Container throughput at the San Pedro Bay Ports reached its second highest historical total in 2007, right before the start of the recession in 2008. Over the last five years, as the economy recovered from the recession, total container throughput at the San Pedro Bay Ports increased by 10.7% from approximately 14.1 million TEUs in 2012 to approximately 15.6 million TEUs in 2016. The San Pedro Bay Ports' share of total West Coast TEU throughput was approximately 61.8% in 2016.

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 2016, moving approximately 8.9 million TEUs, as compared to the Port (the second busiest container port in the nation) which moved approximately 6.8

million TEUs. For calendar year 2016, the Port's share of total West Coast containerized cargo was approximately 26.8% as compared to approximately 35.0% 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 2.3 million TEUs in calendar year 2015, accounting for approximately 9.1% of the West Coast container market. In calendar year 2016, the Port of Oakland handled approximately 2.4 million TEUs, and its share of the West Coast container market was approximately 9.4%.

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 3.5 million TEUs in calendar year 2015, and together accounted for a total of approximately 14.1% of the West Coast container market. 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.

On December 1, 2014 the ports of Tacoma and Seattle announced the formation of a 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 Harbor Department cannot predict the impact, if any, of the Seaport Alliance on Harbor Department Revenues.

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 Terminal 2 Project at Deltaport, which will add a new, three-berth container facility with 200 acres of upland container terminal. PMV handled approximately 3.1 million TEUs in calendar year 2015, accounting for approximately 12.2% of the West Coast container market. PMV handled approximately 2.9 million TEUs in calendar year 2016, accounting for approximately 11.6% 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 as well as the 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 recent bankruptcy of Hanjin, 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 began in the fall of 2008, 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. In March 2014, the U.S. Federal Maritime Commission approved a Network Vessel Sharing Agreement (the “P3 Agreement”) between the world’s three largest container shipping lines, Maersk, CMA-CGM and Mediterranean Shipping Company (collectively, the “P3 Alliance”). The Chinese government did not approve the P3 Alliance, and Maersk and Mediterranean Shipping Company decided to move forward with a new alliance without CMA-CGM, known as the 2M Alliance. According to Maersk, the 10-year pact is for Asia-Europe, Transatlantic and Transpacific routes, and covers 185 ships. Additionally, in April 2014, the U.S. Federal Maritime Commission approved an amendment to an existing agreement between APL, Hapag-Lloyd, Hyundai Merchant Marine, MOL, NYK, and OOCL (the “G6 Alliance”) that will allow the G6 Alliance to cooperate operationally in the trades between the Far East and the U.S. West Coast, and between Northern Europe and all U.S. ports. In April 2014, Hapag-Lloyd and Compailia Sud Americana de Vapores agreed to merge, creating the world’s fourth largest container-shipping line. In August 2014, CMA-CGM, China Shipping Container Lines, and United Arab Shipping Co. joined forces to create the 03 Alliance. Finally, in December 2014, CKYHE Alliance (COSCO, “K” Line, Yang Ming, Hanjin Shipping, and Evergreen Line) gained U.S. regulatory approval to incorporate Evergreen Line into its vessel-sharing agreement operating in trans-Pacific and Atlantic trade routes. Many of the container-shipping lines that are part of the 2M, G6, and CKYHE Alliances operate at the Port. Additional alliances and mergers could occur in the future. Although, at this time, the Harbor Department cannot predict what effect the 2M Alliance, the G6 Alliance, the CKYHE Alliance, or the merger between Hapag-Lloyd and Compailia Sud Americana de Vapores 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 2017-26 Capital Plan

The ability of the Harbor Department to complete the projects in the 2017-26 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 2017-26 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 2017-26 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 2017-26 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 2017-26 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.

Market Access Required if Subordinate TIFIA Loan Proceeds are not Disbursed

The Harbor Department expects to pay the principal of the Series 2014C Senior Notes with proceeds from the Subordinate TIFIA Loan. See “OUTSTANDING OBLIGATIONS AND DEBT SERVICE SCHEDULE—Outstanding Subordinate Obligations (Subordinate Revolving Obligations and Subordinate TIFIA Loan)—Subordinate TIFIA Loan” and “CAPITAL DEVELOPMENT PROGRAM—2017-26 Capital Plan—Gerald Desmond Bridge Replacement Project.” In the event the conditions to disbursement of the Subordinate TIFIA Loan cannot be satisfied on or before the maturity date of the Series 2014C Senior Notes (November 15, 2018), the Harbor Department will be required to use an alternate method of repaying the Series 2014C Senior Notes, which could include issuing additional Senior Bonds or additional Subordinate Obligations. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 SENIOR BONDS—Additional Senior Bonds.” However, 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 Subordinate TIFIA Loan.

Future Executive Orders and Federal Laws and Regulations

Since taking office in January 2017, the Trump Administration has issued several executive orders, and has indicated its intent to initiate additional executive orders, legislation and/or regulations affecting Federal policy in areas such as immigration, tariffs and trade. As of the date of this Official Statement, there is insufficient information available about the potential Federal action to estimate the impacts, if any, on Federal funding to local governments or their operations, including law enforcement, transportation or other activities.

While enforcement of potential executive orders, laws or regulations could impose additional financial burdens upon the Harbor Department and/or the tenants of the Port, as of the date of this Official Statement, insufficient information is available regarding potential Federal action 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 \$26.4 million in 2017.

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 Cyber Program Management (“CPM”) framework utilized by the Harbor Department aligns with industry standards and regulations (focusing on National Institute of Standards and Technology Special Publication 800-53 (a publication that recommends security controls for federal information systems and organizations and documents security controls for all federal information systems, except those designed for national security)) and enables it to continually assess and improve its cybersecurity program. The Harbor Department routinely utilizes respected and objective third-party consultants to perform risk assessments of its cybersecurity programs. The CPM framework 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.

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. The Harbor Department is unable to predict whether sea-level rise or other impacts of climate change will occur while the Series 2017 Senior Bonds 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 2017 Senior Bonds will be outstanding. Since 1975, the Harbor Department has designed wharves and other major facilities to withstand the effects of a 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, 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.

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 2016. 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 2017 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 2017 Senior Bonds. See "THE PORT OF LONG BEACH—Property Agreements."

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. See "THE PORT OF LONG BEACH—Stevedoring and Cargo Handling."

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 Series 2017 Senior Bonds.

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 2017 Senior Bonds. There may be other possible effects of a bankruptcy of a tenant that could result in delays or reductions in payments on the Series 2017 Senior Bonds. 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 2017 Senior Bonds.

With respect to the Hanjin bankruptcy filing, amounts due under the preferential assignment agreement with Total Terminals were paid to the Harbor Department on time and in the full amount. In February 2017, Terminal Investment Limited SARL (the subsidiary of Mediterranean Shipping Company) and Hyundai Merchant Marine finalized the purchase of Hanjin’s interest and obligations in Total Terminals. No amounts remain outstanding and unpaid from Total Terminals to the Harbor Department.

Effect of City Bankruptcy

The City is able to file for bankruptcy under Chapter 9 of the Bankruptcy Code. Should the City become the debtor in a bankruptcy case, the holders of the Series 2017 Senior Bonds 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 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 2017 Senior Bonds. 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 2017 Senior Bonds. 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 2017 Senior Bonds.

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 2017 Senior Bonds), 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 (Subordinate Revolving Obligations and Subordinate TIFIA Loan), the Subordinate Revolving Obligations Credit Agreement and the Subordinate TIFIA Loan Agreement permit the Subordinate Revolving Obligations Bank and the TIFIA Lender, respectively, to accelerate payments due the Subordinate Revolving Obligations Bank and the TIFIA Lender upon the occurrence of certain events of default set forth in each of the Subordinate Revolving Obligations Credit Agreement and the Subordinate TIFIA Loan Agreement.

Pension and Post-Retirement Benefits

As described in "FINANCIAL DATA—Pension and Post-Retirement Health Care Benefits, 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 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 2017 Senior Bonds; Reserve Funds Established for Certain Existing Senior Bonds Not Available for Series 2017 Senior Bonds

No debt service reserve fund will be established to secure the payment of the principal of and interest on the Series 2017 Senior Bonds.

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 these Senior Bonds. Each of these reserve funds only secures the Senior Bonds for which they were established. The Series 2017 Senior Bonds 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 2017 Senior Bonds

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 2017 Senior Bonds 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 2017 Senior Bonds 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 2017 Senior Bonds. Prospective purchasers of the Series 2017 Senior

Bonds should consult their own tax advisors regarding any such pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond 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 2017 Senior Bonds

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 2017 Senior Bonds or in any way contesting or affecting the validity of the Series 2017 Senior Bonds 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 2017 Senior Bonds or the use of the Series 2017 Senior Bond proceeds.

Litigation Relating to the Harbor Department and the Port

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 \$8.6 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.

TAX MATTERS

General

In the opinion of Kutak Rock LLP, Bond Counsel to the City, under existing laws, regulations, rulings and judicial decisions, interest on the Series 2017 Senior Bonds is excluded from gross income for federal income tax purposes, except for interest on any Series 2017A/B Senior Bond for any period during which such Series 2017A/B Senior Bond is held by a “substantial user” of the facilities financed or refinanced by the Series 2017A/B Senior Bonds or by a “related person” within the meaning of Section 147(a) of the Code. Bond Counsel is further of the opinion that (a) interest on the Series 2017A/B Senior Bonds is a specific preference item for purposes of the federal alternative minimum tax, and (b) interest on the Series 2017C Senior Bonds is not a specific preference item for purposes of the federal alternative minimum tax. The opinions described in the preceding sentences 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 2017 Senior Bonds. Failure to comply with such requirements could cause interest on the Series 2017 Senior Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2017 Senior Bonds. The City, acting by and through the Board, will covenant to comply with such requirements. Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Series 2017 Senior Bonds.

Notwithstanding Bond Counsel’s opinion that interest on the Series 2017C Senior Bonds is not a specific item of tax preference for purposes of the federal alternative minimum tax, such interest will be included in the 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).

Bond Counsel is further of the opinion that under existing laws, regulations, rulings and judicial decisions, interest on the Series 2017 Senior Bonds is exempt from State of California personal income taxes.

Special Considerations With Respect to the Series 2017 Senior Bonds

The accrual or receipt of interest on the Series 2017 Senior Bonds may otherwise affect the federal income tax liability of the owners of the Series 2017 Senior Bonds. The extent of these other tax consequences will depend upon such owner’s particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the Series 2017 Senior Bonds, 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 2017 Senior Bonds.

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 2017 Senior Bonds 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 2017 Senior Bonds 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 the federal and state tax matters referred to above or adversely affect the market value of the Series 2017 Senior Bonds. 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 2017 Senior Bonds. 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 2017 Senior Bonds or the market value thereof would be impacted thereby. Purchasers of the Series 2017 Senior Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond 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 2017 Senior Bonds, and Bond 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 2017A Senior Bonds maturing on May 15, 20__ through, and including, May 15, 20__, the Series 2017B Senior Bonds maturing on May 15, 20__ through, and including, May 15, 20__, and the Series 2017C Senior Bonds maturing on May 15, 20__ through, and including, May 15, 20__ (collectively, the “Premium Series 2017 Senior Bonds”) are being sold at a premium. An amount equal to the excess of the issue price of a Premium Series 2017 Senior Bond over its stated redemption price at maturity constitutes premium on such Premium Series 2017 Senior Bond. An initial purchaser of a Premium Series 2017 Senior Bond must amortize any premium over such Premium Series 2017 Senior Bond’s term using constant yield principles, based on the purchaser’s yield to maturity (or, in the case of Premium Series 2017 Senior Bonds 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 Premium Series 2017 Senior Bond 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 Premium Series 2017 Senior Bond prior to its maturity. Even though the purchaser’s basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Premium Series 2017 Senior Bonds 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 Premium Series 2017 Senior Bond.

Tax Treatment of Original Issue Discount

The Series 2017A Senior Bonds maturing on May 15, 20__ through, and including, May 15, 20__, the Series 2017B Senior Bonds maturing on May 15, 20__ through, and including, May 15, 20__, and the Series 2017C Senior Bonds maturing on May 15, 20__ through, and including, May 15, 20__ (collectively, the “Discount Series 2017 Senior Bonds”) are being sold at an original issue discount. The difference between the initial public offering prices of such Discount Series 2017 Senior Bonds 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 Discount Series 2017 Senior Bond is added to the cost basis of the owner in determining, for federal income tax purposes, gain or loss upon disposition of such Discount Series 2017 Senior Bond (including its sale, redemption or payment at maturity). Amounts received upon disposition of such Discount Series 2017 Senior Bond 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 Discount Series 2017 Senior Bond, on days which are determined by reference to the maturity date of such Discount Series 2017 Senior Bond. The amount treated as original issue discount on such Discount Series 2017 Senior Bond for a particular semiannual accrual period is equal to the product of (i) the yield to maturity for such Discount Series 2017 Senior Bond (determined by compounding at the close of each accrual period) and (ii) the amount which would have been the tax basis of such Discount Series 2017 Senior Bond at the beginning of the particular accrual period if held by the original purchaser, less the amount of any interest payable for such Discount Series 2017 Senior Bond during the accrual period. The tax basis is determined by adding to the initial public offering price on such Discount Series 2017 Senior Bond the sum of the amounts which have been treated as original issue discount for such purposes during all prior periods. If such Discount Series 2017 Senior Bond 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 Discount Series 2017 Senior Bonds 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 Discount Series 2017 Senior Bond.

LEGAL MATTERS

The validity of the Series 2017 Senior Bonds and certain other legal matters are subject to the approving opinion of Kutak Rock LLP, Bond Counsel to the City. A complete copy of the proposed form of Bond Counsel’s opinion is contained in Appendix C hereto. As Bond 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, Stradling Yocca Carlson & Rauth, a Professional Corporation. All of the fees of Bond Counsel, Disclosure Counsel and Underwriters’ Counsel with regard to the issuance of the Series 2017 Senior Bonds are contingent upon the issuance and delivery of the Series 2017 Senior Bonds.

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 2017 Senior Bonds. 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 2017 Senior Bonds, 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 2017 Senior Bonds.

UNDERWRITING

The Series 2017 Senior Bonds are being purchased by Citigroup Global Markets Inc., [Merrill Lynch, Pierce, Fenner & Smith Incorporated,] and Siebert Cisneros Shank & Co., L.L.C. (the “Underwriters”) from the City, acting by and through the Board, at a price of \$_____ (consisting of the principal amount of the Series 2017 Senior Bonds, plus an original issue premium of \$_____, less an original issue discount of \$_____, less an Underwriters’ discount of \$_____), subject to the terms of a bond purchase agreement, dated [____], 2017 (the “Bond Purchase Agreement”), between Citigroup Global Markets Inc., as representative of the Underwriters, and the City, acting by and through the Board.

The Bond Purchase Agreement provides that the Underwriters will purchase all of the Series 2017 Senior Bonds if any are purchased, and that the obligation to make such purchase is subject to certain terms and conditions set forth in the Bond Purchase Agreement, the approval of certain legal matters by counsel, and certain other conditions. The initial public offering prices of the Series 2017 Senior Bonds set forth on the inside front cover hereof may be changed from time to time by the Underwriters. The Underwriters may offer and sell the Series 2017 Senior Bonds into unit investment trusts or money market funds at prices lower than the public offering prices stated on the cover and the inside of the cover 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.

Citigroup Global Markets Inc., one of the Underwriters of the Series 2017 Senior Bonds, has entered into a retail distribution agreement with UBS Financial Services Inc. (“UBSFS”). Under the distribution agreements, Citigroup Global Markets Inc. may distribute municipal securities to retail investors through the financial advisor network of UBSFS. As part of this arrangement, Citigroup Global Markets Inc. may compensate UBSFS for their selling efforts with respect to the Series 2017 Senior Bonds.

[Other Distribution Agreements]

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 2017 Senior Bonds. 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 2017 Senior Bonds.

CONTINUING DISCLOSURE

At the time of issuance of the Series 2017 Senior Bonds, 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 2017 Senior Bonds to provide certain financial information and operating data relating to the Board, the Harbor Department and the Port by not later than 210 days after the end of the prior fiscal 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 2017 Senior Bonds, the Master Senior Resolution, the Twentieth Supplemental Senior Resolution, the Fiscal Agent Agreement 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: [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

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APPENDIX A

**HARBOR DEPARTMENT OF THE CITY OF LONG BEACH
AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

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APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR RESOLUTION

The following is a brief summary of certain provisions of the Master Senior Resolution and the Twentieth Supplemental Resolution not previously discussed in this Official Statement. Such summary is not intended to be definitive, and reference is made to the Master Senior Resolution and the Twentieth Supplemental Resolution in their entirety for the complete terms thereof. Capitalized terms used in this summary which are not otherwise defined in this Official Statement have the meanings ascribed to such terms in the Master Senior Resolution or the Twentieth Supplemental Resolution.

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APPENDIX C
FORM OF OPINION OF BOND 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 Bonds, Series 2017A (the “Series 2017A Senior Bonds”), \$_____ City of Long Beach, California, Harbor Revenue Bonds, Series 2017B (the “Series 2017B Senior Bonds”), and \$_____ City of Long Beach, California, Harbor Revenue Bonds, Series 2017C (the “Series 2017C Senior Bonds,” and collectively with the Series 2017A Senior Bonds and the Series 2017B Senior Bonds, the “Series 2017 Senior Bonds”), 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 _____, 2017 (collectively, the “Senior Resolution”).

In consideration of the purchase of the Series 2017 Senior Bonds 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 2017 Senior Bonds 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 2017 Senior Bonds (including persons holding Series 2017 Senior Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Series 2017 Senior Bonds 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.

“*Harbor Department*” means the Harbor Department of the City of Long Beach, California.

“*Holdings*” means either the registered owners of the Series 2017 Senior Bonds, or if the Series 2017 Senior Bonds 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 _____, 2017, prepared and distributed in connection with the initial sale of the Series 2017 Senior Bonds.

“Participating Underwriter” means any of the original underwriters of the Series 2017 Senior Bonds required to comply with the Rule in connection with the offering of the Series 2017 Senior Bonds.

“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, 2018. 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 within 210 days after the end of the Issuer’s fiscal 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 or calendar year, as applicable (the tables referred to below are those appearing in the Official Statement relating to the Series 2017 Senior Bonds, 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 and Expenses.

(ix) Table 13—Harbor Department of the City of Long Beach, Comparative Balance Sheet—Assets.

(x) Table 14—Harbor Department of the City of Long Beach, Comparative Balance Sheet—Liabilities and Equity/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 2017 Senior Bonds 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 2017 Senior Bonds 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 2017 Senior Bonds;
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 subparagraph (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 2017 Senior Bonds.

(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 2017 Senior Bonds, if material, not later than ten (10) business days after the occurrence of the event:

1. Unless described in paragraph 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 2017 Senior Bonds or other material events affecting the tax status of the Series 2017 Senior Bonds;
2. Modifications to rights of the Beneficial Owners or Holders of the Series 2017 Senior Bonds;
3. Optional, unscheduled or contingent bond calls;
4. Release, substitution or sale of property securing repayment of the Series 2017 Senior Bonds;
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 or the change of name of a trustee;

(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 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 subsections (a)(7) or (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 2017 Senior Bonds 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 2017 Senior Bonds, 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 2017 Senior Bonds, 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 2017 Senior Bonds, 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 2017 Senior Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Beneficial Owners of the Series 2017 Senior Bonds 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 2017 Senior Bonds.

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 2017 Senior Bonds 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 2017 Senior Bonds 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 2017 Senior Bonds 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 Resolution. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Series 2017 Senior Bonds.

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 2017 Senior Bonds, 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 2017 Senior Bonds 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 Certificate this _____ day of _____, 2017.

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

By _____
Authorized Representative

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 Bonds, Series 2017A
Harbor Revenue Bonds, Series 2017B
Harbor Revenue Bonds, Series 2017C
Name of Obligated Person: Harbor Department of the City of Long Beach, California
Date of Issuance: _____, 2017
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 2017 Senior Bonds as required by Section 3 of the Continuing Disclosure Certificate, dated _____, 2017, 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

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 2017 Senior Bonds, the Owners and Beneficial Owners of the Series 2017 Senior Bonds 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 have been defeased and are no longer Outstanding. Any Owners and Beneficial Owners of Senior Bonds issued on and after May 7, 2014 (including the Series 2017 Senior Bonds) 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 have been defeased and are no longer Outstanding.

The Master Senior Resolution 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 2017 Senior Bonds 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 2017 SENIOR BONDS 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 2017B SENIOR BONDS; (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 2017 SENIOR BONDS; (E) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNERS OF SERIES 2017 SENIOR BONDS; OR (F) ANY OTHER MATTER REGARDING DTC.

General

DTC will act as securities depository for the Series 2017 Senior Bonds. The Series 2017 Senior Bonds 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 2017 Senior Bond certificate will be issued for each maturity of each Series of the Series 2017 Senior Bonds, 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 2017 Senior Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2017 Senior Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2017 Senior Bond (“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 2017 Senior Bonds 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 2017 Senior Bonds, except in the event that use of the book-entry system for the Series 2017 Senior Bonds is discontinued.

To facilitate subsequent transfers, all Series 2017 Senior Bonds 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 2017 Senior Bonds 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 2017 Senior Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2017 Senior Bonds 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 2017 Senior Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2017 Senior Bonds, such as redemptions, tenders, defaults and proposed amendments to the Series 2017 Senior Bond documents. For example, Beneficial Owners of Series 2017 Senior Bonds may wish to ascertain that the nominee holding the Series 2017 Senior Bonds 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 2017B Senior Bonds are in the book-entry-only system, redemption notices will be sent to DTC. If less than all of the Series 2017B Senior Bonds 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 2017 Senior Bonds 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 2017 Senior Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 2017 Senior Bonds 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 2017 Senior Bonds 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 2017 Senior Bonds 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 2017 Senior Bonds 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 City 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 2017 SENIOR BONDS 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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Legislation Text

File #: HD-17-271, **Version:** 1

DATE: 5/16/2017

TO: Board of Harbor Commissioners

FROM: Maurina Lee, Director of Finance

SUBJECT: Authorization for Issuance of Harbor Revenue Bonds, Series 2017A, Series 2017B, and Series 2017C (collectively, Series 2017 Senior Bonds)

Executive Summary

Staff requests authorization for issuance of Harbor Revenue Bonds, Series 2017A, Series 2017B, and Series 2017C with an amount not-to-exceed \$200 million to fund capital projects and pay off the Ports outstanding revolving line of credit.

Key Points

- This action is consistent with the capital expenditure and borrowing plan presented at the March retreat.
- After the Board approves the 2017 Revenue Bond document, the bond document will be submitted to City Council for approval on May 23.
- Series 2017B (AMT) will be labeled as “Green Bond”. The proceeds will fund “green” projects that have positive environmental and/or climate benefits.

Recommendation **..Title**

In order to proceed with the debt issuances by the City, acting by and through the Board of Harbor Commissioners (Board), it is requested that the Board adopt the Bond Resolution which approves the issuance of the Harbor Revenue Bonds, Series 2017A (AMT) (subject to the Alternative Minimum Tax), Series 2017B (AMT) (Green Bonds), and Series 2017C (non-AMT) (collectively, Series 2017 Senior Revenue Bonds) and the form of the Preliminary Official Statement, and authorize the execution of the Bond 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, however, are legally need to be issued to sell the bonds. The Finance Division has coordinated with the City Treasurer, City Attorney Office’s, the Port’s Municipal Advisor (Public Resources Advisory Group), and Bond counsel, (Kutak Rock LLP), on this bond issue.

Financial Impact

The issuance of the Series 2017 Senior Revenue Bonds will result in an increase in debt service payable by the Harbor Department. Staff estimates approximately an additional \$10 million to the annual debt service payment; for a total of 98 million in FY 2018.

Background

The Port currently has approximately \$888 million of outstanding bond indebtedness, including \$543 million of

Harbor Revenue Bonds, \$325million of Short Term Notes for the Gerald Desmond Bridge, and \$25 million drawn on our total \$200 million Line of Credit Facilities. There are no opportunities for refunding savings.

Due to lower capital expenditure in both FY 2015 and FY 2016, the Port delayed issuing \$200 million of additional Harbor Revenue Bonds to FY 2017.

Detailed Discussion of Current Issues

Documents for Adoption and Approval

Bond Resolution

The Bond Resolution authorizes the sale of not to exceed \$200,000,000 aggregate principal amount of Series 2017 Senior Revenue Bonds to (1) pay and/or reimburse the Harbor Department for capital expenditures incurred or to be incurred by the Harbor Department at the Port, including, but not limited to, the Series 2017 Projects, (2) repay all, or a portion, of the outstanding Subordinate Revolving Obligations, (3) if determined by the Board (acting through a Designated Officer) to be in the best interest of the Harbor Department, fund or provide for the funding of a reserve fund for one or more series of Series 2017 Senior Revenue Bonds, (4) if determined by the Board (acting through a Designated Officer) to be in the best interest of the Harbor Department, fund capitalized interest on all or a portion of the Series 2017 Senior Revenue Bonds, (5) if determined by the Board (acting through a Designated Officer) to be in the best interest of the Harbor Department, provide credit support for all or a portion of each series of Series 2017 Senior Revenue Bonds, and (6) to pay costs of issuance for each series of Series 2017 Senior Revenue Bonds. The Bond Resolution approves and authorizes the execution and distribution of the financing documents related to the issuance of the Series 2017 Senior Revenue Bonds. It also requests the City Council to approve the issuance of the Series 2017 Senior Revenue Bonds.

Bond Purchase Agreement

The Bond Purchase Agreement sets forth the terms of the purchase and sale of the respective Series 2017 Senior Revenue Bonds between the City, acting by and through the Board, as Issuer, and the underwriters, as purchasers. The proposed underwriters for the Series 2017 Senior Revenue Bonds are Citigroup Global Markets Inc. (Citi), Bank of America Merrill Lynch, and Siebert Cisneros Shank & Co., L.L.C. 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, Citi was chosen to be the senior manager for the Series 2017 Senior Revenue Bonds. Details of the sale, including par amounts, coupons, yields, and call features will be determined when the bonds are priced. The Bond Purchase Agreement also includes representations and covenants of the Board with respect to various legal and financial aspects of the issuance of the respective Series 2017 Senior Revenue Bonds.

Preliminary Official Statement

The Preliminary Official Statement (POS) is the primary offering document of the Board regarding the Series 2017 Senior Revenue Bonds 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 opinions of bond counsel and the form of Continuing Disclosure Certificates.

Continuing Disclosure Certificate

The form of 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

1. City Council Resolution

The resolution of the City Council approves the issuance of the bonds pursuant to the Bond Resolution, in accordance with City Charter Section 1211. The forms of the Supplemental Resolution to be adopted by the Board after the sale of the Series 2017 Senior Revenue Bonds are attached to the City Council Resolution for reference.

2. Supplemental Resolution

The 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. The Series 2017 Senior Revenue Bonds will be issued under the Twentieth Supplemental Resolution. The Board will be requested to adopt the Supplemental Resolution when all the terms and conditions are determined after the Series 2017 Senior Revenue Bonds are priced.

The current financing schedule calls for Board adoption of the Bond Resolutions on May 16, 2017 and the City Council adoption of the City Council Resolution on May 9, 2017. The Series 2017 Senior Revenue Bonds are expected to price on, or about, June 6, 2017, depending on market conditions. The Harbor Department has the option of postponing or abandoning the Series 2017 Senior Revenue Bond issuance if the market becomes unfavorable. For the Series 2017 Senior Revenue Bonds, final actions include the Board's approval of the Twentieth Supplemental Resolution on June 12, 2017, which will be followed by an expected closing on June 14, 2017.

It is requested that the Board of Harbor Commissioners adopt the Bond Resolution, approve the issuance of the Series 2017 Senior Revenue Bonds and the form of the POS, and authorize the execution of the Bond Purchase Agreement, the Continuing Disclosure Certificate and other related documents.

Attachment(s):

1. Board of Harbor Commissioners Authorizing Resolution;
2. Preliminary Official Statement;
3. Twentieth Supplemental Resolution;
4. Trustee Services Agreement;
5. Fiscal Agent Agreement;
6. Continuing Disclosure Certificate;

7. Bond Purchase Agreement