PRIORITY

Date: March 26, 2014

To: Mayor & City Council

From: Patrick H. West,
City Manager

Subject: Preliminary Offering Statements of Harbor Revenue Refunding Bonds and Harbor Revenue Short-Term Notes

Comments: Supplemental Information related to Agenda Item #R-14 on the April 1, 2014 City Council Agenda

C. Clerk

City of Long Beach
Working Together to Serve

Memorandum

Date: March 25, 2014

To: Patrick H. West, City Manager

From: John Gross, Director of Financial Management

For: Mayor and Members of the City Council

Subject: **Preliminary Offering Statements of Harbor Revenue Refunding Bonds and Harbor Revenue Short-Term Notes**

Attached are two (2) Draft Preliminary Offering Statements (POS) for agenda item R-14 that will be heard by the City Council on April 1, 2014.

The City Council will be requested to adopt the Resolution approving the issuance by the Board of Harbor Commissioners, on behalf of the City, of Harbor Revenue Refunding Bonds (Series 2014A & B), not to exceed $90 million, and Harbor Revenue Short-Term Notes (Series 2014C), not to exceed $350 million, which will be secured by Harbor Department revenues.

The Series 2014A & B and Series 2014C are part of the Harbor Department's integrated financing program to fund the Harbor's capital program, including the Gerald Desmond Bridge, at the lowest achievable interest cost. The publication is separated to maximize the Harbor Department's ability to adjust the sale of the Refunding Bonds and Short-Term Notes to changes in market conditions.

The attached POS' describe the offering and terms of sale for the Refunding Bonds and the Short-Term Notes. The POS' have been developed with the assistance and guidance of the City Attorney's Office and the external bond counsel.

If you should have any questions, please feel free to contact City Treasurer, David Nakamoto, at extension 8-6845.

JG:DN
T:\DEBT MANAGEMENT\2014 HARBOR REFUNDING\TFF HARBOR 2014 REFUNDING POSV3.DOCX
ATTACHMENTS: PRELIMINARY OFFERING STATEMENTS

CC: SUZANNE FRICK, ASSISTANT CITY MANAGER
REGINALD I. HARRISON, DEPUTY CITY MANAGER
TOM MODICA, DEPUTY CITY MANAGER

PRELIMINARY OFFICIAL STATEMENT DATED [_________], 2014

DRAFT

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.

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 2014 Senior Bonds is excluded from gross income for federal income tax purposes, except for interest on any Series 2014A Senior Bond for any period during which such Series 2014A Senior Bond is held by a "substantial user" of the facilities refinanced by the Series 2014A 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 2014A Senior Bonds is a specific preference item for purposes of the federal alternative minimum tax, and (b) interest on the Series 2014B Senior Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel is further of the opinion that interest on the Series 2014 Senior Bonds is exempt from State of California personal income taxes. See "TAX MATTERS" herein.

[City Logo] [Port Logo]

$[_________]*

CITY OF LONG BEACH, CALIFORNIA
Harbor Revenue Refunding Bonds

$[_________]*	**$[_________]***
Series 2014A	**Series 2014B**
(AMT)	**(Non-AMT)**

Dated: Date of Delivery **Due: May 15, as shown on the inside cover**

The City of Long Beach, California, Harbor Revenue Refunding Bonds, Series 2014A (the "Series 2014A Senior Bonds") and the City of Long Beach, California, Harbor Revenue Refunding Bonds, Series 2014B (the "Series 2014B Senior Bonds," and together with the Series 2014A Senior Bonds, the "Series 2014 Senior Bonds") are being issued by the City of Long Beach, California (the "City"), acting by and through its Board of Harbor Commissioners (the "Board"), to (a) refund all or a portion of the City's Harbor Revenue Bonds, Series 2002B, Harbor Revenue Refunding Bonds, Series 2004A, and/or Harbor Revenue Refunding Bonds, Series 2004B, and (b) pay the costs of issuing the Series 2014 Senior Bonds, as described herein. See "PLAN OF REFUNDING."

The Series 2014 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 2014 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 2014 Senior Bonds. Interest on the Series 2014 Senior Bonds will be payable on May 15 and November 15 of each year, commencing on November 15, 2014. So long as the Series 2014 Senior Bonds are held by DTC, the principal of and interest on the Series 2014 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 2014 Senior Bonds, as more fully described herein.

The Series 2014A Senior Bonds are not subject to redemption prior to maturity. The Series 2014B Senior Bonds are subject to optional redemption prior to maturity as more fully described herein. See "DESCRIPTION OF THE SERIES 2014 SENIOR BONDS—Redemption of the Series 2014B Senior Bonds."

The Series 2014 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 the Revenues on parity with the other Senior Bonds. The Series 2014 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 of the Harbor Department of the City. The general fund of the City is not liable for the payment of the Series 2014 Senior Bonds or interest thereon, nor is the credit or the taxing power of the City pledged therefor. An Owner of Series 2014 Senior Bonds may not compel the exercise of the taxing power of the City or the forfeiture of any of its property. The Series 2014 Senior Bonds will be issued on a parity with certain other outstanding indebtedness of the City pursuant to the Senior Resolution. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2014 SENIOR BONDS."

This cover page is not intended to be a summary of the Series 2014 Senior Bonds or the security thereof. Investors are advised to read the Official Statement in its entirety to obtain information essential to the making of an informed investment decision. Capitalized terms used on this cover page and not otherwise defined have the meanings set forth herein.

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* Preliminary; subject to change.

The Series 2014 Senior Bonds are offered, when, as and if issued by the City, subject to the approval of legality 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 certain legal matters will be passed upon for the City by Kutak Rock LLP, as Disclosure Counsel. Certain legal matters will be passed upon for the Underwriters by their counsel, Sidley Austin LLP. Public Resources Advisory Group has served as Financial Advisor to the City. It is expected that the Series 2014 Senior Bonds will be available for delivery through the facilities of DTC on or about May [__], 2014.

Citigroup

[De La Rosa & Co.] **Loop Capital Markets**

Date of Official Statement:

MATURITY SCHEDULE*

$[__________]*
City of Long Beach, California
Harbor Revenue Refunding Bonds
Series 2014A
(AMT)

Maturity Date (May 15)	Principal Amount	Interest Rate	Yield	CUSIP No.[1]

$[__________]*
City of Long Beach, California
Harbor Revenue Refunding Bonds
Series 2014B
(Non-AMT)

Maturity Date (May 15)	Principal Amount	Interest Rate	Yield	CUSIP No.[1]

* Preliminary; subject to change.

1 Copyright 2014, American Bankers Association. CUSIP® is a registered trademark of the American Bankers Association. The CUSIP data herein is provided by the CUSIP Service Bureau, managed on behalf of the American Bankers Association by Standard & Poor's. The CUSIP numbers are not intended to create a database and do not serve in any way as a substitute for CUSIP service. CUSIP numbers have been assigned by an independent company not affiliated with the City 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 2014 Senior Bonds. None of the Harbor Department, the Board, the City or the Underwriters take responsibility for the accuracy of the CUSIP numbers.

[Insert Map of Port]

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HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

BOARD OF HARBOR COMMISSIONERS

Doug Drummond
President

Rich Dines
Vice President

Lori Ann Farrell
Secretary

Susan E. Anderson Wise
Commissioner

Vacant
Commissioner

PORT MANAGEMENT

Al Moro, P.E.
Acting Executive Director

Dr. Noel Hacegaba
Acting Deputy Executive Director and Chief Operating Officer

Steven B. Rubin
Managing Director, Finance & Administration

Douglas A. Thiessen
Managing Director, Engineering

Richard D. Cameron
Managing Director, Environmental Affairs & Planning

Vacant
Managing Director, Trade Development & Port Operations

Thomas Franklin
Acting Chief Financial Officer

CITY OF LONG BEACH, CALIFORNIA

CITY COUNCIL

Bob Foster
Mayor

Robert Garcia
Vice Mayor

Suja Lowenthal
Gary DeLong
Patrick O'Donnell
Gerrie Schipske

Dee Andrews
James Johnson
Al Austin
Steven Neal

CITY OFFICIALS AND STAFF

Patrick West
City Manager

Suzanne M. Frick
Assistant City Manager

John Gross
Director of Financial Management, CFO

David S. Nakamoto
City Treasurer

J. Charles Parkin
City Attorney

Douglas Haubert
City Prosecutor

Laura L. Doud
City Auditor

Larry Herrera
City Clerk

Dominic T. Holzhaus
Principal Deputy City Attorney

PROFESSIONAL SERVICES

FINANCIAL ADVISOR
Public Resources Advisory Group
Los Angeles, California

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

BOND COUNSEL AND DISCLOSURE COUNSEL
Kutak Rock LLP

No dealer, broker, salesperson or other person has been authorized by the City or the Board to give any information or to make any representations other than as set forth herein and, if given or made, such other information or representation must not be relied upon as having been authorized by the City or the Board. 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 2014 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 2014 Senior Bonds. Statements contained in this Official Statement which 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. See "INTRODUCTION—Forward-Looking Statements" herein.

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.

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 Board, the Harbor Department or the Port since the date hereof. This Official Statement is submitted in connection with the sale of the Series 2014 Senior Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

THE SERIES 2014 SENIOR BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED THEREIN, AND 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 SERIES 2014 SENIOR BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY COMMISSION. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS OFFICIAL STATEMENT.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2014 SENIOR BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING TRANSACTIONS, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITERS MAY OFFER AND SELL THE SERIES 2014 SENIOR BONDS TO CERTAIN DEALERS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGE OF THIS OFFICIAL STATEMENT, AND SUCH PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

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OFFICIAL STATEMENT

$[__________]*
CITY OF LONG BEACH, CALIFORNIA
Harbor Revenue Refunding Bonds

$[__________]* Series 2014A (AMT)	$[__________]* Series 2014B (Non-AMT)

INTRODUCTION

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) $[__________]* aggregate principal amount of City of Long Beach, California, Harbor Revenue Refunding Bonds, Series 2014A (the "Series 2014A Senior Bonds"), and (b) $[__________]* aggregate principal amount of City of Long Beach, California, Harbor Revenue Refunding Bonds, Series 2014B (the "Series 2014B Senior Bonds," and together with the Series 2014A Senior Bonds, the "Series 2014 Senior Bonds"). Capitalized terms used but not otherwise defined herein will have the respective meaning assigned to them in Appendix B hereto.

The City, the Harbor Department and the Board

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

The Port of Long Beach

The Port is a harbor complex that covers approximately 12 square miles, of which approximately 6.9 square miles is water. The Port has approximately 31.5 miles of waterfront with a 76-foot deep main channel, and 65 deep-water berths, several of which are and will be capable of servicing the largest commercial ships currently afloat and the largest commercial ships currently being designed, with equipment and facilities for handling all types of cargo. According to the American Association of Port Authorities, for the calendar year ended December 31, 2012 (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 was the number one-ranked container port). The facilities at the Port moved more than 6.7

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* Preliminary; subject to change.

million Twenty-Foot Equivalent Units ("TEUs") during the calendar year ended December 31, 2013. According to statistics compiled by the World Shipping Council, during calendar year 2012 (the latest information available), the Port was the 23rd busiest container port in the world. See "THE PORT OF LONG BEACH" for additional information about the Port.

The Series 2014 Senior Bonds

The Series 2014 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 March 31, 2014 ("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 Fifteenth 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 "Fifteenth Supplemental Senior Resolution," and together with the Master Senior Resolution, the "Senior Resolution"). The Fifteenth Supplemental Senior Resolution is currently scheduled to be adopted by the Board on April 28, 2014.

The Series 2014 Senior Bonds are being issued to (a) refund all or a portion of (i) the City of Long Beach, California, Harbor Revenue Bonds, Series 2002B, which are currently outstanding in the aggregate principal amount of $43,405,000, (ii) the City of Long Beach, California, Harbor Revenue Refunding Bonds, Series 2004A, which are currently outstanding in the aggregate principal amount of $13,140,000, and/or (iii) the City of Long Beach, California, Harbor Revenue Refunding Bonds, Series 2004B, which are currently outstanding in the aggregate principal amount of $32,045,000 (collectively, the "Refunded Bonds"), and (b) pay the costs of issuing the Series 2014 Senior Bonds, all as further described herein. See "PLAN OF REFUNDING."

The Series 2014 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, 2014. The Series 2014A Senior Bonds will not be subject to redemption prior to maturity. The Series 2014B Senior Bonds will be subject to redemption prior to maturity, as described herein.

The Series 2014 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 2014 Senior Bonds. Upon receipt of payments of principal and interest DTC is to remit such principal and interest to the Direct Participants (as defined herein) for subsequent disbursement by the Direct Participants and the Indirect Participants (as defined herein) to the Beneficial Owners (as defined herein) of the Series 2014 Senior Bonds. See "APPENDIX F—BOOK-ENTRY-ONLY SYSTEM."

Security for Series 2014 Senior Bonds

The Series 2014 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) on parity with all other Senior Bonds (as defined herein) . The Series 2014 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 2014 Senior Bonds or any interest thereon, nor is the credit or the taxing power of the City pledged therefor. An Owner of the Series 2014 Senior Bonds may not compel the exercise of the taxing power of the City or the forfeiture of any of its property. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2014 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, 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 2014 SENIOR BONDS—Rate Covenant."

Outstanding Senior Bonds; Series 2014C Senior Notes

Pursuant to the Master Senior Resolution, the City, acting by and through the Board, has previously issued and as of April 1, 2014 there was outstanding $601,705,000 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 2002B (the "Series 2002B Senior Bonds"), the City of Long Beach, California, Harbor Revenue Refunding Bonds, Series 2004A (the "Series 2004A Senior Bonds"), the City of Long Beach, California Harbor Revenue Refunding Bonds, Series 2004B (the "Series 2004B Senior Bonds"), the City of Long Beach, California, Harbor Revenue Refunding Bonds, Series 2005A (the "Series 2005A Senior Bonds"), the City of Long Beach, California Harbor Revenue Refunding Bonds, Series 2005B (the "Series 2005B Senior Bonds"), the City of Long Beach, California Harbor Revenue Bonds, Series 2010A (the "Series 2010A Senior Bonds"), and the City of Long Beach, California Harbor Revenue Refunding Bonds, Series 2010B (the "Series 2010B Senior Bonds," and collectively with the Series 1998A Senior Bonds, the Series 2002B Senior Bonds, the Series 2004A Senior Bonds, the Series 2004B Senior Bonds, the Series 2005A Senior Bonds, the Series 2005B Senior Bonds and the Series 2010A Senior Bonds, the "Prior Senior Bonds").

[On or about [___________], 2014, the City, acting by and through the Board, expects to issue approximately $[______] aggregate principal amount of City of Long Beach, California Harbor Revenue Short-Term Notes, Series 2014C (the "Series 2014C Senior Notes"). The proceeds of the Series 2014C Senior Notes will be used to finance a portion of the costs of constructing a new bridge at the Port that will replace the existing Gerald Desmond Bridge (the "Gerald Desmond Bridge Replacement Project"). The Series 2014C Senior Notes will be secured by a pledged on Revenues on parity with the Series 2014 Senior Bonds. The Board also expects to reserve the right to (but not be obligated to) use all or a portion of proceeds it expects to receive from the Subordinate TIFIA Loan (as defined below) to pay all or a portion of the Series 2014C Senior Notes at maturity. See "—Outstanding Subordinate Obligations; Subordinate TIFIA Loan" below for additional information on the Subordinate TIFIA Loan. See also "OUTSTANDING OBLIGATIONS AND DEBT SERVICE SCHEDULE—Future Financings (Additional Senior Bonds and Subordinate Obligations)—Series 2014C Senior Notes" and "CAPITAL DEVELOPMENT PROGRAM—2014-23 Capital Plan—Gerald Desmond Bridge Replacement Project" for additional information on the project to replace the Gerald Desmond Bridge. The Series 2014C Senior Notes are not being offered pursuant to this Official Statement.]

The Prior Senior Bonds, the Series 2014 Senior Bonds and any additional Senior Bonds issued pursuant to the terms of the Master Senior Resolution (including the Series 2014C Senior Notes) are collectively referred to herein as "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 2014 SENIOR BONDS" and "OUTSTANDING OBLIGATIONS AND DEBT SERVICE SCHEDULE."

Outstanding Subordinate Obligations; Subordinate TIFIA Loan

Pursuant to Resolution No. HD-2726 adopted by the Board on July 16, 2013 (the "Master Subordinate Resolution"), Resolution No. HD-2727 adopted by the Board on July 16, 2013 (the "First Supplemental Subordinate Resolution"), Resolution No. HD-2728 adopted by the Board on July 16, 2013 (the "Second Supplemental Subordinate Resolution" and together with the First Supplemental Subordinate Resolution, the "Subordinate Revolving Obligations Supplemental Resolutions"), the Revolving Credit Agreement, dated as of July 1, 2013 (the "Series A Subordinate Credit Agreement"), by and between the City, acting by and through the Board, and Bank of America, N.A. (the "Series A Subordinate Revolving Obligations Bank"), and the Revolving Credit Agreement, dated as of July 1, 2013 (the "Series B/C Subordinate Credit Agreement," and together with the Series A Subordinate Credit Agreement, the "Subordinate Revolving Obligations Credit Agreements"), by and between the City, acting by and through the Board, and Union Bank, N.A. (the "Series B/C Subordinate Revolving Obligations Bank," and together with the Series A Subordinate Revolving Obligations Bank, the "Subordinate Revolving Obligations Banks"), the City, acting by and through the Board, is authorized to issue and have outstanding, from time to time, up to $200,000,000 in aggregate principal amount of its City of Long Beach, California Subordinate Harbor Revenue Revolving Obligations Series A (Tax-Exempt), Series B (Tax-Exempt) and Series C (Taxable) (collectively, the "Subordinate Revolving Obligations"). As of April 1, 2014, the City, acting by and though the Board, had $120,000,000 aggregate principal amount of Subordinate Revolving Obligations outstanding. The Subordinate Revolving Obligations are secured by a pledge of Subordinate Revenues (consisting of Revenues minus the payment of debt service on the Senior Bonds (including the Series 2014 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 Banks in accordance with the terms of the Subordinate Revolving Obligations Credit Agreements. See "OUTSTANDING OBLIGATIONS AND DEBT SERVICE SCHEDULE—Outstanding Subordinate Obligations."

[The Harbor Department is currently negotiating a loan agreement (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 would 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 Harbor Department expects to draw the proceeds of the Subordinate TIFIA Loan no later than [one year after substantial completion] of the Gerald Desmond Bridge Replacement Project, and such proceeds are expected to be available to pay the Series 2014C Senior Notes on their maturity date and/or to pay additional federally eligible costs of the Gerald Desmond Bridge Replacement Project. The Board is expected to reserve the right to (but not be obligated to) use all or a portion of the proceeds it expects to receive from the Subordinate TIFIA Loan to pay all or a portion of the principal of the Series 2014C Senior Notes on their maturity date. The Harbor Department expects to close on the Subordinate TIFIA Loan on or about [__________], 2014. The Subordinate TIFIA Loan will be secured by a pledge of Subordinate Revenues on parity with the Subordinate Revolving Obligations. See "OUTSTANDING OBLIGATIONS AND DEBT SERVICE SCHEDULE—Future Financings (Additional Senior Bonds and Subordinate Obligations)—Subordinate TIFIA Loan" and "CAPITAL DEVELOPMENT PROGRAM—2014-23 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").

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 "2014-23 Capital Plan") includes capital projects and improvements to be undertaken at the Port between fiscal years 2014 and 2023. 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 2014-23 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 and the installation of various security improvements. Currently, the 2014-23 Capital Plan has an aggregate estimated cost of approximately $4.017 billion. The Harbor Department expects to finance approximately $3.168 billion of the costs of the 2014-23 Capital Plan with revenues of the Harbor Department, proceeds of the Series 2014C Senior Notes and the Subordinate TIFIA Loan, and proceeds of additional Senior Bonds and/or Subordinate Obligations. The Harbor Department expects the remaining approximately $849 million of costs of the 2014-23 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 2013, the long-term property agreements with the Port's major tenants contained guaranteed annual minimum payments of approximately $258 million. Over the last five fiscal years, property agreements covering waterfront property and facilities generated in excess of 90% 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) in complying with Rule 15c2-12. During the last five years, the Harbor Department has not failed to comply in all material respects with any previous undertakings with regard to Rule 15c2-12 to provide annual reports or notices of material events. See "CONTINUING DISCLOSURE" and "APPENDIX D—FORM OF CONTINUING DISCLOSURE CERTIFICATE."

Amendments to Master Senior Resolution

Pursuant to a Supplemental Senior Resolution to be adopted by the Board at the same time the Fifteenth Supplemental Senior Resolution is adopted by the Board, the City, acting by and through the Board, will be amending certain provisions of the Master Senior Resolution (the "Proposed Amendments"), which are described in Appendix E hereto. By the purchase and acceptance of the Series 2014 Senior Bonds, the Owners and Beneficial Owners of the Series 2014 Senior Bonds are deemed to have consented to the Proposed Amendments. The Proposed Amendments will not become effective until all of the Prior Senior Bonds have been defeased and are no longer Outstanding. Any Owners and Beneficial Owners of Senior Bonds issued on and after May [___], 2014 (including the Series 2014 Senior Bonds) will be deemed to have consented to and will be subject to the Proposed Amendments, but only after all of the Prior Senior Bonds have been defeased and 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 2014 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 2014 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 2014 Senior Bonds.

PLAN OF REFUNDING

Plan of Refunding

Proceeds from the sale of the Series 2014 Senior Bonds, together with other available moneys, will be used to (a) refund all or a portion of the Refunded Bonds, and (b) pay the costs of issuing the Series 2014 Senior Bonds, all as further described herein.

A portion of the proceeds of the Series 2014 Senior Bonds, along with certain other available moneys, will be used to refund and defease all or a portion of the Outstanding Series 2002B Senior Bonds, Series 2004A Senior Bonds and/or Series 2004B Senior Bonds (the "Refunded Bonds"), as shown in the following table:

Series	Maturity Date (May 15)	Principal	Payment/Redemption Date[1]	CUSIP Numbers[2]
2002B	2014	$ 5,315,000	5/15/2014	542424LH7
2002B	2015	5,610,000	5/15/2014	542424LJ3
2002B	2016	3,415,000	5/15/2014	542424LK0
2002B	2017	6,245,000	5/15/2014	542424LL8
2002B	2018	6,570,000	5/15/2014	542424LM6
2002B	2023	8,460,000	5/15/2014	542424LS3
2002B	2027	7,790,000	5/15/2014	542424LTI
Total		$43,405,000		
2004A	2014	$ 6,930,000	5/15/2014	542424KK1
2004A	2015	6,210,000	5/15/2014	542424KL9
Total		$13,140,000		
2004B	2015	$ 1,070,000	5/15/2014	542424KM7
2004B	2016	8,385,000	5/15/2014	542424KN5
2004B	2016	1,450,000	5/15/2014	542424KP0
2004B	2017	10,315,000	5/15/2014	542424KQ8
2004B	2018	10,825,000	5/15/2014	542424KR6
Total		$32,045,000		

[1] The principal of and interest on the Series 2002B Senior Bonds and the Series 2004A Senior Bonds maturing on May 15, 2014 will be paid on May 15, 2014. The Series 2002B Senior Bonds maturing on May 15, 2015 through and including May 15, 2027 will be redeemed on May 15, 2014 at a redemption price of 100% of the principal thereof, plus accrued interest. The Series 2004A Senior Bonds maturing on May 15, 2015 will be redeemed on May 15, 2014 at a redemption price of 100% of the principal thereof, plus accrued interest. The Series 2004B Senior Bonds maturing on May 15, 2015 through and including May 15, 2018 will be redeemed on May 15, 2014 at a redemption price of 100% of the principal thereof, plus accrued interest.

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

A portion of the proceeds of the Series 2014 Senior Bonds, together with certain moneys to be released from the Bond Service Fund and the Series 2004 Reserve Fund, will be deposited with U.S. Bank National Association, as escrow agent (the "Escrow Agent") and held in separate escrow funds for each series of Refunded Bonds (collectively, the "Escrow Funds") to be created pursuant to the terms of an escrow agreement, among the City, acting by and through the Board, U.S. Bank National Association, as fiscal agent, and the Escrow Agent. The moneys to be deposited to the Escrow Funds will be held uninvested and will be used to pay and redeem the Refunded Bonds on May 15, 2014, included accrued interest on the Refunded Bonds

Causey Demgen & Moore P.C., independent certified public accountants (the "Verification Agent"), will verify that the amounts to be deposited to the Escrow Funds at the time of issuance of the Series 2014 Senior Bonds will be sufficient to pay all principal of and interest due on the Refunded Bonds on May 15, 2014. See "VERIFICATION OF MATHEMATICAL COMPUTATIONS."

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 2014 Senior Bonds.

	Series 2014A Senior Bonds	**Series 2014B Senior Bonds**	**Total**
Sources			
Principal Amount of Series 2014 Senior Bonds	$	$	$
Original Issue Premium/(Discount)			
Funds Released from Bond Service Fund			
Fund Released from Series 2004 Reserve Fund			
Total Sources	$	$	$
Uses			
Deposit to Escrow Funds	$		
Costs of Issuance[1]			
Total Uses	$	$	$

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

DESCRIPTION OF THE SERIES 2014 SENIOR BONDS

General

The Series 2014 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, 2014 (each an "Interest Payment Date"). Each Series 2014 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 2014 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 2014 Senior Bond will bear interest from such succeeding Interest Payment Date, or unless such date of authentication is prior to November 1, 2014, in which event such Series 2014 Senior Bond will bear interest from their date of delivery. If interest on the Series 2014 Senior Bonds is in default, Series 2014 Senior Bonds issued in exchange for Series 2014 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 2014 Senior Bonds surrendered. The Series 2014 Senior Bonds will mature (subject to prior redemption with respect to the Series 2014B Senior Bonds), 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 2014 Senior Bonds will be payable in lawful money of the United States of America.

The Series 2014 Senior Bonds will be issued in denominations of $5,000 and integral multiples thereof. The Series 2014 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 2014 Senior Bonds. Individual purchases may be made in book-entry form only. Purchasers will not receive certificates representing their interest in the Series 2014 Senior Bonds purchased. So long as Cede & Co., as nominee of DTC, is the registered owner of the Series 2014 Senior Bonds, references herein to the Owners or registered owners will mean Cede & Co. and will not mean the Beneficial Owners of the Series 2014 Senior Bonds.

So long as Cede & Co. is the registered owner of the Series 2014 Senior Bonds, principal of and interest on the Series 2014 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 2014 Senior Bonds.

No Redemption of the Series 2014A Senior Bonds

The Series 2014A Senior Bonds will not be subject to redemption prior to their respective maturity dates.

Redemption of Series 2014B Senior Bonds

Optional Redemption. The Series 2014B Senior Bonds maturing on or before May 15, 20___ are not subject to redemption prior to maturity. The Series 2014B 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 2014B Senior Bonds to be redeemed, plus accrued interest thereon to the date fixed for redemption, [without premium].

Selection of Series 2014B Senior Bonds to be Redeemed. Redemption of the Series 2014B Senior Bonds will only be in Authorized Denominations. The Series 2014B 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 2014B 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 2014B Senior Bonds selected for redemption. Each notice of redemption will state the date of such notice, the date of issue of the Series 2014B 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 2014B Senior Bonds to be redeemed, if less than all Series 2014B Senior Bonds of a maturity and interest rate are to be redeemed, the distinctive certificate numbers of the Series 2014B Senior Bonds of such maturity and interest rate to be redeemed, and the principal amount of the Series 2014B Senior Bonds to be redeemed. Except as described in the following paragraph with respect to an optional redemption of the Series 2014B Senior Bonds, each such notice will also state that on said date there will become due and payable on each of said Series 2014B 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 2014B 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 2014B 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 2014B 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 2014B 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 not later than one Business Day prior to 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 required date, then the redemption will be canceled and on such cancellation date notice will be mailed to the Owners of such Series 2014B 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 2014B 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 2014B Senior Bonds so called for redemption will cease to accrue and become payable.

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2014 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.

Pledge of Revenues

The Series 2014 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, as to principal thereof, interest thereon and premiums, if any, solely from the Revenues and other funds 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 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 2014 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 which are pledged to the payment of the Series 2014 Senior Bonds and interest thereon. The general fund of the City is not liable for the payment of any Series 2014 Senior Bonds or interest thereon, nor is the credit or taxing power of the City pledged for the payment of any Series 2014 Senior Bonds or interest thereon. An Owner of any Series 2014 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) all Maintenance Costs; and

(d) all payments required to meet any other obligations of the City, such as the payment of principal of and interest on the Subordinate Revolving Obligations and the Subordinate TIFIA Loan and 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—THE 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 2014 Senior Bonds, the Treasurer will enter into a trustee services agreement with U.S. Bank National Association to establish and maintain the Series 2014 Costs of Issuance Fund and the Series 2014 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 2014 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 Prior Senior Bonds, the Series 2014 Senior Bonds [and the Series 2014C Senior Notes] unless (a) such additional Senior Bonds are issued to pay or discharge outstanding Senior Bonds ("Refunding Senior Bonds"), or (b) at the time such additional Senior Bonds are issued (i) the City is not in default under the terms of the Master Senior Resolution and (ii) either (A) the Net Revenues for the last completed Fiscal Year or the 12-month period ended not more than one month before the issuance or incurrence of such additional Senior Bonds as set forth in a certificate of the Board or (B) the estimated Net Revenues for the 12-month period when the improvements or extensions to the Port financed with the proceeds of the additional Senior Bonds will be in operation as estimated by and set forth in a certificate of an independent certified public accountant or an independent engineer appointed by the Board, amount to at least 1.25 times Maximum Annual Debt Service on all Senior Bonds outstanding immediately subsequent to the issuance of such additional Senior Bonds.

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

The Series 2014 Senior Bonds will be issued as Refunding Senior Bonds and therefore, the Board will not be required to provide the additional bonds certificate described above.

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 Prior Senior Bonds, which as of April 1, 2014, were outstanding in the aggregate principal amount of $601,705,000. See "PLAN OF REFUNDING" with respect to the Board's plans to redeem all or a portion of the Series 2002B Senior Bonds, the Series 2004A Senior Bonds and/or the Series 2004B Senior Bonds on May 15, 2014.

The following table sets forth the Prior Senior Bonds which have been issued and were outstanding as of April 1, 2014.

TABLE 1
Harbor Department of the City of Long Beach
Outstanding Prior Senior Bonds
(as of April 1, 2014)

Prior Senior Bonds	Original Principal Amount	Principal Amount Outstanding	Final Maturity Date
Series 1998A	$ 206,330,000	$ 86,515,000	5/15/2019
Series 2002B[1]	150,000,000	43,405,000	5/15/2027
Series 2004A[1]	81,365,000	13,140,000	5/15/2015
Series 2004B[1]	32,045,000	32,045,000	5/15/2018
Series 2005A	233,005,000	92,230,000	5/15/2025
Series 2005B	24,970,000	24,970,000	5/15/2018
Series 2010A	200,835,000	170,900,000	5/15/2025
Series 2010B	158,085,000	138,500,000	5/15/2027
Total	$1,002,715,000	$601,705,000	

[1] See "PLAN OF REFUNDING" for a discussion of the refunding and defeasance of the Refunded Bonds.
Source: Harbor Department.

Senior Bonds Debt Service Requirements

The following table sets forth the debt service requirements of the Prior Senior Bonds (after giving effect to the redemption of the Refunded Bonds) and the Series 2014 Senior Bonds. See "—Future Financings (Additional Senior Bonds and Subordinate Obligations)" below for a discuss of the Board's plans to issue additional Senior Bonds, including the Series 2014C Senior Notes.

TABLE 2
Harbor Department of the City of Long Beach
Senior Bonds Debt Service Requirements[1]

Bond Year Ending May 15	Total Debt Service Requirements for Prior Senior Bonds[2]	Principal Requirements for Series 2014A Senior Bonds	Interest Requirements for Series 2014A Senior Bonds	Principal Requirements for Series 2014B Senior Bonds	Interest Requirements for Series 2014B Senior Bonds	Total Senior Bonds Debt Service
2015						
2016						
2017						
2018						
2019						
2020						
2021						
2022						
2023						
2024						
2025						
2026						
2027						
Total						

[1] Numbers may not sum due to rounding.
[2] Total debt service after giving effect to the redemption of the Refunded Bonds.
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 2009 through 2013 is presented below.

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

Fiscal Years	Revenues[1]	Maintenance Costs[2]	Net Revenues[3]	Senior Debt Service[4]	Senior Debt Service Coverage	
					Gross[5]	Net[6]
2009	$329,931	$97,880	$232,051	$81,993	4.0	2.8
2010	329,570	98,026	231,544	81,996	4.0	2.8
2011	350,384	81,423	268,961	80,016	4.4	3.4
2012	337,189	87,328	249,861	80,008	4.2	3.1
2013	346,984	97,696	249,288	79,991	4.3	3.1

[1] Calculated in accordance with the provisions of the Master Senior Resolution. Includes Total Port Operating Revenue and Interest Income as shown in "Table 13, 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 13, 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 2009-2013. Harbor Department.

Outstanding Subordinate Obligations

Pursuant to the Master Subordinate Resolution, the Subordinate Revolving Obligations Supplemental Resolutions and Subordinate Revolving Obligations Credit Agreements, the City, acting by and through the Board, is authorized to issue and have outstanding, from time to time, up to $200,000,000 in aggregate principal amount of its Subordinate Revolving Obligations. As of April 1, 2014, the City, acting by and though the Board, had $120,000,000 aggregate principal amount of Subordinate Revolving Obligations outstanding. The Subordinate Revolving Obligations are secured by a pledge of Subordinate Revenues (consisting of Revenues minus the payment of debt service on the Senior Bonds (including the Series 2014 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 Banks (Bank of America, N.A., and Union Bank, N.A.) in accordance with the terms of the respective Subordinate Revolving Obligations Credit Agreements. Pursuant to the terms of the Subordinate Revolving Obligations Credit Agreements, 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 Agreements. Except as otherwise provided in the Subordinate Revolving Obligations Credit Agreements, the principal of all Subordinate Revolving Obligations outstanding is due and payable on July 29, 2016. However, subject to the terms of the Series B/C Subordinate Credit Agreement, on July 29, 2016, the City, acting by and through the Board, can convert any outstanding Series B Subordinate Revolving Obligations and/or Series C Subordinate Revolving Obligations to a term loan that will be payable over a period of time set forth in the Series B/C Subordinate Credit Agreement after the July 29, 2016 maturity date. Pursuant to the provisions of the Subordinate Revolving Obligations Credit Agreements, the Subordinate Revolving Obligations Banks, respectively, have the right to accelerate the payment of the principal of and interest on the applicable Subordinate Revolving Obligations upon the occurrence of certain events of default set forth in the respective Subordinate Revolving Obligations Credit Agreements.

Future Financings (Additional Senior Bonds and Subordinate Obligations)

Series 2014C Senior Notes. The Harbor Department is currently designing and constructing the Gerald Desmond Bridge Replacement Project, which includes the replacement of the existing four-lane Gerald Desmond Bridge, which spans the Port's Main Channel, with a new six-lane bridge. The new bridge is being built with a cable-stayed design under a design-build contract and will feature three lanes in each direction for 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 200-foot vertical clearance to accommodate the world's largest vessels, a reduction in the bridge's steep grades, and a bicycle/pedestrian path with scenic overlooks. Construction of the new bridge began in 2013 and is expected to be completed by the end of 2016. The bridge is expected to cost approximately $1.263 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, proceeds of the Series 2014C Senior Notes and the Subordinate TIFIA Loan, revenues of the Harbor Department and a grant from the Los Angeles County Metropolitan Transportation Authority ("LACMTA"). See "CAPITAL DEVELOPMENT PROGRAM—2014-23 Capital Plan—Gerald Desmond Bridge Replacement Project" for additional information on the Gerald Desmond Bridge Replacement Project.

On or about [________], 2014, the City, acting by and through the Board, plans to issue the Series 2014C Senior Notes, the proceeds of which will be used to finance a portion of the costs of constructing the Gerald Desmond Bridge Replacement Project. The Series 2014C Senior Notes will be secured by a pledge of and lien upon and will be a charge upon and will be payable from Revenues on parity with the Series 2014 Senior Bonds. The Board also expects to reserve the right to (but not be obligated to) use all or a portion of proceeds it expects to receive from the Subordinate TIFIA Loan to pay all or a portion of the Series 2014C Senior Notes at maturity (which is expected to be on or about [_________], 201[__]). See "Subordinate TIFIA Loan" below for additional information on the Subordinate TIFIA Loan. See also "CAPITAL DEVELOPMENT PROGRAM—2014-23 Capital Plan—Gerald Desmond Bridge Replacement Project" for additional information on the Gerald Desmond Bridge Replacement Project. *The Series 2014C Senior Notes are not being offered pursuant to this Official Statement.*

Subordinate TIFIA Loan. The Harbor Department is currently negotiating the Subordinate TIFIA Loan Agreement with the TIFIA Lender, pursuant to which the TIFIA Lender would make the Subordinate TIFIA Loan to the City, acting by and through the Board, in an amount not to exceed $[325] million. Subject to the terms of the Subordinate TIFIA Loan Agreement, payment of the principal of and interest on the Subordinate TIFIA Loan will commence on or about [_________], 201[__], with the final maturity date on the Subordinate TIFIA Loan being [_________], 20[__]. The Subordinate TIFIA Loan will be secured by a pledge of Subordinate Revenues on parity with the Subordinate Revolving Obligations. The Harbor Department expects to draw the proceeds of the Subordinate TIFIA Loan no later than [one year after substantial completion] of the Gerald Desmond Bridge Replacement Project, and such proceeds are expected to be available to pay the Series 2014C Senior Notes on their maturity date and/or to pay additional federally eligible costs of the Gerald Desmond Bridge Replacement Project. Pursuant to the provisions of the Subordinate TIFIA Loan Agreement, the TIFIA Lender will have 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.

Other Additional Senior Bonds and Subordinate Obligations. See "CAPITAL DEVELOPMENT PROGRAM—Funding Sources of 2014-23 Capital Plan" for a discussion of the Board's plans to issue additional Senior Bonds and/or Subordinate Obligations in the future to finance a portion of the costs of the 2014-23 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"). 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 LACMTA, and various other grant moneys. As of April 1, 2014, ACTA had outstanding approximately $[__] 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 current outstanding amount of the ACTA Obligations, the Harbor Department and the Port of Los Angeles are potentially liable for a maximum of approximately $[1.585] billion (the Harbor Department and the Port of Los Angeles each being liable for approximately $[793] 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 and do not expect to pay Shortfall Advances in 2014.

[ACTA estimates that the Harbor Department and the Port of Los Angeles will be required to make Shortfall Advances totaling approximately $[__] million (the Harbor Department and the Port of Los Angeles each being liable for approximately $[__] million) through 2019, and that the Harbor Department's greatest Shortfall Advance in any one year would be approximately $[__] million. ACTA's financial estimates, which were developed in January 20[14], are dependent upon the accuracy of the assumptions used in their formulation. Therefore, there are likely to be differences between the forecasts and actual results, and those differences may be material. Additionally, the Harbor Department expects that it (and the Port of Los Angeles) will be required to make additional Shortfall Advances between 2020 and 2037.

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.

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 2014 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 must either be 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 2014 Senior Bonds) and the Subordinate Obligations. As of April 1, 2014, there were 128 lessee participants in the CTP, and as of such date the Harbor Department had paid approximately $24 million in lease subsidies. The Harbor Department expects that its total Lease Subsidy Obligations and its total obligations under the Guaranty will be approximately $33 million through 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 million (5% of the Harbor Department's fiscal year 2012 gross operating revenue) from the Harbor Revenue Fund to the City's Tideland's Operating Fund for the fiscal year ended September 30, 2013. 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.

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, 2012 (the latest information available). The facilities at the Port moved approximately 6.7 million TEUs for the year ended December 31, 2013. According to statistics compiled by the World Shipping Council, during calendar year 2012 (the latest information available), the Port was the 23rd busiest container port in the world. See "—Marine Commerce and Cargoes—Container Forecast" below. Also 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 (602 acres of water and 538 acres of land) located on the west side of the Harbor District. The City owns 966 acres of the Naval Complex and leases the remaining 174 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 174 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, 2013, the total investment in land, structures and facilities at the Port was in excess of $4.6 billion, including the value of work in progress, but before allowance for 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 2014 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 [(there is currently one vacancy on the Board)]:

> *Doug Drummond–President.* Mr. Drummond was appointed to the Board in 2011 and his six-year term ends on June 30, 2015. He was elected President of the Board by the other members of the Board in December 2013. 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.
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> *Rich Dines–Vice President.* Mr. Dines was appointed to the Board in 2011 and his six-year term ends on June 30, 2017. He was elected Vice President of the Board by the other members of the Board in December 2013. Mr. Dines, a Marine Clerk with the International

Longshore and Warehouse Union, brings more than 15 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 $4 billion over 10 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 sits on the Policy and Steering Committee for the California State University, Long Beach Center for International Trade and Transportation.

Lori Ann Farrell–Commissioner. Ms. Farrell was appointed to the Board in 2013 and her six-year term will end on June 30, 2019. Since December 2010, she has served as Director of Finance for the City of Huntington Beach, and, previously, served the City, first as City Controller (2006-2007) and then as Chief Financial Officer (2007-2010). A Long Beach resident, she has served on the Long Beach Transit Board, is a 2000 graduate of Leadership Long and was awarded the Government Finance Officers' Association's Certificate of Excellence in Financial Reporting for the City of Long Beach. Ms. Farrell received a Master's Degree in Public Administration from Columbia University School of International and Public Affairs and a Bachelor's Degree from Barnard College at Columbia University.

Susan E. Anderson Wise–Commissioner. Ms. Wise was appointed to the Board in 2008 and her six-year term ends on June 30, 2014. With the other Board members, she has provided policy direction and oversight for the Port's $4 billion capital improvement program. Ms. Wise also sits on the Board's Productivity Committee and is a champion of women in the maritime industry and hiring locally. She represents the Port on the ACTA Board and served on the Southern California Leadership Council. Ms. Wise has wide experience in both commercial and civil litigation, employment law and matters of corporate governance. She has served as a Mediator for the Los Angeles Superior Court, a Hearing Officer for the Long Beach Civil Service Commission, and in leadership roles, past and present, with the Long Beach Bar Association, Women Lawyers of Long Beach, Legal Aid Foundation of Los Angeles, Long Beach Legal Aid Foundation, the Long Beach Bar Foundation, the Long Beach Children's Clinic, YMCA of Greater Long Beach and the Long Beach Nonprofit Partnership. Ms. Wise graduated cum laude from Lawrence University and earned her law degree from the University of Chicago Law School.

The Staff. The Charter provides that the Board appoint and employ an Executive Director, who acts as the chief executive of the Harbor Department and who exercises the management of all affairs of the Harbor Department. The Board has divided the management and administration of the Harbor Department into four bureaus (the Finance and Administration Bureau, Trade Development and Port Operations Bureau, the Environmental Affairs and Planning Bureau, and the Engineering Bureau) reporting to the Deputy Executive Director who in turn reports to the Executive Director. The Finance and Administration Bureau, headed by the Managing Director, Finance and Administration, consists of five divisions, including the Finance Division, the Human Resources Division, the Information Management Division, the Real Estate Division and the Risk Management Division. The Trade Development and Port Operations Bureau, headed by the Managing Director, Trade Development and Port Operations consists of four divisions, including the Trade Development Division, the Communications and Community Relations Division, the Maintenance Division and the Security Division. The Environmental Affairs and Planning Bureau, headed by the Managing Director, Environmental Affairs and Planning, consists of three divisions, including the Environmental Planning Division, the Master Planning Division and the Transportation Planning Division. The Engineering Bureau, headed by the Managing Director, Engineering, consists of four divisions, including the Engineering Administration Division, the Design Division, the Construction Management Division and the Program Management Division. In addition to the four bureaus discussed above, the Director of

Governmental Affairs reports directly to the Executive Director. The Director of Governmental Affairs is responsible for keeping the City Council and community partners involved and informed about Port affairs and managing county, state and federal advocacy efforts, including developing, tracking and providing position recommendations on key legislation to the Executive Director and the Board.

The Executive Director, the Deputy Executive Director, the Managing Directors and the Harbor Department's management staff serve at the pleasure of the Board. The executive management of the Harbor Department includes the following individuals:

Al Moro, P.E.–Acting Executive Director. Al Moro, P.E., was appointed the Acting Executive Director for the Harbor Department on June 17, 2013. The Board is currently searching for a permanent candidate for the position. He has over 40 years of engineering experience including founding and running his own firm for more than a decade and serving as a design engineer for Los Angeles County before coming to the Harbor Department as a Senior Civil Engineer in 1997. Mr. Moro was named Deputy Chief Harbor Engineer in 1998 and Assistant Chief in 2001 before moving up to Chief Harbor Engineer and Assistant Managing Director of Engineering in 2007, with oversight for the Port's $4.0 billion capital improvement program. He is a licensed Registered Professional Civil Engineer and Land Surveyor in the State of California and holds a bachelor's degree in engineering from UCLA as well as an MBA from Cal State Los Angeles. Mr. Moro is a member of the Governing Board for ACTA and is active in the American Society of Civil Engineers, the America Association of Port Authorities Facilities Engineering Committee and the Western Dredging Association.

Dr. Noel Hacegaba–Acting Deputy Executive Director and Chief Operating Officer. Dr. Hacegaba was appointed the Acting Deputy Executive Director and Chief Operating Officer for the Harbor Department on June 17, 2013. He assists the Acting Executive Director to provide continuity and carry on with the Harbor Department's projects and initiatives while the Board seeks permanent candidates for both the Executive Director and Deputy Executive Director positions. As Acting Deputy Executive Director, Dr. Hacegaba functions as Chief Operating Officer, overseeing the daily business activities of the Harbor Department's four main bureaus: Engineering, Environmental Affairs and Planning, Finance and Administration, and Trade Development and Port Operations. Before his appointment as Acting Deputy Executive Director and Chief Operating Officer, Dr. Hacegaba was Executive Officer to the Board. Dr. Hacegaba's 15 years of public and private sector experience, spanning a variety of industries and capacities, also includes serving as Manager of Municipal Services for Republic Services, the nation's second-largest environmental services company, and Assistant Chief of Staff for the Long Beach City Prosecutor's Office. He is a graduate of the University of Southern California, with degrees in economics (bachelor and masters), business administration (bachelor) and urban planning (masters). He also is a graduate of the Coro Fellows Program in Public Affairs and holds a doctorate in public administration from the University of La Verne, where he continues to serve on the faculty.

Steven B. Rubin–Managing Director, Finance and Administration. Mr. Rubin was appointed to the position of Managing Director, Finance and Administration, in 2003. He oversees the Harbor Department's Finance, Real Estate, Information Management, Risk Management and Human Resources Divisions. Before joining the Harbor Department in 2003, Mr. Rubin was Assistant Finance Director for the City of Los Angeles and was a member of Mayor Richard Riordan's senior staff, serving as Budget Director and Assistant Deputy Mayor for Budget and Policy. In the private sector, he worked for Unisys Corp. and TRW Inc. Mr. Rubin has an MBA in finance and marketing from UCLA and bachelor's degrees from the University of Pennsylvania, including a Bachelor of Science in international business from its Wharton School.

Douglas A. Thiessen, D. PE–Managing Director, Engineering. Mr. Thiessen has been Managing Director, Engineering for the Harbor Department since February 2007. He oversees the Port's Design, Construction Management and Program Management Divisions, heading all Harbor Department engineering and construction projects and overseeing an annual program budget of more than $600 million. Mr. Thiessen joined the Harbor Department in 2000 as Assistant Chief Harbor Engineer and was later promoted to Chief Harbor Engineer. He is past Chair of the Ports and Harbors Committee and a Governing Board Member of the Coasts, Oceans, Ports and Rivers Institute of the American Society of Civil Engineers, past Chairman of the California Marine Affairs and Navigation Conference, Long Beach's member on the Alameda Corridor Railroad Operating Committee and currently serves as the Executive Director of the Intermodal Container Transfer Facility Joint Power Authority. Mr. Thiessen received his bachelor's degree and completed graduate work in civil engineering at the University of Southern California and is a graduate lecturer in Civil Engineering at California State University, Long Beach.

Richard D. Cameron - Managing Director, Environmental Affairs and Planning. Mr. Cameron is the Managing Director, Environmental Affairs and Planning for the Harbor Department, named to the post in January 2014. He oversees the Environmental Affairs and Planning 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 was a consultant for other clients. Mr. Cameron has a bachelor's degree in urban and regional planning from California State Polytechnic University, Pomona.

Vacant–Managing Director, Trade Relations and Port Operations.

Thomas Franklin–Acting Chief Financial Officer. Mr. Franklin was appointed to the position of Acting Chief Financial Officer in March 2014. Prior to his appointment as Acting Chief Financial Officer, Mr. Franklin served as Assistant Chief Financial Officer since March 2009. As Acting Chief Financial Officer oversees all financial functions at the Harbor Department including general accounting, revenue accounting, financial analysis, grant management and reimbursement, annual audit and comprehensive annual financial report preparation, annual revenue forecast, budget review, cash flow forecast, quarterly budget and financial statement reports. With more than 30 years of experience in financial management, Mr. Franklin worked in a variety of fields before coming to the Harbor Department, including aerospace manufacturing, the import/export/garment manufacturing segment, and beverage production and distribution. He earned his Bachelor of Science degree in Accounting from California State University, Northridge, in 1980. Mr. Franklin is a Certified Public Accountant.

Employee Relations

As of January 1, 2014, the Harbor Department employed approximately 485 people. With the exception of some management positions, all employees are hired through the City Civil Service system and are represented by the International Association of Machinists and Aerospace Workers ("IAM") or the Engineering Employees Association ("Engineer's Association") under the terms of separate Memoranda of Understanding. The Memorandum of Understanding with the IAM became effective October 1, 2012 and will expire on September 30, 2014. The Memorandum of Understanding with the Engineer's Association became effective October 1, 2013 and will expire on September 30, 2015. 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 66 cranes, all of which are post-panamax cranes (52 of which are owned by tenants of the Port and 14 of which are owned by the Harbor Department but are currently in the process of being sold by the Harbor Department to Total Terminals International) and three container freight stations. Five container terminals are served by on-dock rail yards. Additional cargo handling facilities include five transit sheds and 12 warehouses. 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—2014-23 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, 2013, containerized cargo accounted for approximately 77.5% of the Harbor Department's total operating revenue, primarily through the collection of wharfage. See "—Property Agreements" and "—Port Tariffs." Containerization service at the Port began in 1962 when Sea-Land Service, Inc. (now part of Maersk Sealand) opened a container freight station at the Port. See "CAPITAL DEVELOPMENT PROGRAM—2014-23 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 between Stevedoring Services of America Terminals, L.L.C. ("SSAT") and Terminals Investment Limited) 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 rail yard capable of handling two double-stack trains simultaneously. The Pier A Container Terminal has ten gantry cranes, with capacities ranging from 40-tons to 60-tons.

Pier C. SSAT operates a container terminal on Pier C (the "Pier C Container Terminal"). The Pier C Container Terminal is an approximately 68-acre facility, which includes two berths, a 3,600 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. The Pier C Container Terminal has three gantry cranes, with capacities ranging from 40-tons to 60-tons.

Piers D, E and F. Piers D, E and F are currently being consolidated into one 305-acre container terminal as part of the Middle Harbor Redevelopment project. The facilities on Piers D and E are currently out of service as the Harbor Department constructs the Middle Harbor Redevelopment project. California United Terminals operated an omni-terminal at Piers D and E (handling container and break-bulk cargoes), prior to its leaving the Port in 2012. See "CAPITAL DEVELOPMENT PROGRAM—2014-23 Capital Plan—Middle Harbor Redevelopment (Piers D, E and F)" for information on the new 40-year preferential assignment agreement the Harbor Department has entered into with Orient Overseas Container Line LLC to operate the new container terminal being developed on Piers D, E and F as part of the Middle Harbor Redevelopment project.

Pier F continues to be operational while improvements are made to the Pier as part of the Middle Harbor Redevelopment project. Long Beach Container Terminal, Inc. ("LBCT") 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 operations of Pier F will be consolidated with the operations on Piers D and E once the Middle Harbor Redevelopment project is complete.

See "CAPITAL DEVELOPMENT PROGRAM—2014-23 Capital Plan—Middle Harbor Redevelopment (Piers D, E and F)" for information on the improvements being made to Piers D, E and F.

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 a 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 rail yard. The Pier G Container Terminal has 17 gantry cranes, with capacities ranging from 30-tons to 60-tons. See "CAPITAL DEVELOPMENT PROGRAM—2014-23 Capital Plan—Pier G Redevelopment Project" for information on the improvements being made to Pier G.

Pier J. Pacific Maritime Services LLC (a joint venture between SSAT, CMA-CGM and China Overseas Shipping Company) 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 rail yard. The Pier J Container Terminal has 15 gantry cranes, with capacities ranging from 40-tons to 60-tons.

Pier T. Total Terminals International, LLC (a joint venture between Hanjin Shipping Company, Ltd., Mediterranean Shipping Company and Marine Terminals Inc.) operates the Port's largest container terminal on Pier T (the "Pier T Container Terminal"). The Pier T Container Terminal is an approximately 380-acre facility that includes five berths, a 5,000 foot-long wharf with a water depth of 55 feet, a storage area for approximately 8,300 on-ground containers, power outlets for 1,850 refrigerated containers, and an on-dock rail yard. The Pier T Container Terminal has fourteen 65-ton gantry cranes.

Dry Bulk. For the 12 months ending September 30, 2013, dry bulk accounted for approximately 7.6% 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.

Petroleum Coke. Approximately 5.3 million metric tons of petroleum coke were exported through the Port in each of fiscal years 2012 and 2013. This product is handled at dry bulk terminals on Piers F and G.

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 subsequently moved automatically to dockside where ships are loaded at approximately 3,900 tons per hour. An eighth storage shed, used to store petroleum coke, has a capacity of 150,000 tons of petroleum coke 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 shed can also be used to store coal. The storage sheds are leased to industrial firms that transport their products to the Port for sale abroad. The current storage shed tenants include Oxbow Carbon & Minerals, LLC, Tesoro Refining and Marketing Company LLC, and Ultramar. The entire facility is automated and 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, while 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 throughout the Pacific Rim.

Cement Facilities. 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 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 utilizes a warehouse (with a capacity of 52,000 tons), instead of a silo system, 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 to customers throughout the Western United States.

General Cargo. For the 12 months ending September 30, 2013, general cargo accounted for approximately 7.0% 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 180,000 vehicles were shipped through this terminal during fiscal year 2013 as compared to approximately 176,100 vehicles during fiscal year 2012. 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. Toyota Motor Sales' property agreement with the Board expires in December 2028.

Mercedes Benz vehicles arrive and are unloaded at Pier F, Berths 206 and 207 and are stored on an 11-acre parcel of land in the Port's North Harbor. Crescent Terminals, Inc. ("Crescent Terminals") operated Berths 206 and 207. Mercedes received approximately 71,000 vehicles in fiscal year 2013 and approximately 67,000 vehicles in fiscal year 2012 through these facilities.

Forest Products. Weyerhaeuser Company, a subtenant of Fremont Forest Group Corporation, located at Pier T, transports framing lumber by barge to the Port from Coos Bay, Oregon, and Longview and Aberdeen, Washington. At this facility, approximately 200 million board feet of lumber are handled annually.

Metals. SA Recycling, LLC, operates a recycled steel facility on Pier T, which 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. Cooper/T. Smith Stevedoring Co., Inc. occupies Berths 204-205 on Pier F, which mainly handles machinery, equipment and steel products imported from the Far East. In addition to handling Mercedes Benz vehicles, Crescent Terminals' operations at Pier F, Berths 206 and 207, handle other products, including, among others, finished steel products imported from the Far East. These three terminals handled approximately 9.4 million metric tons of metal products during fiscal year 2013 as compared to approximately 8.3 million metric tons of metal products during fiscal year 2012.

Petroleum/Liquid Bulk. For the 12 months ending September 30, 2013, petroleum/liquid bulk accounted for approximately 4.9% 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 municipal bulk oil terminals; two are leased to BP West Coast Products LLC ("BP"), one is leased to Tesoro Refining and Marketing Company ("Tesoro"), one is leased to Petro Diamond Terminal Co. ("Petro Diamond"), and one is leased to Chemoil Marine Terminal ("Chemoil"). Each terminal is connected directly to the storage and tank farms of the respective lessee. The total movement of crude and refined petroleum products over municipally-owned berths during fiscal year 2013 was approximately 21.3 million metric tons as compared to approximately 18.9 million metric tons during fiscal year 2012.

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") at municipal berths and at private berths. Municipal cargo is cargo that enters the Port through City-owned berths. Private cargo is cargo that enters the Port through privately-owned berths. Private berths were established prior to the formation of the Harbor Department and remain independent. Private facilities have their own agreements with customers who load and unload cargo through those berths and facilities. No Harbor Department tariffs are assessed at the private berths and facilities. As of September 30, 2013, less that 1% of the total cargo entering the Port consisted of cargo moving through privately-owned berths.

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Marine commerce passing through the Port by MRTs during the last five fiscal years is summarized in the following table:

TABLE 4
Harbor Department of the City of Long Beach
Revenue Tonnage Summary
(Fiscal Year Ended September 30)
(MRTs)[1]

	2009	2010	2011	2012	2013
Municipal Berths					
Inbound Cargo					
Foreign	82,621,355	91,334,962	96,907,924	91,490,396	101,026,699
Coastwise/InterCoastal	17,214,108	16,733,433	16,054,362	15,793,069	18,476,723
Total Inbound Cargo	99,835,463	108,068,395	112,962,286	107,283,465	119,503,422
Outbound Cargo					
Foreign	29,557,368	33,131,283	36,209,860	33,278,391	36,768,609
Coastwise/InterCoastal	3,519,427	3,535,755	3,507,497	3,270,377	5,141,434
Bunkers	2,109,610	2,412,405	1,545,586	1,311,310	843,291
Total Outbound Cargo	35,186,405	39,079,443	41,262,943	37,860,078	42,753,334
Total Municipal Cargo	135,021,868	147,147,838	154,225,229	145,143,543	162,256,756
Private Berths					
Inbound	233,208	209,143	191,568	200,000	150,000
Outbound	0	0	0	0	0
Total Private Cargo	233,208	209,143	191,568	200,000	150,000
Grand Total	135,255,076	147,356,981	154,416,797	145,343,543	162,406,756
Inbound/Outbound Summary					
Total Inbound Cargo	100,068,671	108,277,538	113,153,854	107,483,465	119,653,422
Total Outbound Cargo	35,186,405	39,079,443	41,262,943	37,860,078	42,753,334
Container Count in TEUs[2]	5,282,385	5,936,066	6,298,840	5,857,210	6,647,976

[1] Metric Revenue Tons is equal to either 1,000 kilograms or one cubic meter.
[2] A TEU represents a twenty-foot equivalent unit.
Source: Harbor Department

Cargo volumes as measured by MRTs and by TEUs increased by approximately 11.7% and 13.5%, respectively, in fiscal year 2013 as compared to fiscal year 2012. These increases were primarily as a result of shipping services moving from the Port of Los Angeles to the Port of Long Beach in fiscal year 2013. See "FINANCIAL DATA" for a discussion of the Harbor Department's fiscal year 2013 financial results.

The following table sets forth the number of TEUs handled by the Port in the first [five] months (October through February) of fiscal years 2013 and 2014.

TABLE 5
Harbor Department of the City of Long Beach
TEUs Handled by Port
(First [Five] Months of Fiscal Years 2013 and 2014)

Month	First Five Months Fiscal Year 2013	First Five Months Fiscal Year 2014	Percentage Change
October	530,313	576,502	8.7%
November	555,513	569,599	2.5
December	560,120	582,443	4.0
January	536,263	528,884	(1.4)
February	530,967	[ ]	[ ]
Total	2,713,176	[ ]	[ ]

Source: Harbor Department

Cargo Summary. For the year ended December 31, 2013, 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 by the Harbor Department at municipal berths 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, 2012 and 2013)

	2012				2013			
	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	105,494	72.7%	$255,992	79.4%	121,572	74.9%	$268,475	79.9%
Petroleum/Liquid Bulk	30,663	21.1	17,356	5.4	30,595	18.9	16,909	5.0
Dry Bulk	7,972	5.6	23,801	7.4	9,127	5.6	26,369	7.9
General Cargo	1,015	0.6	25,276	7.8	962	0.6	24,116	7.2
Totals	145,144	100.0%	$322,425	100.0%	162,257	100.0%	$335,869	100.0%

[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 2013 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 2013 Results)
(Metric Tons in 000's)

Countries	2009	2010	2011	2012	2013
Inbound					
China	10,568	11,045	12,074	11,768	14,868
Iraq	2,526	2,491	1,925	3,391	4,498
Mexico (Gulf of Mexico)	4,597	2,178	4,141	3,932	4,269
Ecuador	2,913	2,705	2,908	3,048	2,238
Panama	1,018	1,262	1,091	1,676	2,182
Outbound					
China	8,050	8,534	9,901	9,142	11,623
Japan	3,304	4,321	4,557	3,936	4,318
Mexico (Gulf of Mexico)	389	760	556	1,241	1,524
South Korea	1,976	2,529	1,962	1,208	964
Indonesia	644	603	603	721	623

Source: Harbor Department

In addition to the trading countries listed above, the other major inbound trading countries include Canada, Japan, South Korea , Mexico and Russia, and the other major outbound trading countries include India, Chile, Vietnam, Australia and Thailand.

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 90% 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 2016 to 2051, with nine of these agreements expiring between 2016 and 2028.

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 2013, the long-term preferential assignment agreements with the Port's major cargo terminal operators contained guaranteed annual minimum payments of approximately $258 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, 2013, revenues from non-waterfront properties and miscellaneous sources have accounted for approximately 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)

	2009	2010	2011	2012	2013[1]
Operating Revenues					
Berths & Special Facilities					
Wharfage	$243,418	$256,904	$279,734	$268,080	$296,623
Dockage	12,605	11,280	12,003	11,705	12,055
Bunkers	2,159	2,334	1,547	1,373	1,375
Special Facilities Rentals	20,317	20,609	22,814	28,188	12,426
Crane Rentals[2]	12,789	12,789	12,789	12,760	12,789
Other	164	79	100	319	601
Total Berths & Special Facilities	291,452	303,996	328,987	322,425	335,869
Rental Properties	15,957	14,279	14,138	9,577	9,374
Utilities/Miscellaneous	3,942	3,365	2,265	1,885	1,001
Total Operating Revenues	$311,352	$321,639	$345,390	$333,887	$346,244

[1] See "FINANCIAL DATA" for a discussion of the Harbor Department's fiscal year 2013 financial results.
[2] The Harbor Department is currently in the process of selling the remaining 14 cranes that it owns to Total Terminals International. Once the Harbor Department completes this sale, the Harbor Department will not collect any crane rentals.
Source: Harbor Department

Wharfage is the Harbor Department's primary source of operating revenue, generating approximately 80% of the Harbor Department's operating revenues. The following table compares revenues generated from wharfage charges at municipal berths 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)

	2009	2010	2011	2012	2013
Total Metric Revenue Tons (000's) (Municipal Only)	135,022	147,381	154,226	145,144	162,258
Wharfage Revenue (000's)	$243,418	$256,904	$279,734	$268,080	$296,623
Average Wharfage Revenues Per Ton	$1.80	$1.74	$1.81	$1.85	$1.83

Source: Harbor Department

Leading Revenue Producers. The following companies represent the Harbor Department's twenty-one largest customers in terms of revenues, listed alphabetically. These customers accounted for approximately 96% of the Harbor Department's operating revenue in fiscal year 2013. The largest single customer accounted for approximately 29% of the Harbor Department's operating revenues in fiscal year 2013.

TABLE 10
Harbor Department of the City of Long Beach
Leading Revenue Producers
Fiscal Year 2013

BP West Coast Products, LLC
CEMEX USA
Chemoil Corp.
Crescent Terminals, Inc.
Energia Logistics Ltd.
International Transportation Service, Inc.
Jacobsen Pilot Service, Inc.
Koch Carbon, Inc.
Long Beach Container Terminal, Inc.
Mercedes Benz U.S.A., LLC
Metropolitan Stevedore Company
Mitsubishi Cement Corporation
Oxbow Carbon & Minerals, LLC
Pacific Container Terminal
SA Recycling, LLC
SSA Terminal C60 / Matson Navigation
SSA Terminals Long Beach, LLC
Tesoro Refining & Marketing
Total Terminals International, LLC
Toyota Logistics Services
Weyerhauser Co.

Source: 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 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 are Cooper/T. Smith Stevedoring, Metropolitan Stevedore Company (doing business as Metro Ports), Stevedoring Services of America, and Ports America Inc. The current contract between the Association and ILWU expires on June 30, 2014. The Association and the ILWU are expected to begin negotiating a new contract by [_________], 2014. As of the date of this Official Statement, the Harbor Department cannot predict the outcome of the negotiations between the Association and ILWU and if failure to reach agreement on a new contract could lead to a work-stoppage at the Port similar to the work-stoppage that occurred in October 2002 (described in more detail in the following paragraph).

In December 2012, a strike by the members of the Office Clerical Unit ("Unit 63") of the ILWU, which was honored by the ILWU dock workers, resulted in an eight-day closure of three terminals at the Port that used Unit 63 workers. Unit 63 and the Los Angeles and Long Beach Harbor Employers Association subsequently agreed to a new contract and the closed terminals were reopened. Prior to the 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 the stevedoring companies, 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 employer group represented by the Association. Prolonged work slowdowns or stoppages, if they occur, could adversely affect Revenues. 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, 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 is also 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.

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.

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 facility audits 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 Protocol. In January 2006, the Harbor Department completed its "CEQA Document Preparation Protocol" (the "CEQA Protocol"). The CEQA Protocol 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 expects that the CEQA Protocol may reduce the potential for disagreement and challenges from federal, State and local agencies and environmental groups.

On May 13, 2009, the Middle Harbor Redevelopment Project EIR/EIS was the first major terminal redevelopment EIR/EIS, using the CEQA Protocol, to be certified by the Board. On August 9, 2010, the Board certified the Final Environmental Impact Report 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 addendums 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. The Pier B On-Dock Rail Support Facility EIR is currently being prepared using the CEQA Protocol.

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. 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. Through implementation of the CAAP, since 2005, there has been an 81% reduction in diesel particulate matter, an 88% reduction in sulfur oxides and a 54% 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.

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. 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 2013, the Green Flag Incentive Program had participation rates of 99% and 84% for 20 nautical miles and 40 nautical miles, respectively. In 2012 (the latest information available), air pollution reductions included avoided emissions of approximately 975 tons of smog-forming nitrogen oxides and approximately 18 tons of diesel particulate matter. In fiscal year 2013, the Harbor Department provided discounts to qualified participants in the Green Flag Incentive Program of approximately $2.9 million. The Harbor Department estimates that it will provide approximately $2.9 million of discounts to qualified participants in the Green Flag Incentive Program in fiscal year 2014.

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 2013, approximately 9% of the vessel calls at the Port were eligible for the Green Ship Incentive Program and the Harbor Department provided approximately $550,000 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. This project is being implemented under an agreement between the Harbor Department and BP, whereby two retrofitted ships must call at the Port at least 120 times by 2019. 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 2013. The Harbor Department estimates that its remaining costs of equipping facilities at the Port with shore-side electrical power will be approximately $40 million.

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 must 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 will be 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 2018. The Harbor Department expects to spend approximately $1 million per year through 2018 to conduct the necessary studies, required monitoring and development of related implementation plans associated with the TMDL.

CAPITAL DEVELOPMENT PROGRAM

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. The current version of the Port Master Plan identifies conceptual capital projects and improvements to the Port through 2020.

2014-23 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 2014-23 Capital Plan is the Harbor Department's current 10-year capital plan. The 2014-23 Capital Plan includes, but is not limited to, the following capital projects and improvements: expansion and modernization at the shipping terminals on Piers D, E, F and G, expansion of on-dock rail facilities, construction of new bridge to replace the existing Gerald Desmond Bridge, construction of a new Port administration building, dredging of the Long Beach Harbor, and installation of various security improvements. Currently, the 2014-23 Capital Plan has an aggregate estimated cost of approximately $4.017 billion. The Harbor Department expects to finance approximately $3.168 billion of the costs of the 2014-23 Capital Plan with revenues of the Harbor Department, proceeds of the Series 2014C Senior Notes and the Subordinate TIFIA Loan, and proceeds of additional Senior Bonds and/or Subordinate Obligations. The Harbor Department expects the remaining approximately $849 million of costs of the 2014-23 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 piers set forth in the Port Master Plan and the 2014-23 Capital Plan, include, but are not limited to, longer wharves, deeper berths, larger gantry cranes and larger storage areas necessary to accommodate the docking and loading/unloading requirements of the current and future designed ships. Currently, the largest container cargo ships have the capacity to carry upwards of 18,000 TEUs. The facilities at the Port are currently being designed and constructed to accommodate the largest container cargo ships currently in service.

Following is a brief description of some of the major projects included in the 2014-23 Capital Plan and their funding sources:

Middle Harbor Redevelopment (Piers D, E and F). The Middle Harbor 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, electric rail-mounted gantry cranes, and deeper channels to accommodate the newest container ships. The project is being constructed in two phases. Phase I construction began in 2011 and is scheduled to be completed in mid-2015. Construction of Phase 2, which is currently in design, is expected to begin in 2015 and is expected to be completed by 2019. When completed, the Middle Harbor terminal will be able to move an estimated 3.3 million TEU's annually, twice the amount of cargo than was moved through the old facilities. In 2012, the Harbor Department and Orient Overseas Container Line LLC ("OOCL") entered into a 40-year preferential assignment agreement for the Middle Harbor container terminal. Based on the guaranteed annual minimum payments required to be made by OOCL pursuant to the terms of the agreement, the Harbor Department expects that the agreement with OOCL will generate approximately $4.6 billion of operating revenues for the Harbor Department over the 40-year term. The facility will be operated by OOCL's subsidiary, Long Beach Container Terminal, LLC. The costs of the Middle Harbor Redevelopment Project are expected to be financed with proceeds of Senior Bonds and revenues of the Harbor Department.

Pier G Redevelopment Project. The Pier G Redevelopment Project is a multi-year renovation of the Pier G Container Terminal that currently consists of two phases.

Phase 1 of the Pier G Redevelopment Project is currently being constructed. At the completion of Phase 1 of the Pier G Redevelopment Project (which is expected in 2019), the Pier G Container Terminal will be an approximately 258-acre facility, that will include four berths, a 5,258 foot-long wharf with water depths ranging from 42 feet to 52 feet, a container storage area for approximately 18,200 on-ground containers, power outlets for 1,100 refrigerated containers, and an on-dock rail yard. The Pier G Container Terminal will have 17 gantry cranes, with capacities ranging from 30 tons to 60 tons. See "THE PORT OF LONG BEACH—Current Port Facilities—Container Terminals—Pier G." Phase 1 of the Pier G Redevelopment Project is estimated to cost approximately $530 million, with $450 million having been spent through December 31, 2013. Phase 1 of the Pier G Redevelopment Project is being financed with revenues of the Harbor Department.

If the Harbor Department decides to move forward with Phase 2 of the Pier G Redevelopment Project, it will consist of landfills, backland improvements and wharf improvements in the south half of the Pier G slip and certain other improvements, including electrification of a part of the Pier G Container Terminal. If Phase 2 is completed, the Pier G Container Terminal would be an approximately 278-280-acre facility. The Harbor Department estimates that Phase 2 of the Pier G Redevelopment Project will cost approximately $600 million. As of the date of this Official Statement, the Harbor Department has not decided to move forward with Phase 2 of the Pier G Redevelopment Project.

An EIR for Phase 1 of the Pier G Redevelopment Project was certified by the Board in 2000. However, a new EIR for Phase 2 of the Pier G Redevelopment Project will need to be completed before the Harbor Department can begin constructing Phase 2. As of the date of this Official Statement, the Harbor Department has not initiated the process of completing an EIR for Phase 2 of the Pier G Redevelopment Project.

On-Dock Rail Support Facility. A major transportation element of the 2014-23 Capital Plan is to move more cargo by rail instead of by truck. The Port has a significant railroad infrastructure improvement program that includes nine rail-related projects with an approximate cost of $860 million. The Port's major rail infrastructure project is "the on-dock rail support facility" to be located at Pier B. An EIR is currently being completed for the project and is expected to be certified by the end of [2014]. The final phase of the Pier B on-dock rail support facility is expected to be completed by the end of [2022]. The expansion entails increasing the capacity to load and unload trains on the docks thereby maximizing the number of containers moved directly via rail and reducing truck trips on streets and freeways within the region, including the 710 Freeway. The Pier B on-dock rail support facility is expected to be financed with State grants, revenues of the Harbor Department and proceeds of additional Senior Bonds.

Gerald Desmond Bridge Replacement Project. The Gerald Desmond Bridge Replacement Project consists of replacing the existing four-lane Gerald Desmond Bridge, which spans the Port's Main Channel, with a new six-lane bridge. Currently, the Gerald Desmond Bridge is only two lanes in each direction with no shoulder and, depending on tide conditions, is too low to accommodate passage of the largest ships. The new bridge is being built with a cable-stayed design under a design-build contract and will feature three lanes in each direction for 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 200-foot vertical clearance to accommodate the world's largest 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. Construction of the new bridge began in 2013 and is expected to be completed by the end of 2016.

The bridge is expected to cost approximately $1.263 billion and is a joint effort between Caltrans and the Harbor Department. The Harbor Department anticipates that funding of the project will come from numerous sources, including, federal and State grants, proceeds of the Series 2014C Senior Notes and the Subordinate TIFIA Loan, revenues of the Harbor Department and a grant from the LACMTA. See "OUTSTANDING OBLIGATIONS AND DEBT SERVICE SCHEDULE—Future Financings (Additional Senior Bonds and Subordinate Obligations)—Series 2014C Senior Notes."

Upon completion of the Gerald Desmond Bridge Replacement Project, ownership of the new 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 new bridge is transferred to Caltrans.

Long Beach Harbor Dredging. The Harbor Department has an active dredge program guided by a multi-discipline Dredge Committee. The Dredge Committee has identified several projects that will be in development over the next few years, including, deepen the channels and berths at Pier J, deepening of the West Basin approach and Pier T berths, re-aligning the dike at Pier S to provide material for the Middle Harbor Redevelopment fill project, and deepening of the Port's anchorages. A federal project to continue deepening the main channel at the Port and expanding the limits of the federal channels also is being reviewed. Dredging projects that are currently scheduled to move forward have an approximate cost of $250 million and will be financed with revenues of the Harbor Department and/or proceeds of additional Senior Bonds and/or Subordinate Obligations.

Security and Public Safety Program. Security and public safety projects include the replacement of two fire stations, construction of a joint fire and security operations center, construction of a security support facility and the construction of two new fireboats to replace the obsolete boats in service now. These projects have an estimated cost of approximately $200 million and will be financed with revenues of the Harbor Department and federal grants.

Pier S. Pier S is an approximately 170-acre site located on the west side of the Port directly north of Pier T. Prior to its purchase by the Harbor Department in 1994, Pier S was owned by the Union Pacific Resources Corporation ("UPRC") and was used as an active oil and gas production field. During the 1950's and 1960's, a portion of Pier S was leased by UPRC to the now-defunct TLC Corporation for the shallow impoundment disposal of oil and gas drilling waste. Testing conducted in the early 1980's indicated that TLC Corporation disposed of materials other than those permitted under the lease with UPRC. The Harbor Department has completed remediating the site, which included, among other projects, relocating certain pipelines and utilities and bringing the site to grade by filling the area with more than 5 million cubic yards of clean imported soil. As of the date of this Official Statement, the Harbor Department has not finalized any plans as to the eventual use of Pier S.

The Harbor Department also is planning to widen Cerritos Channel as part of the Pier S wharf construction to accommodate the next generation of large container vessels. On October 29, 2013, the Board approved the Pier S EIR/EIS and a permit for navigational improvements to the Back Channel and the Cerritos Channel and a shore realignment at Pier S. The navigational improvements will include safety improvements, the dredging and widening of the Cerritos Channel, and the dike realignment and shore-cut on Pier S. The realignment or reshaping of the Pier S dike will improve safety and navigation. The improvements to Pier S will produce dredge and excavation materials which will be reused as fill in the Middle Harbor Redevelopment project. The widening of Cerritos Channel and the other navigational improvements to Cerritos Channel have an approximate cost of $98 million and will be financed with revenues of the Harbor Department and/or proceeds of additional Senior Bonds and/or Subordinate Obligations.

The Pier S EIR/EIS certification does not allow the Harbor Department to move forward with any other development of Pier S. Landside development of the Pier S site will require the preparation of a new or supplemental EIR/EIS.

Funding Sources of 2014-23 Capital Plan

The Harbor Department plans to finance the 2014-23 Capital Plan with the following sources of funding:

TABLE 11
Harbor Department of the City of Long Beach
Funding Sources of 2014-23 Capital Plan
($000's)

Funding Source	Amount
Senior Bonds/Subordinate Obligations[1]	$1,320,000
Harbor Department Revenues	1,523,000
Subordinate TIFIA Loan[2]	325,000
Federal and State Grants	849,000
Total	$4,017,0000

[1] Does not include the Series 2014C Senior Notes or the Subordinate TIFIA Loan.

[2] The Harbor Department expects to draw the proceeds of the Subordinate TIFIA Loan no later than [one year after substantial completion] of the Gerald Desmond Bridge Replacement Project, and use the proceeds to pay the principal of the Series 2014C Senior Notes at maturity and/or to pay additional federally eligible costs of the Gerald Desmond Bridge Replacement Project.

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 2009-2013.

TABLE 12
Harbor Department of the City of Long Beach
Comparative Summary of Statements of Revenues and Expenses
Fiscal Years Ended September 30, 2009-2013
($000's)

	2009[1]	2010[1]	2011[1]	2012[1]	2013
Port Operating Revenues:					
Berths and Special Facilities	$291,452	$303,996	$328,987	$322,425	$335,869
Rental Properties	15,957	14,279	14,138	9,577	9,374
Miscellaneous	3,942	3,365	2,265	1,885	1,001
Total Port Operating Revenues	311,352	321,639	345,390	333,887	346,244
Port Operating Expenses:					
Operating/Administrative	97,880	98,026	81,423	87,637	97,696
Depreciation/Amortization	85,858	86,619	85,005	88,523	90,849
Total Port Operating Expenses	183,738	184,646	166,428	176,160	188,545
Income from Port Operations	127,614	136,995	178,962	157,727	157,699
Non-Operating Revenues (Expense):					
Investment Income, Net	21,573	10,200	4,994	3,302	2,789
Interest Expense	(40,830)	(33,051)	(20,551)	(10,341)	(65)
Clean Trucks Program, Net	13,323	3,552	(3,573)	(3,926)	(3,420)
Gain (Loss) from Harbor Oil Operations	923	19,034	1,525	–	–
Gain (Loss) on Disposition of Capital Assets	8	(2)	74	7	(6)
Other Income (Expense)	8,773	(4,752)	(54,979)	(1,904)	(182)
Total Non-Operating Revenues (Expenses)	3,770	(5,019)	(72,510)	(12,862)	(884)
Income Before Capital Grants and Transfers	131,384	131,976	106,452	144,865	156,815
Capital Grants	11,440	18,663	7,444	13,627	250,543 [1]
Operating Transfers to City	(18,587)	(30,451)	(10,379)	(16,694)	(17,312)
Increase in Net Position	$ 124,237	$ 120,188	$ 103,517	$ 141,798	$ 390,046
Total Net Position (beginning of fiscal year)	$2,303,580	$2,427,817	$2,548,005	$2,651,522	$2,793,319
Adjustment for GASB 65 Implementation[2]	–	–	–	–	(4,678)
Total Restated Net Position (beginning of fiscal year)	–	–	–	–	2,788,640
Total Net Position (end of fiscal year)	$2,427,817	$2,548,005	$2,651,522	$2,793,319	$3,178,686

[1] In fiscal year 2013, the Harbor Department received $[___] million of federal and state grants in connection with the Gerald Desmond Bridge Replacement Project.
[2] "Note 1(o) – Resent Accounting Pronouncements" in "APPENDIX A—HARBOR DEPARTMENT OF THE CITY OF LONG BEACH AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2013 AND 2012" for additional information about GASB 65.
Source: The Harbor Department's audited financial statements for fiscal years 2009-2013. Harbor Department

[Management discussion to come once audited financial statements finalized]

TABLE 13
Harbor Department of the City of Long Beach
Comparative Balance Sheet—Assets
Fiscal Years Ended September 30, 2009-2013
($000's)

	2009	2010	2011	2012	2013
Current Assets:					
Pooled Cash and Cash Equivalents	$664,793	$407,713	$549,520	$522,116	$ 239,891
Trade Accounts Receivable, Net	47,692	53,096	40,620	48,834	39,458
Due from Other Governmental Agencies	4,917	12,216	7,767	66,955	129,171
Inventories of Supplies	627	576	502	603	520
Other Current Assets	45,735	23,494	6,123	3,369	1,967
Subtotal	763,764	497,094	604,532	641,877	411,007
Harbor Revenue Bond Funds & Other Funds Restricted as to Use:					
Pooled Cash and Cash Equivalents	82,380	82,516	99,058	31,066	29,902
Total Restricted Assets	82,380	82,516	99,058	31,066	29,902
Noncurrent Assets:					
Capital Assets:					
Land:					
Land Purchased	440,902	440,930	448,937	448,936	448,936
Constructed	418,932	418,957	418,957	455,825	454,843
Net Land	859,834	859,887	867,894	904,761	903,779
Structure/Facilities	2,011,292	2,051,109	2,105,748	2,240,186	2,337,756
Less Accumulated Depreciation	(1,020,821)	(1,103,891)	(1,184,535)	(1,269,068)	(1,352,868)
Net Structures and Facilities	990,471	947,218	921,213	971,118	984,888
Furniture/Fixtures/Equipment	28,194	33,049	36,416	39,998	44,894
Less Accumulated Depreciation	(17,254)	(20,708)	(24,337)	(27,865)	(31,803)
Net Furniture/Fixtures/Equipment	10,940	12,341	12,079	12,133	13,091
Construction in Progress	180,700	373,063	489,937	603,251	1,367,213
Right-of-Way	207,823	207,823	207,823	207,823	207,823
Net Capital Assets	2,249,768	2,400,332	2,498,946	2,699,086	3,247,794
Other Assets					
Long-Term Receivables	27,000	28,300	1,300	1,300	1,300
Oil Facilities	81,136	81,137	–	–	–
Less Accumulated Depletion (Oil Facilities)	(65,133)	(68,592)	–	–	–
Environmental Mitigation Bank	44,278	44,278	44,278	43,236	43,236
Investment in Joint Ventures	10,898	9,168	6,167	3,168	3,217
Restricted nonpooled cash and cash equivalents	159,316	324,936	170,281	113,213	17,597
Restricted nonpooled cash and cash equivalents	363	312	209	95	259
Restricted nonpooled investments	53,261	63,329	63,449	63,511	63,238
Other Non-Current Assets	1,900	822	3,867	7,025	6,227
Total Other Assets	313,018	483,689	289,551	231,548	135,074
Total Noncurrent assets	2,562,785	2,884,021	2,788,497	2,930,634	3,611,868
Deferred Outflows and Debt Refunding	–	–	–	12,922	11,404
Total Assets	$3,408,929	$3,463,632	$3,492,087	$3,616,499	$4,064,181

Source: The Harbor Department's audited financial statements for fiscal years 2009-2013. Harbor Department

TABLE 14
Harbor Department of the City of Long Beach
Comparative Balance Sheet
Liabilities and Equity/Net Assets
Fiscal Years Ended September 30, 2009-2013
($000's)

	2009[1]	2010[1]	2011[1]	2012[1]	2013
Liabilities					
Current Liabilities Payable from Current Assets:					
Accounts Payable and Accrued Expenses	$48,312	$43,611	$67,165	$85,652	$108,229
Commercial Paper Outstanding	31,400	–	–	–	–
Liability Claims	5,000	11,300	5,000	4,000	14,000
Deferred Credits and Unearned Revenue	14,912	14,981	14,691	13,821	13,633
Due to City of Long Beach	16,084	25,322	17,269	19,030	17,312
Current Portion of Environmental Remediation	19,074	12,501	–	–	–
Total Current Liabilities Payable from Current Assets	134,781	107,715	104,126	122,504	153,175
Current Liabilities Payable from Restricted Assets:					
Current Portion of Bonded Indebtedness	40,120	42,175	44,815	46,965	49,115
Accrued Interest – Bonds	15,704	14,624	13,197	12,385	11,484
Total Current Liabilities Payable from Restricted Assets	55,824	56,799	58,012	59,350	60,599
Total Current Liabilities	190,605	164,514	162,138	181,854	213,773
Long-Term Obligations (Net of Current Portion:					
Bond Indebtedness	768,992	726,113	678,427	641,326 [1]	591,722 [1]
Lines of Credit	–	–	–	–	80,000
Environmental Remediation	1,000	–	–	–	–
Oil Well Abandon1ment	26,700	25,000	–	–	–
Total Long Term Obligations	790,507	751,113	678,427	641,326	671,722
Total Liabilities	$ 981,112	$ 915,627	$ 840,565	$ 823,180	$ 885,495
Net Position					
Invested in Capital Assets (Net of Related Debt)	1,410,740	1,597,683	1,916,201	2,104,915	2,848,456
Restricted – Nonrelated-Party Debt Service Contingency and Matching Contribution from Federally Funded Projects	147,302	147,302	116,453	95,620	–
Restricted – Capital Projects	44,278	209,899	44,278	43,236	43,236
Restricted – Debt Service	101,973	112,126	16,806	18,681	18,418
Unrestricted	723,525	480,996	557,785	530,866	268,576
Total Net Assets	$2,427,817	$2,548,005	$2,651,522	$2,793,319	$3,178,686
Total Liabilities and Net Assets	$3,408,929	$3,463,632	$3,492,087	$3,616,499	$4,064,181

[1] "Note 1(o) – Resent Accounting Pronouncements" in "APPENDIX A—HARBOR DEPARTMENT OF THE CITY OF LONG BEACH AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2013 AND 2012."
Source: The Harbor Department's audited financial statements for fiscal years 2005-2009. Harbor Department

Financial Statements

The audited financial statements of the Harbor Department for the fiscal year ended September 30, 2013 (the "2013 Audited Financial Statements") are included as Appendix A attached hereto. The 2013 Audited Financial Statements were audited by KPMG LLP, Long Beach, 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 2013 Audited Financial Statements as an appendix to this Official Statement. In addition, KPMG LLP has not performed any post-audit review of the financial condition or operations of the Harbor Department and has not reviewed 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.

Pension and Post-Retirement Health Care Benefits

Pension Plan. The Harbor Department participates on a cost-sharing basis with the City in the California Public Employees' Retirement System ("CalPERS"). The City contracts with CalPERS, an agent multiple-employer public employee defined benefit pension plan. CalPERS provides retirement and disability benefits, including annual cost of living adjustments ("COLA"), and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State. Benefit provisions and all other requirements are established by State statute and City ordinance. Copies of CalPERS' annual financial report may be obtained from their executive office: 400 P Street, Sacramento, CA 95814. Since CalPERS is on a fiscal year ending June 30, all actuarial calculations for the City's retirement plan are made on a fiscal year ending June 30, which differs from the City's fiscal year end of September 30.

Under the terms of the contract between CalPERS and the City, all full-time employees are eligible to participate in CalPERS and become vested in the system after five years of service. The City has a multiple tier retirement plan with benefits varying by plan. Vested first and second tier miscellaneous employees (most of the Harbor Department's employees are considered miscellaneous employees) who retire at age 55 are entitled to receive an annual retirement benefit, payable monthly for life, in an amount equal to 2.7% of their highest paid year of employment for each year of credited service. The City created a third tier for miscellaneous employees hired after October 1, 2006. Vested third tier miscellaneous employees who retire at age 55 are entitled to receive an annual retirement benefit, payable monthly for life, in an amount equal to 2.5% of their highest paid year of employment for each year of credited service.

Retirees under the first tier are eligible to receive a maximum annual 5% cost-of-living increase in their retirement benefit, while those under the second and third tier are eligible to receive a maximum annual 2% cost-of-living increase.

Contribution requirements of plan members and the City are established and may be amended by CalPERS. For fiscal year 2013, the miscellaneous plan's required member contribution rate was 8% of reportable compensation. For employees who met the definition of a "new member" under the California Public Employees' Pension Reform Act of 2013, the member contribution rate was 6.5% of reportable pension compensation. Depending on the contracts with the various labor groups, in fiscal year 2013, miscellaneous employees paid a range from (a) 2% of the 8% employee rate (with the City paying the remaining 6%), to (b) the full 8% employee rate. In fiscal year 2014, miscellaneous employees will be required to pay the full member contribution rate of 8%. Additionally, the City is required to contribute at an actuarially determined rate applied to annual covered payroll. For fiscal year 2013, the employer contribution rates were 15.159% for miscellaneous employees. For fiscal year 2014, the employer contribution rates will be 15.648% for miscellaneous employees.

The Harbor Department is billed by the City for its share of pension costs based on rates established by CalPERS. CalPERS does not calculate a separate pension obligation for the Harbor Department. The Harbor Department paid $6,676,859 to the City, which was equal to its annual required contribution for fiscal year 2013, and expects to pay $8,416,761 to the City in fiscal year 2014.

As of the most recent actuarial valuation date (June 30, 2012), the miscellaneous plan had (a) an unfunded actuarial accrued liability of $231,476,000, with a funded ratio of 88.7%, and (b) an unfunded liability based on the market value of the assets of the plan of $535,023,000, with a funded ratio of 74.0%. The funded ratios compare the actuarial value of assets (or market value of assets) to the actuarial accrued liabilities of the miscellaneous plan. The ratios change every valuation year, reflecting asset performance, demographic changes, actuarial assumption/method changes, benefit structure changes or a variety of other actuarial gains and losses.

In the past, the gains and losses that occurred in the operation of the miscellaneous plan were amortized over a 30-year rolling period, which resulted in an amortization of about 6% of unamortized gains and losses each year. However, on April 17, 2013, the CalPERS Board of Administration approved a recommendation to change the CalPERS amortization and smoothing policies. Effective with the June 30, 2013 valuations, CalPERS will no longer use an actuarial value of assets and will employ an amortization and smoothing policy that will spread rate increases or decreases over a 5-year period, and will amortize all experience gains and losses over a fixed 30-year period. According to CalPERS, the change to its amortization and smoothing policies will result in an increase to the City's required contributions to the miscellaneous plan. CalPERS estimates that the City's required contribution rate will increase to 18% in fiscal year 2016 and increase to 24.8% by fiscal year 2020.

See "Note 10 – Retirement Programs" in "APPENDIX A—HARBOR DEPARTMENT OF THE CITY OF LONG BEACH AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2013 AND 2012" for additional information about the pension plan.

Post-Retirement Health Care Benefits. Full-time City employees can earn up to 96 hours of sick leave per year. Unused sick leave may be accumulated until termination or retirement. No sick leave benefits are vested; however, under the provisions of the City's Personnel Ordinance, upon retirement the City allows (a) retirees, their spouses and eligible dependents to use the cash value of the retiring employee's accumulated unused sick leave to pay for health, dental and long-term care insurance premiums under the City's Retired Employees Health Insurance Program, (b) retirees to purchase additional CalPERS service credit, and (c) for safety employees only, retirees to withdraw $10,752 per year from the City's health and dental insurance program for deposit into an integral part trust account until the cash value of the retired employee's unused sick leave is exhausted. For employees remaining in the City's health and dental insurance program after retirement, once the cash value of the retired employee's unused sick leave is exhausted, the retiree can terminate coverage or elect to continue paying premiums at the retiree's expense.

At September 30, 2012, there were 543 participants in the City's Retired Employees Health Insurance Program, and the non-interest bearing cash value equivalent of the remaining unused sick leave for the current retirees totaled $22.2 million. Total premiums and actual claims paid by the City under the Retired Employees Health Insurance Program for fiscal year 2013 were $7.4 million, and are included in the expenses of the Employee Benefits Internal Service Fund.

The most recent actuarial study of current and future actuarial accrued liabilities of the City's Retired Employees Health Insurance Program, dated January 8, 2013, was performed in accordance with Governmental Accounting Standards Boards Statement No. 16, "Accounting for Compensated Absences". According to the actuarial study, as of September 30, 2012, the City's Retired Employees Health Insurance Program had an actuarial accrued liability of $119.0 million. Additionally, the actuarial study estimated that the City's Retired Employees Health Insurance Program would have an actuarial accrued liability, as of September 30, 2013, of $122.6 million. The actuarial study takes into account an estimate of future usage, additional leave accumulation and wage increases for both current retirees and active employees, and an additional amount relating to the sick leave incentive for employees who retired during calendar year 1996. The actuarial study assumes projected investment returns of 4.25%; wage increases of 3.25% per year for miscellaneous, and insurance premium increases of 8.5% in 2014 and decreasing to 5.0% in 2021. The estimated current portion of such obligation of $6.2 million (as of September 30, 2012) has been fully funded through burden rates charged to the various City funds, applied as a percent of current productive salaries. The City only makes payments to the Retired Employees Health Insurance Program on a pay-as-you-go basis; it does not make any payments or deposits with respect to the long-term portion of the liability.

See "Note 10 – Retirement Programs" in "APPENDIX A—HARBOR DEPARTMENT OF THE CITY OF LONG BEACH AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2013 AND 2012" 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 $1.415 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 $1,000,000 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, contractor type equipment, and liability for automobiles.

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 2014 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 Assistant City Manager, the Deputy City Attorney, the Assistant City Auditor, the Director of Financial Management, 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 December 31, 2013, the City's invested funds totaled approximately $[1.171] billion (of which approximately $[263] million consisted of Harbor Department monies). The investment portfolio includes a variety of fixed income securities that vary in maturity from one day to five years. On December 31, 2013, [89.6]% of the total City Portfolio was invested in U.S. Treasury and Agency Notes, 0.0% in FDIC-insured medium term notes, [10.3]% in the State of California Local Agency Investment Pool ("LAIF"), and [1.0]% in other types of securities.

A summary of the City Treasurer's Monthly Report for the quarter ending December 31, 2013, is set forth below:

TABLE 15
City of Long Beach
Invested Funds
(Quarter Ending December 31, 2013)

	Pooled Fund
Invested Market Balance[1]	$1,171,074,297
Portfolio Market Yield	0.35%
Short-term Weighted Average Maturity in Days	129 days
Intermediate-term Weighted Average Maturity in Days	574 days
Long-term Weighted Average Maturity in Days	663 days

[1] Excludes cash in banks.
Source: The City

CERTAIN INVESTMENT CONSIDERATIONS

The purchase and ownership of the Series 2014 Senior Bonds involve investment risk and may not be suitable for all investors. Prospective purchasers of the Series 2014 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 2014 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 2014 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 2014 SENIOR 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 conditions, fuel prices, construction activity, currency values, international trade, availability and cost of labor, 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.

In 2008 and 2009, the global economic downturn resulted in a significant drop in global trade. This was exemplified by an approximately 21.6% decrease in the Port's container volume in fiscal year 2009 as compared to fiscal year 2008 and an approximately 8.5% decrease in the Port's container volume in fiscal year 2008 as compared to fiscal year 2007. Terminal operators and ocean carriers were looking aggressively at all aspects of their businesses for cost savings to mitigate dropping revenue levels. In order to maintain market share and to attract additional discretionary market share, various port operators, including the Harbor Department, provided certain financial incentives to the customers who make port and rail routing decisions. Such incentive programs vary between ports and are often temporary. The incentive programs offered by the Harbor Department have expired. See "—Port Competition" below.

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.

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 currently underway in 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 translates into reduced revenue for the Harbor Department.

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, the San Pedro Bay Ports have increased total container throughput from approximately 13.1 million TEUs in 2004 to approximately 14.6 million TEUs in 2013, reflecting total growth of approximately 11.5% between 2004 and 2013 (a compound average growth rate of approximately 1.2% per year). Between 2004 and 2013 the San Pedro Bay Ports' share of total West Coast TEU throughput decreased from approximately 69% in 2004 to approximately 61% in 2013.

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 2013, moving approximately 7.9 million TEUs, as compared to the Port (the second busiest container port in the nation) which moved approximately 6.7 million TEUs. For calendar year 2013, the Port's share of total West Coast containerized cargo was approximately 28% as compared to approximately 33% 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 2012, accounting for approximately 10% of the West Coast container market. In calendar year 2013, the Port of Oakland handled roughly the same amount of TEUs as it did in calendar year 2012, and its share of the West Coast container market remained at 10%.

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 1.9 and 1.7 million TEUs, respectively in calendar year 2012, and together accounted for a total of approximately 15% of the West Coast container market. The Ports of Seattle and Tacoma handled approximately 1.6 and 1.9 million TEUs, respectively in calendar year 2013, and together accounted for a total of approximately 14% of the West Coast container market.

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. The PMV developed Deltaport in 1997, which is a 160-acre container facility located just north of the U.S.-Canadian border. PMV is nearing its container throughput capacity and is in the process of developing additional container facilities. Much of the expansion at PMV is located at Deltaport. 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 2.7 million TEUs in calendar year 2012, accounting for approximately 12% of the West Coast container market. PMV handled approximately 2.9 million TEUs in calendar year 2013, accounting for approximately 12% 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 (i.e., the lack of perceived labor shortages or stoppages). Constraints to all-water routes include lack of channel depth at many Gulf and East Coast ports compared to West Coast ports as well as the current vessel size limitations of the Panama Canal. The latter constraint is being addressed by an expansion of the Panama

Canal, the completion of which (currently expected by the end of 2015) 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.

Factors Affecting 2014-23 Capital Plan

The ability of the Harbor Department to complete the projects in the 2014-23 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 Board can provide no assurance that the existing projects in the 2014-23 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 2014-23 Capital Plan will be provided through proceeds of Senior Bonds and Subordinate Obligations (including proceeds of the Series 2014C Senior Notes and the Subordinate TIFIA Loan), 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 2014-23 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 2014-23 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.

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, jointly with the Port of Los Angeles, participates in the federal program known as "Operation Safe Commerce" which is designed to insure the safety of the container ship supply chain from shipping points in Asia. In addition, 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 test and 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 $6 million in 2002 to $34 million in 2014.

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. It is estimated that a shutdown of the Port complex would cost the U.S. economy about $1 billion a day. 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."

Environmental Compliance and Impacts

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 NEPA and 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, 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. See "THE PORT OF LONG BEACH—Environmental Compliance" above for additional information on the environmental laws and regulations currently applicable to the Harbor Department and the Port and the programs and procedures the Harbor Department has implemented or is in the process of implementing to comply with these environmental laws and regulations. Additional environmental laws and regulations may be enacted and adopted 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 and regulations may be 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" above.

In addition to the laws and regulations enacted and adopted by governmental entities, certain individuals and organizations (e.g., the Sierra Club) 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 2014 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 2014 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.

A forecast prepared by U.S. Geological Survey, Southern California Earthquake Center, and California Geological Survey and released in April 2008 indicates that there is a 67% chance that an earthquake measuring 6.7 or larger on the Richter Scale will occur in the greater Los Angeles area, and a 97% chance that such an earthquake will occur in Southern California, by 2037. 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 90% of the Harbor Department's operating revenues. 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 top ten revenue producers have expiration dates ranging from 2016 to 2051, with nine of these agreements expiring between 2016 and 2028.

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 2014 Senior Bonds. See "THE PORT OF LONG BEACH—Property Agreements."

Effect of Tenant Bankruptcy

A bankruptcy of a tenant of the Port could result in delays and/or reductions in payments to the Harbor Department which could affect the Harbor Department's ability to pay debt service on the Series 2014 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 2014 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 2014 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 2014 Senior Bonds.

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 2014 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 2014 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 2014 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 could have an adverse effect on the liquidity and market value of the Series 2014 Senior Bonds.

No Reserve Fund Established for Series 2014 Senior Bonds; Reserve Funds Established for Prior Senior Bonds Not Available for Series 2014 Senior Bonds

No debt service reserve fund will be established to secure the payment of the principal of and interest on the Series 2014 Senior Bonds.

At the time of issuance of the Prior Senior Bonds, the Board established separate reserve funds for each series of Prior Senior Bonds. Each of these reserve funds only secures the Prior Senior Bonds for which they were established. The Series 2014 Senior Bonds will not be secured by the reserve funds established and maintained for the Prior Senior Bonds. The reserve funds established and maintained for the Series 1998A Senior Bonds, the Series 2005A Senior Bonds and the Series 2005B 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 2014 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 2014 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 2014 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 2014 Senior Bonds. Prospective purchasers of the Series 2014 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 "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. See "INTRODUCTION—Forward-Looking Statements."

LITIGATION

No Litigation Relating to the Series 2014 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 2014 Senior Bonds or in any way contesting or affecting the validity of the Series 2014 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 2014 Senior Bonds or the use of the Series 2014 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 $14 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 2014 Senior Bonds is excluded from gross income for federal income tax purposes, except for interest on any Series 2014A Senior Bond for any period during which such Series 2014A Senior Bond is held by a "substantial user" of the facilities refinanced by the Series 2014A Senior Bonds or by a "related person" within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code"). Bond Counsel is further of the opinion that (a) interest on the Series 2014A Senior Bonds is a specific preference item for purposes of the federal alternative minimum tax, and (b) interest on the Series 2014B 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 Department with covenants designed to satisfy the requirements of the Code that must be met subsequent to the issuance of the Series 2014 Senior Bonds. Failure to comply with such requirements could cause interest on the Series 2014 Senior Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2014 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 2014 Senior Bonds.

Notwithstanding Bond Counsel's opinion that interest on the Series 2014B Senior Bonds is not a specific preference item for purposes of the federal alternative minimum tax, such interest will be included in adjusted current earnings of certain corporations, and such corporations are required to include in the calculation of federal alternative minimum taxable income 75% of the excess of such corporations' adjusted current earnings over their federal alternative minimum taxable income (determined without regard to such adjustment and prior to reduction for certain net operating losses).

Bond Counsel is further of the opinion that under existing laws, regulations, rulings and judicial decisions, interest on the Series 2014 Senior Bonds is exempt from State of California personal income taxes.

Special Considerations With Respect to the Series 2014 Senior Bonds

The accrual or receipt of interest on the Series 2014 Senior Bonds may otherwise affect the federal income tax liability of the owners of the Series 2014 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 2014 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 2014 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 2014 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 2014 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 federal and state tax matters referred to above or adversely affect the market value of the Series 2014 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 2014 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 2014 Senior Bonds or the market value thereof would be impacted thereby. Purchasers of the Series 2014 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 2014 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 2014A Senior Bonds maturing on May 15, 20__ through, and including, May 15, 20__, and the Series 2014B Senior Bonds maturing on May 15, 20__ through, and including, May 15, 20__ (collectively, the "Premium Bonds") are being sold at a premium. An amount equal to the excess of the issue price of a Premium Bond over its stated redemption price at maturity constitutes premium on such Premium Bond. An initial purchaser of a Premium Bond must amortize any premium over such

Premium Bond's term using constant yield principles, based on the purchaser's yield to maturity (or, in the case of Premium 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 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 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 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 Bond.

Tax Treatment of Original Issue Discount

The Series 2014A Senior Bonds maturing on May 15, 20__ through, and including, May 15, 20__, and the Series 2014B Senior Bonds maturing on May 15, 20__ through, and including, May 15, 20__ (collectively, the "Discount Bonds") are being sold at an original issue discount. The difference between the initial public offering prices of such Discount 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 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 Bond (including its sale, redemption or payment at maturity). Amounts received upon disposition of such Discount 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 Bond, on days which are determined by reference to the maturity date of such Discount Bond. The amount treated as original issue discount on such Discount Bond for a particular semiannual accrual period is equal to the product of (i) the yield to maturity for such Discount 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 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 Bond during the accrual period. The tax basis is determined by adding to the initial public offering price on such Discount Bond the sum of the amounts which have been treated as original issue discount for such purposes during all prior periods. If such Discount 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 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 Bond.

LEGAL MATTERS

The validity of the Series 2014 Senior Bonds and certain other legal matters are subject to the approving opinion of Kutak Rock LLP, Bond Counsel. 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, Sidley Austin LLP. All of the fees of Bond Counsel, Disclosure Counsel and Underwriters' Counsel with regard to the issuance of the Series 2014 Senior Bonds are contingent upon the issuance and delivery of the Series 2014 Senior Bonds.

RATINGS

Fitch Ratings ("Fitch") and Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P") have assigned ratings of "[___]" ([_______] outlook), and "[___]" ([_______] outlook), respectively, to the Series 2014 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 2014 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 2014 Senior Bonds.

UNDERWRITING

The Series 2014 Senior Bonds are being purchased by Citigroup Global Markets Inc., [E. J. De La Rosa & Co., Inc.], and Loop Capital Markets LLC (the "Underwriters") from the City, acting by and through the Board, at a price of $___________ (which is the principal amount of the Series 2014 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 ___________. 2014 (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 2014 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 2014 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 2014 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. ("Citigroup") provided the information contained in this paragraph for inclusion in this Official Statement and none of the City, the Board or the Harbor Department take any responsibility for or make any representation as to its accuracy or completeness. Citigroup, one of the underwriters of the Series 2014 Senior Bonds, has entered into a retail distribution agreement with each of TMC Bonds L.L.C. ("TMC") and UBS Financial Services Inc. ("UBSFS"). Under these distribution agreements, Citigroup may distribute municipal securities to retail investors through the financial advisor network of UBSFS and the electronic primary offering platform of TMC. As part of this arrangement, Citigroup may compensate TMC (and TMC may compensate its electronic platform member firms) and UBSFS for their selling efforts with respect to the Series 2014 Senior Bonds.

Loop Capital Markets LLC ("LCM") provided the information contained in this paragraph for inclusion in this Official Statement and none of the City, the Board or the Harbor Department take any responsibility for or make any representation as to its accuracy or completeness. LCM, one of the Underwriters of the Series 2014 Senior Bonds, has entered into a distribution agreement (the "Distribution Agreement") with Deutsche Bank Securities Inc. ("DBS") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to the Distribution Agreement (if applicable to this transaction), DBS will purchase Series 2014 Senior Bonds from LCM at the original issue prices less a negotiated portion of the selling concession applicable to any Series 2014 Senior Bonds that such firm sells.

FINANCIAL ADVISOR

The Board has retained Public Resources Advisory Group, Los Angeles, California, as financial advisor (the "Financial Advisor") in connection with the issuance of the Series 2014 Senior Bonds. Except with respect to certain debt service numbers supplied by the Financial Advisor and included in this Official Statement, the Financial 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 Financial Advisor are contingent upon the issuance and delivery of the Series 2014 Senior Bonds.

CONTINUING DISCLOSURE

The Board, on behalf of the City, will covenant for the benefit of Owners to provide certain financial information and operation data relating to the Board, the Harbor Department and the Port by not later than 210 days after the end of each fiscal year (the "Annual Report") commencing with financial information and operating data for fiscal year 2014, and to provide notices of the occurrence of certain enumerated events, if such events would constitute material information for the Owners under federal securities laws. The Annual Report will be filed by or on behalf of the Harbor Department with the MSRB through the EMMA system. Currently the Harbor Department's Annual Report is filed as part of the City's required continuing disclosure filings. The notices of material events will be filed by or on behalf of the Harbor Department with the MSRB through the EMMA system. The specific nature of the information to be contained in the Annual Report or the notices of material events is set forth in "APPENDIX D—FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants will be made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule

15c2-12(b)(5). A failure by the Harbor Department to provide such information required under Rule 15c2-12 does not constitute an event of default under the Senior Resolution. The Harbor Department has not failed in the last five years to comply in all material respects with any previous undertakings with regard to said Rule 15c2-12 to provide annual reports or notices of material events.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

Causey Demgen & Moore P.C., independent certified public accountants, upon the delivery of the Series 2014 Senior Bonds, will deliver a report stating that the firm, at the request of the Harbor Department, has verified the mathematical accuracy of certain computations based on certain assumptions relating to the sufficiency of the cash deposited to the Escrow Funds to meet the timely payment of the principal of and interest on the Refunded Bonds on May 15, 2014.

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 2014 Senior Bonds, the Master Senior Resolution, the Fifteenth 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: Managing Director, Finance & Administration.

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 YEARS ENDED SEPTEMBER 30, 2013 AND 2012

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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 Fifteenth 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 Fifteenth 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 Fifteenth Supplemental Resolution.

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 Refunding Bonds, Series 2014A (AMT) (the "Series 2014A Senior Bonds"), and $___________ City of Long Beach, California, Harbor Revenue Refunding Bonds, Series 2014B (Non-AMT) (the "Series 2014B Senior Bonds," and together with the Series 2014A Senior Bonds, the "Series 2014 Senior Bonds"), pursuant to the terms of Resolution No. HD-1475, adopted by the Board on November 8, 1989, as amended and supplemented, and Resolution No. HD-_____, adopted by the Board on ___________, 2014.

In consideration of the purchase of the Series 2014 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 2014 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 Indenture, 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 2014 Senior Bonds (including persons holding Series 2014 Senior Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Series 2014 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.

"*Holders*" means either the registered owners of the Series 2014 Senior Bonds, or if the Series 2014 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 ____________, 2014, prepared and distributed in connection with the initial sale of the Series 2014 Senior Bonds.

"*Participating Underwriter*" means any of the original underwriters of the Series 2014 Senior Bonds required to comply with the Rule in connection with the offering of the Series 2014 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) an Annual Report which is consistent with the requirements of Section 4 hereof by not later than 210 days after the end of the Issuer's fiscal year in each fiscal year. The Issuer's first Annual Report shall be due April [__], 2015. 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 2014 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 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 Assets.

(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 2014 Senior Bonds not later than ten 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 2014 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 2014 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.

(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 2014 Senior Bonds, if material, not later than ten 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 2014 Senior Bonds or other material events affecting the tax status of the Series 2014 Senior Bonds;

2. Modifications to rights of the Beneficial Owners or Holders of the Series 2014 Senior Bonds;

3. Optional, unscheduled or contingent bond calls;

4. Release, substitution or sale of property securing repayment of the Series 2014 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 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 2014 Senior Bonds pursuant to the Indenture.

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 2014 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 2014 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 2014 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 2014 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 2014 Senior Bonds in the same manner as provided in the Indenture for amendments to the Indenture 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 2014 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 2014 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. A default under this Certificate shall not be deemed an Event of

Default under the Indenture 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.

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 Indenture. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Series 2014 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 2014 Senior Bonds, and shall create no rights in any other person or entity.

IN WITNESS WHEREOF, the undersigned has hereunto signed and executed this Certificate this ____ day of ___________, 2014.

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 Refunding Bonds, Series 2014A (AMT)
	Harbor Revenue Refunding Bonds, Series 2014B (Non–AMT)
Name of Obligated Person:	Harbor Department of the City of Long Beach, California
Date of Issuance:	___________, 2014
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 2014 Senior Bonds as required by Section 3 of the Continuing Disclosure Certificate, dated ___________, 2014, by the Issuer. The Issuer anticipates that the Annual Report will be filed by __________, 20__.

Dated: _______________.

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

By: ____
Authorized Representative

APPENDIX E

PROPOSED AMENDMENTS TO MASTER SENIOR RESOLUTION

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 2014 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 2014 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 2014B 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 2014 SENIOR BONDS; (E) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNERS OF SERIES 2014 SENIOR BONDS; OR (F) ANY OTHER MATTER REGARDING DTC.

General

DTC will act as securities depository for the Series 2014 Senior Bonds. The Series 2014 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 2014 Senior Bond certificate will be issued for each maturity of each Series of the Series 2014 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 2014 Senior Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2014 Senior Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2014 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 2014 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 2014 Senior Bonds, except in the event that use of the book-entry system for the Series 2014 Senior Bonds is discontinued.

To facilitate subsequent transfers, all Series 2014 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 2014 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 2014 Senior Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2014 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 2014 Senior Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2014 Senior Bonds, such as redemptions, tenders, defaults and proposed amendments to the Series 2014 Senior Bond documents. For example, Beneficial Owners of Series 2014 Senior Bonds may wish to ascertain that the nominee holding the Series 2014 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 2014B Senior Bonds are in the book-entry-only system, redemption notices will be sent to DTC. If less than all of the Series 2014B 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 2014 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 2014 Senior Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 2014 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 2014 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 2014 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 2014 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 2014 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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DRAFT

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

In the opinion of Kutak Rock LLP, Note Counsel to the City, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Series 2014C Senior Notes is excluded from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. Note Counsel is further of the opinion that interest on the Series 2014C Senior Notes is exempt from State of California personal income taxes. See "TAX MATTERS" herein.

[City Logo] [Port Logo]

$[__________]*
CITY OF LONG BEACH, CALIFORNIA
Harbor Revenue Short-Term Notes
Series 2014C

Dated: Date of Delivery **Due: December 15, [201__], as shown the inside cover**

The City of Long Beach, California, Harbor Revenue Short-Term Notes, Series 2014C (the "Series 2014C Senior Notes") are being issued by the City of Long Beach, California (the "City"), acting by and through its Board of Harbor Commissioners (the "Board"), to (a) finance a portion of the costs of constructing a replacement bridge for the existing Gerald Desmond Bridge located at the Port of Long Beach (the "Gerald Desmond Bridge Replacement Project"), (b) fund capitalized interest on the Series 2014C Senior Notes through [December 15, 201__], (c) repay a portion of the outstanding City of Long Beach, California Subordinate Harbor Revenue Revolving Obligations Series A (Tax-Exempt) and Series B (Tax-Exempt), and (d) pay the costs of issuing the Series 2014C Senior Notes, as described herein. See "PLAN OF FINANCE."

The Series 2014C Senior Notes will be issued as fully registered notes 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 2014C Senior Notes may be made in book-entry form only in denominations of $5,000 and integral multiples thereof. Purchasers will not receive certificates representing their interest in the Series 2014C Senior Notes. Interest on the Series 2014C Senior Notes will be payable on June 15 and December 15 of each year, commencing on December 15, 2014. So long as the Series 2014C Senior Notes are held by DTC, the principal of and interest on the Series 2014C Senior Notes will be payable by wire transfer to DTC, which in turn will be required to remit such principal and interest to the DTC participants for subsequent disbursement to the beneficial owners of the Series 2014C Senior Notes, as more fully described herein.

The Series 2014C Senior Notes are not subject to redemption prior to maturity.

The Series 2014C Senior Notes are special, limited obligations of the City and are secured by a pledge of and lien upon and will be a charge upon and will be payable from the Revenues on parity with the other Senior Bonds. The Series 2014C Senior Notes are not a debt of the City, nor a legal or equitable pledge, charge, lien or encumbrance upon any of its property or upon any of its income, receipts or revenues, except the revenues of the Harbor Department of the City. The general fund of the City is not liable for the payment of the Series 2014C Senior Notes or interest thereon, nor is the credit or the taxing power of the City pledged therefor. An Owner of Series 2014C Senior Notes may not compel the exercise of the taxing power of the City or the forfeiture of any of its property. The Series 2014C Senior Notes will be issued on a parity with certain other outstanding indebtedness of the City pursuant to the Senior Resolution. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2014C SENIOR NOTES."

Contemporaneously with the issuance of the Series 2014C Senior Notes, the City, acting by and through the Board, expects to enter into a 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 will 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 Subordinate TIFIA Loan will be secured by a pledge of Subordinate Revenues (Revenues remaining after the payment of the Senior Bonds (including the Series 2014C Senior Notes) and the funding of any debt service reserve funds established for the Senior Bonds). The proceeds of the Subordinate TIFIA Loan are expected to be drawn no later than [one year after substantial completion] of the Gerald Desmond Bridge Replacement Project, and such proceeds are expected to be available to pay the Series 2014C Senior Notes on their maturity date and/or to pay additional federally eligible costs of the Gerald Desmond Bridge Replacement Project. See "PLAN OF FINANCE—Gerald Desmond Bridge Replacement Project." The issuance of the Series 2014C Senior Notes is not contingent upon the City reaching financial close on the Subordinate TIFIA Loan.

This cover page is not intended to be a summary of the Series 2014C Senior Notes or the security thereof. Investors are advised to read the Official Statement in its entirety to obtain information essential to the making of an informed investment decision. Capitalized terms used on this cover page and not otherwise defined have the meanings set forth herein.

* Preliminary; subject to change.

The Series 2014C Senior Notes are offered, when, as and if issued by the City, subject to the approval of legality by Kutak Rock LLP, Note Counsel to the City, and to certain other conditions. Certain matters will be passed upon for the City by the City Attorney of the City of Long Beach, and certain legal matters will be passed upon for the City by Kutak Rock LLP, as Disclosure Counsel. Certain legal matters will be passed upon for the Underwriters by their counsel, Sidley Austin LLP. Public Resources Advisory Group has served as Financial Advisor to the City. It is expected that the Series 2014C Senior Notes will be available for delivery through the facilities of DTC on or about [__________], 2014.

Citigroup **Goldman, Sachs & Co.**

Date of Official Statement:

MATURITY SCHEDULE*

$[__________]*
City of Long Beach, California
Harbor Revenue Short-Term Notes
Series 2014

Maturity Date (December 15)	Principal Amount	Interest Rate	Yield	CUSIP No.[1]

* Preliminary; subject to change.

[1] Copyright 2014, American Bankers Association. CUSIP® is a registered trademark of the American Bankers Association. The CUSIP data herein is provided by the CUSIP Service Bureau, managed on behalf of the American Bankers Association by Standard & Poor's. The CUSIP numbers are not intended to create a database and do not serve in any way as a substitute for CUSIP service. CUSIP numbers have been assigned by an independent company not affiliated with the City 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 2014C Senior Notes. None of the Harbor Department, the Board, the City or the Underwriters take responsibility for the accuracy of the CUSIP numbers.

[Insert Map of Port]

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HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

BOARD OF HARBOR COMMISSIONERS

Doug Drummond
President

Rich Dines
Vice President

Lori Ann Farrell
Secretary

Susan E. Anderson Wise
Commissioner

Vacant
Commissioner

PORT MANAGEMENT

Al Moro, P.E.
Acting Executive Director

Dr. Noel Hacegaba
Acting Deputy Executive Director and Chief Operating Officer

Steven B. Rubin
Managing Director, Finance & Administration

Douglas A. Thiessen
Managing Director, Engineering

Richard D. Cameron
Managing Director, Environmental Affairs & Planning

Vacant
Managing Director, Trade Development & Port Operations

Thomas Franklin
Acting Chief Financial Officer

CITY OF LONG BEACH, CALIFORNIA

CITY COUNCIL

Bob Foster
Mayor

Robert Garcia
Vice Mayor

Suja Lowenthal
Gary DeLong
Patrick O'Donnell
Gerrie Schipske

Dee Andrews
James Johnson
Al Austin
Steven Neal

CITY OFFICIALS AND STAFF

Patrick West
City Manager

Suzanne M. Frick
Assistant City Manager

John Gross
Director of Financial Management, CFO

David S. Nakamoto
City Treasurer

J. Charles Parkin
City Attorney

Douglas Haubert
City Prosecutor

Laura L. Doud
City Auditor

Larry Herrera
City Clerk

Dominic T. Holzhaus
Principal Deputy City Attorney

PROFESSIONAL SERVICES

FINANCIAL ADVISOR
Public Resources Advisory Group
Los Angeles, California

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

NOTE COUNSEL AND DISCLOSURE COUNSEL
Kutak Rock LLP

No dealer, broker, salesperson or other person has been authorized by the City or the Board to give any information or to make any representations other than as set forth herein and, if given or made, such other information or representation must not be relied upon as having been authorized by the City or the Board. 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 2014C Senior Notes by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the Series 2014C Senior Notes. Statements contained in this Official Statement which 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. See "INTRODUCTION—Forward-Looking Statements" herein.

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.

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 Board, the Harbor Department or the Port since the date hereof. This Official Statement is submitted in connection with the sale of the Series 2014C Senior Notes referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

THE SERIES 2014C SENIOR NOTES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED THEREIN, AND 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 SERIES 2014C SENIOR NOTES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY COMMISSION. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS OFFICIAL STATEMENT.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2014C SENIOR NOTES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING TRANSACTIONS, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITERS MAY OFFER AND SELL THE SERIES 2014C SENIOR NOTES TO CERTAIN DEALERS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGE OF THIS OFFICIAL STATEMENT, AND SUCH PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

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APPENDIX A	HARBOR DEPARTMENT OF THE CITY OF LONG BEACH AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2013 AND 2012
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OFFICIAL STATEMENT

$[_________]*
CITY OF LONG BEACH, CALIFORNIA
Harbor Revenue Short-Term Notes
Series 2014C

INTRODUCTION

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 $[_________]* aggregate principal amount of City of Long Beach, California, Harbor Revenue Short-Term Notes, Series 2014C (the "Series 2014C Senior Notes"). Capitalized terms used but not otherwise defined herein will have the respective meaning assigned to them in Appendix B hereto.

The City, the Harbor Department and the Board

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

The Port of Long Beach

The Port is a harbor complex that covers approximately 12 square miles, of which approximately 6.9 square miles is water. The Port has approximately 31.5 miles of waterfront with a 76-foot deep main channel, and 65 deep-water berths, several of which are and will be capable of servicing the largest commercial ships currently afloat and the largest commercial ships currently being designed, with equipment and facilities for handling all types of cargo. According to the American Association of Port Authorities, for the calendar year ended December 31, 2012 (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 was the number one-ranked container port). The facilities at the Port moved more than 6.7 million Twenty-Foot Equivalent Units ("TEUs") during the calendar year ended December 31, 2013. According to statistics compiled by the World Shipping Council, during calendar year 2012 (the latest information available), the Port was the 23rd busiest container port in the world. See "THE PORT OF LONG BEACH" for additional information about the Port.

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* Preliminary; subject to change.

The Series 2014C Senior Notes

The Series 2014C Senior Notes are authorized and being issued pursuant to Article XII of the Charter, Title 3, Chapter 3.52, Division I of the Municipal Code of the City, certain provisions of the Revenue Bond Law of 1941, Section 54300, *et seq.*, of the Government Code of the State of California, Resolution No. HD-[_______], adopted by the Board on March 31, 2014 ("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 [Seventeenth] Supplemental Senior Resolution, which, as provided for in Resolution No. HD-[___________], will be adopted by the Board after the execution and delivery of the Note Purchase Agreement (as defined herein) (the "[Seventeenth Supplemental Senior Resolution," and together with the Master Senior Resolution, the "Senior Resolution"). The [Seventeenth] Supplemental Senior Resolution is currently scheduled to be adopted by the Board on [__________], 2014.

The Series 2014C Senior Notes are being issued to (a) finance a portion of the costs of constructing a replacement bridge for the existing Gerald Desmond Bridge located at the Port of Long Beach (the "Gerald Desmond Bridge Replacement Project"), (b) fund capitalized interest on the Series 2014C Senior Notes through [December 15, 201__], (c) repay a portion of the outstanding City of Long Beach, California Subordinate Harbor Revenue Revolving Obligations, Series A (Tax-Exempt) and Series B (Tax-Exempt) which were previously issued to finance a portion of the Gerald Desmond Bridge Replacement Project, and (d) pay the costs of issuing the Series 2014C Senior Notes, all as further described herein. See "PLAN OF FINANCE."

The Series 2014C Senior Notes 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 June 15 and December 15 of each year commencing December 15, 2014.

The Series 2014C Senior Notes will be issued as fully registered notes and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Series 2014C Senior Notes. Upon receipt of payments of principal and interest DTC is to remit such principal and interest to the Direct Participants (as defined herein) for subsequent disbursement by the Direct Participants and the Indirect Participants (as defined herein) to the Beneficial Owners (as defined herein) of the Series 2014C Senior Notes. See "APPENDIX F—BOOK-ENTRY-ONLY SYSTEM."

Security for Series 2014C Senior Notes

The Series 2014C Senior Notes are special, limited obligations of the City and are secured by a pledge of and lien upon and will be a charge upon and will be payable from Revenues (as defined herein) on parity with all other Senior Bonds (as defined herein). The Series 2014C Senior Notes are not a debt of the City, nor a legal or equitable pledge, charge, lien or encumbrance upon any of its property or upon any of its income, receipts or revenues, except the Revenues and the funds and accounts specifically pledged to the payment thereof. The general fund of the City is not liable for the payment of the Series 2014C Senior Notes or any interest thereon, nor is the credit or the taxing power of the City pledged therefor. An Owner of the Series 2014C Senior Notes may not compel the exercise of the taxing power of the City or the forfeiture of any of its property. See "—Outstanding Subordinate Obligations; Subordinate TIFIA Loan—Subordinate TIFIA Loan" below for a discussion of the Subordinate TIFIA Loan (as defined herein) and the potential use of the proceeds of the loan to pay the principal of the Series 2014C Senior Notes at maturity. See also "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2014C SENIOR NOTES" and "SUBORDINATE TIFIA LOAN AGREEMENT."

Rate Covenant

Rates, charges, rentals and fees for the use of the Port are established by the Board. The Board has covenanted in the Master Senior Resolution to establish and collect rates, charges, rentals and fees that will produce Revenues in each fiscal year equal to 1.25 times Maximum Annual Debt Service, 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 2014C SENIOR NOTES—Rate Covenant."

Outstanding Senior Bonds; Series 2014 Senior Bonds

Pursuant to the Master Senior Resolution, the City, acting by and through the Board, has previously issued and as of April 1, 2014 there was outstanding $601,705,000 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 2002B (the "Series 2002B Senior Bonds"), the City of Long Beach, California, Harbor Revenue Refunding Bonds, Series 2004A (the "Series 2004A Senior Bonds"), the City of Long Beach, California Harbor Revenue Refunding Bonds, Series 2004B (the "Series 2004B Senior Bonds"), the City of Long Beach, California, Harbor Revenue Refunding Bonds, Series 2005A (the "Series 2005A Senior Bonds"), the City of Long Beach, California Harbor Revenue Refunding Bonds, Series 2005B (the "Series 2005B Senior Bonds"), the City of Long Beach, California Harbor Revenue Bonds, Series 2010A (the "Series 2010A Senior Bonds"), and the City of Long Beach, California Harbor Revenue Refunding Bonds, Series 2010B (the "Series 2010B Senior Bonds," and collectively with the Series 1998A Senior Bonds, the Series 2002B Senior Bonds, the Series 2004A Senior Bonds, the Series 2004B Senior Bonds, the Series 2005A Senior Bonds, the Series 2005B Senior Bonds and the Series 2010A Senior Bonds, the "Prior Senior Bonds").

Subject to market conditions, on or about May [__], 2014, the City, acting by and through the Board, plans to issue $[__________]* aggregate principal amount of City of Long Beach, California, Harbor Revenue Refunding Bonds, Series 2014A (the "Series 2014A Senior Bonds"), and $[__________]* aggregate principal amount of City of Long Beach, California, Harbor Revenue Refunding Bonds, Series 2014B (the "Series 2014B Senior Bonds," and together with the Series 2014A Senior Bonds, the "Series 2014 Senior Bonds"). The Series 2014 Senior Bonds will be secured by a pledge of and lien upon and will be a charge upon and will be payable from Revenues on parity with the Series 2014C Senior Notes. If issued, the proceeds of the Series 2014 Senior Bonds will be used to (a) refund all or a portion of (i) the Series 2002B Senior Bonds, which are currently outstanding in the aggregate principal amount of $43,405,000, (ii) the Series 2004A Senior Bonds, which are currently outstanding in the aggregate principal amount of $13,140,000, and/or (iii) the Series 2004B Senior Bonds, which are currently outstanding in the aggregate principal amount of $32,045,000 (collectively, the "Refunded Bonds"), and (b) pay the costs of issuing the Series 2014 Senior Bonds. See "OUTSTANDING OBLIGATIONS AND DEBT SERVICE SCHEDULE—Future Financings (Additional Senior Bonds and Subordinate Obligations)—Series 2014 Senior Bonds." The Series 2014 Senior Bonds are not being offered pursuant to this Official Statement.

The Prior Senior Bonds, the Series 2014C Senior Notes, the Series 2014 Senior Bonds and any additional Senior Bonds issued pursuant to the terms of the Master Senior Resolution are collectively referred to herein as "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

* Preliminary; subject to change.

PAYMENT FOR THE SERIES 2014C SENIOR NOTES" and "OUTSTANDING OBLIGATIONS AND DEBT SERVICE SCHEDULE."

Outstanding Subordinate Obligations; Subordinate TIFIA Loan

Pursuant to Resolution No. HD-2726 adopted by the Board on July 16, 2013 (the "Master Subordinate Resolution"), Resolution No. HD-2727 adopted by the Board on July 16, 2013 (the "First Supplemental Subordinate Resolution"), Resolution No. HD-2728 adopted by the Board on July 16, 2013 (the "Second Supplemental Subordinate Resolution," and together with the First Supplemental Subordinate Resolution, the "Subordinate Revolving Obligations Supplemental Resolutions"), the Revolving Credit Agreement, dated as of July 1, 2013 (the "Series A Subordinate Credit Agreement"), by and between the City, acting by and through the Board, and Bank of America, N.A. (the "Series A Subordinate Revolving Obligations Bank"), and the Revolving Credit Agreement, dated as of July 1, 2013 (the "Series B/C Subordinate Credit Agreement," and together with the Series A Subordinate Credit Agreement, the "Subordinate Revolving Obligations Credit Agreements"), by and between the City, acting by and through the Board, and Union Bank, N.A. (the "Series B/C Subordinate Revolving Obligations Bank," and together with the Series A Subordinate Revolving Obligations Bank, the "Subordinate Revolving Obligations Banks"), the City, acting by and through the Board, is authorized to issue and have outstanding, from time to time, up to $200,000,000 in aggregate principal amount of its City of Long Beach, California Subordinate Harbor Revenue Revolving Obligations Series A (Tax-Exempt), Series B (Tax-Exempt) and Series C (Taxable) (collectively, the "Subordinate Revolving Obligations"). As of April 1, 2014, the City, acting by and though the Board, had $120,000,000 aggregate principal amount of Subordinate Revolving Obligations outstanding. A portion of the proceeds of the Series 2014C Senior Notes will be used to repay $[________] aggregate principal amount 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 2014C Senior Notes) and the required deposits to any debt service reserve fund established with respect to the Senior Bonds). All Subordinate Revolving Obligations issued by the City, acting by and through the Board, are purchased by the Subordinate Revolving Obligations Banks in accordance with the terms of the Subordinate Revolving Obligations Credit Agreements. If necessary, the City, acting by and through the Board, could issue Subordinate Revolving Obligations (subject to availability under the applicable Subordinate Revolving Obligations Credit Agreements) to pay a portion of the principal of the Series 2014C Senior Notes at maturity if other moneys are not available.

The Harbor Department is currently negotiating a loan agreement (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 would 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 will be used by the Harbor Department to finance and refinance the costs of the Gerald Desmond Bridge Replacement Project. The Subordinate TIFIA Loan will be incurred by the City, acting by and through the Board, pursuant to the Master Subordinate Resolution and a Supplemental Subordinate Resolution to be adopted by the Board prior to the financial close on the Subordinate TIFIA Loan (the "Subordinate TIFIA Loan Supplemental Resolution"). The Subordinate TIFIA Loan will be secured by a pledge of Subordinate Revenues (consisting of Revenues minus the payment of debt service on the Senior Bonds (including the Series 2014C Senior Notes) and the required deposits to any debt service reserve fund established with respect to the Senior Bonds). The proceeds of the Subordinate TIFIA Loan are expected to be drawn no later than [one year after substantial completion] of the Gerald Desmond Bridge Replacement Project, and such proceeds are expected to be available to pay the Series 2014C Senior Notes on their maturity date and/or to pay additional federally eligible costs of the Gerald Desmond Bridge Replacement Project. Pursuant to the terms of the [Seventeenth] Supplemental Senior Resolution, the Board is expected to reserve the right to (but not be obligated to) use all or a portion of the proceeds it expects to receive from the Subordinate TIFIA Loan to pay all or a portion of the principal of the Series 2014C Senior Notes on their maturity date. "See "PLAN OF FINANCE" and "SUBORDINATE TIFIA LOAN AGREEMENT." The issuance of the Series 2014C Senior Notes is not contingent upon the City reaching financial close on the Subordinate TIFIA Loan, which is expected to occur on or about [________], 2014.

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").

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 "2014-23 Capital Plan") includes capital projects and improvements to be undertaken at the Port between fiscal years 2014 and 2023. 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 2014-23 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 and the installation of various security improvements. Currently, the 2014-23 Capital Plan has an aggregate estimated cost of approximately $4.017 billion. The Harbor Department expects to finance approximately $3.168 billion of the costs of the 2014-23 Capital Plan with revenues of the Harbor Department, proceeds of the Series 2014C Senior Notes and the Subordinate TIFIA Loan, and proceeds of additional Senior Bonds and/or Subordinate Obligations. The Harbor Department expects the remaining approximately $849 million of costs of the 2014-23 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 2013, the long-term property agreements with the Port's major tenants contained guaranteed annual minimum payments of approximately $258 million.

Over the last five fiscal years, property agreements covering waterfront property and facilities generated in excess of 90% 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) in complying with Rule 15c2-12. During the last five years, the Harbor Department has not failed to comply in all material respects with any previous undertakings with regard to Rule 15c2-12 to provide annual reports or notices of material events. See "CONTINUING DISCLOSURE" and "APPENDIX D—FORM OF CONTINUING DISCLOSURE CERTIFICATE."

Amendments to Master Senior Resolution

Pursuant to a Supplemental Senior Resolution to be adopted by the Board [at the same time the [Seventeenth] Supplemental Senior Resolution is adopted by the Board, the City, acting by and through the Board, will be amending certain provisions of the Master Senior Resolution (the "Proposed Amendments"), which are described in Appendix E hereto. By the purchase and acceptance of the Series 2014C Senior Notes, the Owners and Beneficial Owners of the Series 2014C Senior Notes are deemed to have consented to the Proposed Amendments. The Proposed Amendments will not become effective until all of the Prior Senior Bonds have been defeased and are no longer Outstanding. Any Owners and Beneficial Owners of Senior Bonds issued on and after May [___], 2014 (including the Series 2014C Senior Notes) will be deemed to have consented to and will be subject to the Proposed Amendments, but only after all of the Prior Senior Bonds have been defeased and 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 2014C Senior Notes, the Senior Resolution, the Fiscal Agent Agreement, the Subordinate TIFIA Loan Agreement and certain other documents are included in this Official Statement. Such descriptions do not purport to be comprehensive or definitive. All references herein to such documents and any other documents, statutes, reports or other instruments described herein are qualified in their entirety by reference to each such document, statute, report or other instrument. The information herein is subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder will under any circumstances, create any implication that there has been no change in the affairs of the Board, the Harbor Department or the Port since the date hereof. This Official Statement is not to be construed as a contract or agreement between the City and/or the Board and purchasers or Owners of any of the Series 2014C Senior Notes. The City, the Harbor Department and the Port maintain certain websites, the information on which is not part of this Official Statement, is not incorporated by reference herein and should not be relied upon in deciding whether to invest in the Series 2014C Senior Notes.

PLAN OF FINANCE

General

The Series 2014C Senior Notes are being issued to (a) finance a portion of the costs of the Gerald Desmond Bridge Replacement Project, (b) fund capitalized interest on the Series 2014C Senior Notes through [December 15, 201__], (c) repay a portion of the outstanding Subordinate Revolving Obligation, and (d) pay the costs of issuing the Series 2014C Senior Notes.

The following table sets forth the estimated sources and uses of funds in connection with the issuance of the Series 2014C Senior Notes.

Sources	
Principal Amount of Series 2014C Senior Notes	$
Original Issue Premium/(Discount)	
Total Sources	$
Uses	
Deposit to Series 2014C Construction Fund	$
Deposit to Interest Account[1]	
Repayment of Subordinate Revolving Obligations	
Costs of Issuance[2]	
Total Uses	$

[1] Represents [all of] the interest accruing on the Series 2014C Senior Notes through [December 15, 201__].
[2] Includes underwriters' discount, legal costs and expenses and other costs of issuance.

Description of Gerald Desmond Bridge Replacement Project

The Gerald Desmond Bridge Replacement Project consists of replacing the existing four-lane Gerald Desmond Bridge, which spans the Port's Main Channel, with a new six-lane bridge. Currently, the Gerald Desmond Bridge is only two lanes in each direction with no shoulder and, depending on tide conditions, is too low to accommodate passage of the largest ships. The Port and the Port of Los Angeles (together, the "San Pedro Bay Ports") are the fifth largest seaport complex in the world and the largest seaport complex in the United States, handling approximately 40% of the United States' containerized cargo. The Gerald Desmond Bridge is a vital link in the San Pedro Bay Ports' goods movements infrastructure because it connects to Interstate 710 ("710 Freeway"), which is the primary access route for the San Pedro Bay Ports and carries approximately 15% of all U.S. port-related container traffic. The new bridge is being built with a cable-stayed design under a lump-sum design-build contract and will feature three lanes in each direction for 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 200-foot vertical clearance to accommodate the world's largest vessels, a reduction in the bridge's steep grades, and a bicycle/pedestrian path with scenic overlooks. Additional improvements include reconstruction of the Terminal Island East Interchange and a new interchange with the 710 Freeway. As of the date of this Official Statement, the design of the Gerald Desmond Bridge Replacement Project is approximately 65-70% complete. Construction of the new bridge began in 2013 and is expected to be completed by the end of 2016.

The Gerald Desmond Bridge Replacement Project is expected to cost approximately $1.263 billion (not including approximately $25 million of capitalized interest and costs of issuance to be paid with respect to the Series 2014C Senior Notes) and is a joint effort between the California Department of Transportation ("Caltrans") and the Harbor Department. The cost of the Gerald Desmond Bridge Replacement Project consists of the following components:

Project Component	Cost
Preliminary Engineering	$ 50,100,000
Right-of-Way	50,300,000
Utility Relocation	239,500,000
Design Build Contract	649,500,000
Design Build Contract Contingency	50,900,000
Construction Engineering	95,700,000
Bridge Demolition	24,900,000
Communication Plan	2,100,000
Program Contingency/Risk	100,200,000
Total	$1,263,200,000

The Harbor Department anticipates that funding of the Gerald Desmond Bridge Replacement Project will come from numerous sources, including federal and State grants ($828.9 million), the Series 2014C Senior Notes and the Subordinate TIFIA Loan ($300 million), revenues of the Harbor Department ($117 million), and a grant from the Los Angeles County Metropolitan Transportation Authority ("LACMTA") ($17.3 million).

On January 23, 2012, the City, acting by and through the Board, entered into an contract with Parsons Brinkerhoff Inc. to provide program management and construction management services with respect to the Gerald Desmond Bridge Replacement project. On July 23, 2012, the City, acting by and through the Board, entered into a lump-sum design-build contract (the "Gerald Desmond Bridge DB Contract") with Shimmick Construction Company, Inc./FCC Construcción S.A./Impregilo S.p.A., a joint venture (the "Design-Builder"). Pursuant to the Gerald Desmond Bridge DB Contract, as full compensation for building the new bridge and all other obligations to be performed by the Design-Builder under the Gerald Desmond Bridge DB Contract, the Harbor Department will pay the Design-Builder a lump sum amount of $649,500,000 (such amount may be adjusted from time to time to account for change orders).

On August 9, 2010, the Board certified the Final Environmental Impact Report 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 addendums 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. All material permits for construction of the Gerald Desmond Bridge Replacement Project have been received.

Upon completion of the Gerald Desmond Bridge Replacement Project, ownership of the new 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 new bridge is transferred to Caltrans.

DESCRIPTION OF THE SERIES 2014C SENIOR NOTES

General

The Series 2014C Senior Notes will be dated their date of delivery, and will bear interest (calculated on the basis of a 360-day year consisting of twelve 30-day months) from such date at the rates per annum set forth on the inside cover of this Official Statement, payable semiannually on June 15 and December 15 of each year commencing December 15, 2014 (each an "Interest Payment Date"). Each Series 2014C Senior Note will bear interest from the Interest Payment Date next preceding the date of authentication thereof unless such date of authentication is an Interest Payment Date, in which event such Series 2014C Senior Note will bear interest from such date of authentication, or unless such date of authentication is after a Record Date and before the next succeeding Interest Payment Date, in which event such Series 2014C Senior Note will bear interest from such succeeding Interest Payment Date, or unless such date of authentication is prior to December 1, 2014, in which event such Series 2014C Senior Note will bear interest from their date of delivery. If interest on the Series 2014C Senior Notes is in default, Series 2014C Senior Notes issued in exchange for Series 2014C Senior Notes surrendered for transfer or exchange will bear interest from the Interest Payment Date to which interest has been paid in full on the Series 2014C Senior Notes surrendered. The Series 2014C Senior Notes will mature on December 15, 201[___] and in the principal amounts set forth on the inside cover of this Official Statement. The principal of and interest on the Series 2014C Senior Notes will be payable in lawful money of the United States of America.

The Series 2014C Senior Notes will be issued in denominations of $5,000 and integral multiples thereof. The Series 2014C Senior Notes will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co., as registered owner and nominee of DTC. DTC will act as securities depository for the Series 2014C Senior Notes. Individual purchases may be made in book-entry form only. Purchasers will not receive certificates representing their interest in the Series 2014C Senior Notes purchased. So long as Cede & Co., as nominee of DTC, is the registered owner of the Series 2014C Senior Notes, references herein to the Owners or registered owners will mean Cede & Co. and will not mean the Beneficial Owners of the Series 2014C Senior Notes.

So long as Cede & Co. is the registered owner of the Series 2014C Senior Notes, principal of and interest on the Series 2014C Senior Notes are payable by wire transfer by U.S. Bank National Association, as fiscal agent (the "Fiscal Agent") to Cede & Co., as nominee for DTC, which is required, in turn, to remit such amounts to the DTC participants for subsequent disbursement to the Beneficial Owners. See "APPENDIX F—BOOK-ENTRY-ONLY SYSTEM."

See Appendix B for a summary of certain provisions of the Senior Resolution, including, without limitation, certain covenants of the Board, provisions relating to amendments of the Senior Resolution and procedures for defeasance of the Series 2014C Senior Notes.

No Redemption of the Series 2014C Senior Notes

The Series 2014C Senior Notes will not be subject to redemption prior to their maturity date.

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2014C SENIOR NOTES

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

Pledge of Revenues

The Series 2014C Senior Notes are special, limited obligations of the City and are secured by a pledge of and lien upon and will be a charge upon and will be payable, as to principal thereof, interest thereon and premiums, if any, solely from the Revenues and other funds 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 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 2014C Senior Notes are not a debt of the City nor a legal or equitable pledge, charge, lien or encumbrance upon any of its property or upon any of its income, receipts or revenues, except the Revenues and the funds which are pledged to the payment of the Series 2014C Senior Notes and interest thereon. The general fund of the City is not liable for the payment of any Series 2014C Senior Notes or interest thereon, nor is the credit or taxing power of the City pledged for the payment of any Series 2014C Senior Notes or interest

thereon. An Owner of any Series 2014C Senior Note may not compel the exercise of the taxing power by the City or the forfeiture of any of its property.

Use of Proceeds of Subordinate TIFIA Loan to Pay Series 2014C Senior Notes

Pursuant to the terms of the [Seventeenth] Supplemental Senior Resolution, the Board is expected to reserve the right to (but not be obligated to) use all or a portion of the proceeds it expects to receive from the Subordinate TIFIA Loan to pay all or a portion of the principal of the Series 2014C Senior Notes on their maturity date. See "SUBORDINATE TIFIA LOAN AGREEMENT" and "CERTAIN INVESTMENT CONSIDERATIONS—Risks Related to the Gerald Desmond Bridge Replacement Project and Disbursement of Subordinate TIFIA Loan." The issuance of the Series 2014C Senior Notes is not contingent upon the City reaching financial close on the Subordinate TIFIA Loan, which is expected to occur on or about [________], 2014.

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) all Maintenance Costs; and

(d) all payments required to meet any other obligations of the City, such as the payment of principal of and interest on the Subordinate Revolving Obligations and the Subordinate TIFIA Loan and 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—THE 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 2014C Senior Notes, the Treasurer will enter into a trustee services agreement with U.S. Bank National Association to establish and maintain the Series 2014C Construction Fund, the Series 2014C Costs of Issuance Fund and the Series 2014C 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 2014C Senior Notes).

Under the Master Senior Resolution, the Board, on behalf of the City, has covenanted not to issue additional Senior Bonds payable from and secured by Revenues on parity with the Prior Senior Bonds, the Series 2014C Senior Notes and the Series 2014 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.

At the time of issuance of the Series 2014C Senior Notes, the Board expects to deliver a certificate described in [(b)(ii)(A)] in the second preceding paragraph above.

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.

SUBORDINATE TIFIA LOAN AGREEMENT

[Summary of agreement to come once agreement has been negotiated]

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 Prior Senior Bonds, which as of April 1, 2014, were outstanding in the aggregate principal amount of $601,705,000. [See "—Future Financings (Additional Senior Bonds and Subordinate Obligations)—Series 2014 Senior Bonds" with respect to the Board's plans to issue, on or about May [__], 2014, the Series 2014 Senior Bonds and redeem all or a portion of the Series 2002B Senior Bonds, the Series 2004A Senior Bonds and/or the Series 2004B Senior Bonds on May 15, 2014.

The following table sets forth the Prior Senior Bonds which have been issued and were outstanding as of April 1, 2014.

TABLE 1
Harbor Department of the City of Long Beach
Outstanding Prior Senior Bonds
(as of April 1, 2014)

Prior Senior Bonds	Original Principal Amount	Principal Amount Outstanding	Final Maturity Date
Series 1998A	$ 206,330,000	$ 86,515,000	5/15/2019
Series 2002B[1]	150,000,000	43,405,000	5/15/2027
Series 2004A[1]	81,365,000	13,140,000	5/15/2015
Series 2004B[1]	32,045,000	32,045,000	5/15/2018
Series 2005A	233,005,000	92,230,000	5/15/2025
Series 2005B	24,970,000	24,970,000	5/15/2018
Series 2010A	200,835,000	170,900,000	5/15/2025
Series 2010B	158,085,000	138,500,000	5/15/2027
Total	$1,002,715,000	$601,705,000	

[1] [See "—Future Financings (Additional Senior Bonds and Subordinate Obligations)—Series 2014 Senior Bonds" for a discussion of the Board's plans to issue the Series 2014 Senior Bonds and to refund and defease the Refunded Bonds.]
Source: Harbor Department.

Senior Bonds Debt Service Requirements

The following table sets forth the debt service requirements of the Prior Senior Bonds (after giving effect to the redemption of the Refunded Bonds), the Series 2014 Senior Bonds and the Series 2014C Senior Notes. See "——Future Financings (Additional Senior Bonds and Subordinate Obligations)" below for a discuss of the Board's plans to issue additional Senior Bonds, including the Series 2014 Senior Bonds.

TABLE 2
Harbor Department of the City of Long Beach
Senior Bonds Debt Service Requirements[1]

Bond Year Ending May 15	Total Debt Service Requirements for Prior Senior Bonds[2]	Total Debt Service Requirements for Series 2014 Senior Bonds	Principal Requirements for Series 2014C Senior Notes	Interest Requirements for Series 2014C Senior Notes[3]	Total Senior Bonds Debt Service
2015					
2016					
2017					
2018					
2019					
2020					
2021					
2022					
2023					
2024					
2025					
2026					
2027					
Total					

[1] Numbers may not sum due to rounding.
[2] Total debt service after giving effect to the redemption of the Refunded Bonds.
[3] Interest on the Series 2014C Senior Notes will be paid with proceeds of the Series 2014C Senior Notes.
Source: Harbor Department and Public Resources Advisory Group.

Senior Debt Service Coverage

A summary of Revenues, Maintenance Costs, Net Revenues, Senior Debt Service and debt service coverage for fiscal years 2009 through 2013 is presented below.

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

Fiscal Years	Revenues[1]	Maintenance Costs[2]	Net Revenues[3]	Senior Debt Service[4]	Senior Debt Service Coverage Gross[5]	Senior Debt Service Coverage Net[6]
2009	$329,931	$97,880	$232,051	$81,993	4.0	2.8
2010	329,570	98,026	231,544	81,996	4.0	2.8
2011	350,384	81,423	268,961	80,016	4.4	3.4
2012	337,189	87,328	249,861	80,008	4.2	3.1
2013	346,984	97,696	249,288	79,991	4.3	3.1

[1] Calculated in accordance with the provisions of the Master Senior Resolution. Includes Total Port Operating Revenue and Interest Income as shown in "Table 13, 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 13, 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 2009-2013. Harbor Department.

Outstanding Subordinate Obligations

Pursuant to the Master Subordinate Resolution, the Subordinate Revolving Obligations Supplemental Resolutions and Subordinate Revolving Obligations Credit Agreements, the City, acting by and through the Board, is authorized to issue and have outstanding, from time to time, up to $200,000,000 in aggregate principal amount of its Subordinate Revolving Obligations. As of April 1, 2014, the City, acting by and though the Board, had $120,000,000 aggregate principal amount of Subordinate Revolving Obligations outstanding. The Subordinate Revolving Obligations are secured by a pledge of Subordinate Revenues (consisting of Revenues minus the payment of debt service on the Senior Bonds (including the Series 2014C Senior Notes) and the required deposits to any debt service reserve fund established with respect to the Senior Bonds). All Subordinate Revolving Obligations issued by the City, acting by and through the Board, are purchased by the Subordinate Revolving Obligations Banks (Bank of America, N.A., and Union Bank, N.A.) in accordance with the terms of the respective Subordinate Revolving Obligations Credit Agreements. Pursuant to the terms of the Subordinate Revolving Obligations Credit Agreements, 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 Agreements. Except as otherwise provided in the Subordinate Revolving Obligations Credit Agreements, the principal of all Subordinate Revolving Obligations outstanding is due and payable on July 29, 2016. However, subject to the terms of the Series B/C Subordinate Credit Agreement, on July 29, 2016, the City, acting by and through the Board, can convert any outstanding Series B Subordinate Revolving Obligations and/or Series C Subordinate Revolving Obligations to a term loan that will be payable over a period of time set forth in the Series B/C Subordinate Credit Agreement after the July 29, 2016 maturity date. Pursuant to the provisions of the Subordinate Revolving Obligations Credit Agreements, the Subordinate Revolving Obligations Banks, respectively, have the right to accelerate the payment of the principal of and interest on the applicable Subordinate Revolving Obligations upon the occurrence of certain events of default set forth in the respective Subordinate Revolving Obligations Credit Agreements.

Future Financings (Additional Senior Bonds and Subordinate Obligations)

Series 2014 Senior Bonds. Subject to market conditions, on or about May [__], 2014, the City, acting by and through the Board, plans to issue the Series 2014 Senior Bonds, the proceeds of which will be used to (a) refund all or a portion of the Refunded Bonds and (b) pay the costs of issuing the Series 2014 Senior Bonds. The Series 2014 Senior Bonds will be secured by a pledge of and lien upon and will be a charge upon and will be payable from Revenues on parity with the Series 2014C Senior Notes. The proceeds of the Series 2014 Senior Bonds and certain other available moneys will be used on May 15, 2014 to pay and redeem the Refunded Bonds. *The Series 2014 Senior Bonds are not being offered pursuant to this Official Statement.*

Subordinate TIFIA Loan. The Harbor Department is currently negotiating the Subordinate TIFIA Loan Agreement with the TIFIA Lender, pursuant to which the TIFIA Lender would make the Subordinate TIFIA Loan to the City, acting by and through the Board, in an amount not to exceed $[325] million. Subject to the terms of the Subordinate TIFIA Loan Agreement, payment of the principal of and interest on the Subordinate TIFIA Loan will commence on or about [_________], 201[__], with the final maturity date on the Subordinate TIFIA Loan being [_________], 20[__]. The Subordinate TIFIA Loan will be secured by a pledge of Subordinate Revenues on parity with the Subordinate Revolving Obligations. As described in more detail under "PLAN OF FINANCE—Gerald Desmond Bridge Replacement Project," the proceeds of the Subordinate TIFIA Loan are expected to be drawn no later than [one year after substantial completion] of the Gerald Desmond Bridge Replacement Project, and such proceeds are expected to be available to pay the Series 2014C Senior Notes on their maturity date and/or to pay additional federally eligible costs of the Gerald Desmond Bridge Replacement Project. Pursuant to the terms of the [Seventeenth] Supplemental Senior Resolution, the Board is expected to reserve the right to (but not be obligated to) use all or a portion of the proceeds it expects to receive from the Subordinate TIFIA Loan to pay all or a portion of the principal of the Series 2014C Senior Notes on their maturity date. See "SUBORDINATE TIFIA LOAN AGREEMENT" above for additional information on the Subordinate TIFIA Loan and the provisions of the Subordinate TIFIA Loan Agreement, including the ability of the TIFIA Lender 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. The issuance of the Series 2014C Senior Notes is not contingent upon the City reaching financial close on the Subordinate TIFIA Loan, which is expected to occur on or about [_________], 2014.

Other Additional Senior Bonds and Subordinate Obligations. See "CAPITAL DEVELOPMENT PROGRAM—Funding Sources of 2014-23 Capital Plan" for a discussion of the Board's plans to issue additional Senior Bonds and/or Subordinate Obligations in the future to finance a portion of the costs of the 2014-23 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 San Pedro Bay Ports with the Railroads' (as defined in the following paragraph) transcontinental mainlines originating near downtown Los Angeles (the "Alameda Corridor"). 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 LACMTA, and various other grant moneys. As of April 1, 2014, ACTA had outstanding approximately $[__] 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 current outstanding amount of the ACTA Obligations, the Harbor Department and the Port of Los Angeles are potentially liable for a maximum of approximately $[1.585] billion (the Harbor Department and the Port of Los Angeles each being liable for approximately $[793] 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 and do not expect to pay Shortfall Advances in 2014. [ACTA estimates that the Harbor Department and the Port of Los Angeles will be required to make Shortfall Advances totaling approximately $[__] million (the Harbor Department and the Port of Los Angeles each being liable for approximately $[__] million) through 2019, and that the Harbor Department's greatest Shortfall Advance in any one year would be approximately $[__] million. ACTA's financial estimates, which were developed in January 20[14], are dependent upon the accuracy of the assumptions used in their formulation. Therefore, there are likely to be differences between the forecasts and actual results, and those differences may be material. Additionally, the Harbor Department expects that it (and the Port of Los Angeles) will be required to make additional Shortfall Advances between 2020 and 2037.

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.

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 2014C Senior Notes) and the Subordinate Obligations, and the payment of all Maintenance Costs. The Harbor Department's obligation to make Shortfall Advances and Surety Obligation Payments is to continue even though use fees may be abated as a result of complete blockage of the rail corridor for more than five days. Shortfall Advances and Surety Obligation Payments are to be reimbursed to the Harbor Department and the Port of Los Angeles from use fees and container charges to the extent available, after payment of debt service on the ACTA Obligations, the funding of any reserves associated with the ACTA Obligations, the payment of maintenance and operating expenses of the Alameda Corridor, and the payment of administrative and other amounts.

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 must either be 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 2014C Senior Notes) and the Subordinate Obligations. As of April 1, 2014, there were 128 lessee participants in the CTP, and as of such date the Harbor Department had paid approximately $24 million in lease subsidies. The Harbor Department expects that its total Lease Subsidy Obligations and its total obligations under the Guaranty will be approximately $33 million through 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 million (5% of the Harbor Department's fiscal year 2012 gross operating revenue) from the Harbor Revenue Fund to the City's Tideland's Operating Fund for the fiscal year ended September 30, 2013. 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.

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, 2012 (the latest information available). The facilities at the Port moved approximately 6.7 million TEUs for the year ended December 31, 2013. According to statistics compiled by the World Shipping Council, during calendar year 2012 (the latest information available), the Port was the 23rd busiest container port in the world. See "—Marine Commerce and Cargoes—Container Forecast" below. Also 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 (602 acres of water and 538 acres of land) located on the west side of the Harbor District. The City owns 966 acres of the Naval Complex and leases the remaining 174 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 174 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, 2013, the total investment in land, structures and facilities at the Port was in excess of \$4.6 billion, including the value of work in progress, but before allowance for 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 2014C Senior Notes.

Management and Administration

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

Doug Drummond–President. Mr. Drummond was appointed to the Board in 2011 and his six-year term ends on June 30, 2015. He was elected President of the Board by the other members of the Board in December 2013. 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.

Rich Dines–Vice President. Mr. Dines was appointed to the Board in 2011 and his six-year term ends on June 30, 2017. He was elected Vice President of the Board by the other members of the Board in December 2013. Mr. Dines, a Marine Clerk with the International Longshore and Warehouse Union, brings more than 15 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 $4 billion over 10 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 sits on the Policy and Steering Committee for the California State University, Long Beach Center for International Trade and Transportation.

Lori Ann Farrell–Commissioner. Ms. Farrell was appointed to the Board in 2013 and her six-year term will end on June 30, 2019. Since December 2010, she has served as Director of Finance for the City of Huntington Beach, and, previously, served the City, first as City Controller (2006-2007) and then as Chief Financial Officer (2007-2010). A Long Beach resident, she has served on the Long Beach Transit Board, is a 2000 graduate of Leadership Long and was awarded the Government Finance Officers' Association's Certificate of Excellence in Financial Reporting for the City of Long Beach. Ms. Farrell received a Master's Degree in Public Administration from

Columbia University School of International and Public Affairs and a Bachelor's Degree from Barnard College at Columbia University.

Susan E. Anderson Wise–Commissioner. Ms. Wise was appointed to the Board in 2008 and her six-year term ends on June 30, 2014. With the other Board members, she has provided policy direction and oversight for the Port's $4 billion capital improvement program. Ms. Wise also sits on the Board's Productivity Committee and is a champion of women in the maritime industry and hiring locally. She represents the Port on the ACTA Board and served on the Southern California Leadership Council. Ms. Wise has wide experience in both commercial and civil litigation, employment law and matters of corporate governance. She has served as a Mediator for the Los Angeles Superior Court, a Hearing Officer for the Long Beach Civil Service Commission, and in leadership roles, past and present, with the Long Beach Bar Association, Women Lawyers of Long Beach, Legal Aid Foundation of Los Angeles, Long Beach Legal Aid Foundation, the Long Beach Bar Foundation, the Long Beach Children's Clinic, YMCA of Greater Long Beach and the Long Beach Nonprofit Partnership. Ms. Wise graduated cum laude from Lawrence University and earned her law degree from the University of Chicago Law School.

The Staff. The Charter provides that the Board appoint and employ an Executive Director, who acts as the chief executive of the Harbor Department and who exercises the management of all affairs of the Harbor Department. The Board has divided the management and administration of the Harbor Department into four bureaus (the Finance and Administration Bureau, Trade Development and Port Operations Bureau, the Environmental Affairs and Planning Bureau, and the Engineering Bureau) reporting to the Deputy Executive Director who in turn reports to the Executive Director. The Finance and Administration Bureau, headed by the Managing Director, Finance and Administration, consists of five divisions, including the Finance Division, the Human Resources Division, the Information Management Division, the Real Estate Division and the Risk Management Division. The Trade Development and Port Operations Bureau, headed by the Managing Director, Trade Development and Port Operations consists of four divisions, including the Trade Development Division, the Communications and Community Relations Division, the Maintenance Division and the Security Division. The Environmental Affairs and Planning Bureau, headed by the Managing Director, Environmental Affairs and Planning, consists of three divisions, including the Environmental Planning Division, the Master Planning Division and the Transportation Planning Division. The Engineering Bureau, headed by the Managing Director, Engineering, consists of four divisions, including the Engineering Administration Division, the Design Division, the Construction Management Division and the Program Management Division. In addition to the four bureaus discussed above, the Director of Governmental Affairs reports directly to the Executive Director. The Director of Governmental Affairs is responsible for keeping the City Council and community partners involved and informed about Port affairs and managing county, state and federal advocacy efforts, including developing, tracking and providing position recommendations on key legislation to the Executive Director and the Board.

The Executive Director, the Deputy Executive Director, the Managing Directors and the Harbor Department's management staff serve at the pleasure of the Board. The executive management of the Harbor Department includes the following individuals:

Al Moro, P.E.–Acting Executive Director. Al Moro, P.E., was appointed the Acting Executive Director for the Harbor Department on June 17, 2013. The Board is currently searching for a permanent candidate for the position. He has over 40 years of engineering experience including founding and running his own firm for more than a decade and serving as a design engineer for Los Angeles County before coming to the Harbor Department as a Senior Civil Engineer in 1997. Mr. Moro was named Deputy Chief Harbor Engineer in 1998 and Assistant Chief in 2001 before moving up to Chief Harbor Engineer and Assistant Managing Director of Engineering in 2007, with oversight for the Port's $4.0 billion capital improvement program. He is a licensed Registered Professional Civil Engineer and Land Surveyor in the State of California and holds a bachelor's degree in engineering from UCLA as well as an MBA from Cal State Los Angeles. Mr. Moro is a member of the Governing Board for ACTA and is active in the American Society of Civil Engineers, the America Association of Port Authorities Facilities Engineering Committee and the Western Dredging Association.

Dr. Noel Hacegaba–Acting Deputy Executive Director and Chief Operating Officer. Dr. Hacegaba was appointed the Acting Deputy Executive Director and Chief Operating Officer for the Harbor Department on June 17, 2013. He assists the Acting Executive Director to provide continuity and carry on with the Harbor Department's projects and initiatives while the Board seeks permanent candidates for both the Executive Director and Deputy Executive Director positions. As Acting Deputy Executive Director, Dr. Hacegaba functions as Chief Operating Officer, overseeing the daily business activities of the Harbor Department's four main bureaus: Engineering, Environmental Affairs and Planning, Finance and Administration, and Trade Development and Port Operations. Before his appointment as Acting Deputy Executive Director and Chief Operating Officer, Dr. Hacegaba was Executive Officer to the Board. Dr. Hacegaba's 15 years of public and private sector experience, spanning a variety of industries and capacities, also includes serving as Manager of Municipal Services for Republic Services, the nation's second-largest environmental services company, and Assistant Chief of Staff for the Long Beach City Prosecutor's Office. He is a graduate of the University of Southern California, with degrees in economics (bachelor and masters), business administration (bachelor) and urban planning (masters). He also is a graduate of the Coro Fellows Program in Public Affairs and holds a doctorate in public administration from the University of La Verne, where he continues to serve on the faculty.

Steven B. Rubin–Managing Director, Finance and Administration. Mr. Rubin was appointed to the position of Managing Director, Finance and Administration, in 2003. He oversees the Harbor Department's Finance, Real Estate, Information Management, Risk Management and Human Resources Divisions. Before joining the Harbor Department in 2003, Mr. Rubin was Assistant Finance Director for the City of Los Angeles and was a member of Mayor Richard Riordan's senior staff, serving as Budget Director and Assistant Deputy Mayor for Budget and Policy. In the private sector, he worked for Unisys Corp. and TRW Inc. Mr. Rubin has an MBA in finance and marketing from UCLA and bachelor's degrees from the University of Pennsylvania, including a Bachelor of Science in international business from its Wharton School.

Douglas A. Thiessen, D. PE–Managing Director, Engineering. Mr. Thiessen has been Managing Director, Engineering for the Harbor Department since February 2007. He oversees the Port's Design, Construction Management and Program Management Divisions, heading all Harbor Department engineering and construction projects and overseeing an annual program budget of more than $600 million. Mr. Thiessen joined the Harbor Department in 2000 as Assistant Chief Harbor Engineer and was later promoted to Chief Harbor Engineer. He is past Chair of the Ports and Harbors Committee and a Governing Board Member of the Coasts, Oceans, Ports and Rivers Institute of the American Society of Civil Engineers, past Chairman of the California Marine Affairs and Navigation Conference, Long Beach's member on the Alameda Corridor Railroad Operating Committee and currently serves as the Executive Director of the Intermodal Container Transfer Facility Joint Power Authority. Mr. Thiessen received his bachelor's degree and completed graduate work in civil engineering at the University of Southern California and is a graduate lecturer in Civil Engineering at California State University, Long Beach.

Richard D. Cameron - Managing Director, Environmental Affairs and Planning. Mr. Cameron is the Managing Director, Environmental Affairs and Planning for the Harbor Department, named to the post in January 2014. He oversees the Environmental Affairs and Planning 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 was a consultant for other clients. Mr. Cameron has a bachelor's degree in urban and regional planning from California State Polytechnic University, Pomona.

Vacant–Managing Director, Trade Relations and Port Operations.

Thomas Franklin–Acting Chief Financial Officer. Mr. Franklin was appointed to the position of Acting Chief Financial Officer in March 2014. Prior to his appointment as Acting Chief Financial Officer, Mr. Franklin served as Assistant Chief Financial Officer since March 2009. As Acting Chief Financial Officer oversees all financial functions at the Harbor Department including general accounting, revenue accounting, financial analysis, grant management and reimbursement, annual audit and comprehensive annual financial report preparation, annual revenue forecast, budget review, cash flow forecast, quarterly budget and financial statement reports. With more than 30 years of experience in financial management, Mr. Franklin worked in a variety of fields before coming to the Harbor Department, including aerospace manufacturing, the import/export/garment manufacturing segment, and beverage production and distribution. He earned his Bachelor of Science degree in Accounting from California State University, Northridge, in 1980. Mr. Franklin is a Certified Public Accountant.

Employee Relations

As of January 1, 2014, the Harbor Department employed approximately 485 people. With the exception of some management positions, all employees are hired through the City Civil Service system and are represented by the International Association of Machinists and Aerospace Workers ("IAM") or the Engineering Employees Association ("Engineer's Association") under the terms of separate Memoranda of Understanding. The Memorandum of Understanding with the IAM became effective October 1, 2012 and will expire on September 30, 2014. The Memorandum of Understanding with the Engineer's Association became effective October 1, 2013 and will expire on September 30, 2015. 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 66 cranes, all of which are post-panamax cranes (52 of which are owned by tenants of the Port and 14 of which are owned by the Harbor Department but are currently in the process of being sold by the Harbor Department to Total Terminals International) and three container freight stations. Five container terminals are served by on-dock rail yards. Additional cargo handling facilities include five transit sheds and 12 warehouses. 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—2014-23 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 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, 2013, containerized cargo accounted for approximately 77.5% of the Harbor Department's total operating revenue, primarily through the collection of wharfage. See "—Property Agreements" and "—Port Tariffs." Containerization service at the Port began in 1962 when Sea-Land Service, Inc. (now part of Maersk Sealand) opened a container freight station at the Port. See "CAPITAL DEVELOPMENT PROGRAM—2014-23 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 between Stevedoring Services of America Terminals, L.L.C. ("SSAT") and Terminals Investment Limited) 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 rail yard capable of handling two double-stack trains simultaneously. The Pier A Container Terminal has ten gantry cranes, with capacities ranging from 40-tons to 60-tons.

Pier C. SSAT operates a container terminal on Pier C (the "Pier C Container Terminal"). The Pier C Container Terminal is an approximately 68-acre facility, which includes two berths, a 3,600 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. The Pier C Container Terminal has three gantry cranes, with capacities ranging from 40-tons to 60-tons.

Piers D, E and F. Piers D, E and F are currently being consolidated into one 305-acre container terminal as part of the Middle Harbor Redevelopment project. The facilities on Piers D and E are currently out of service as the Harbor Department constructs the Middle Harbor Redevelopment project. California United Terminals operated an omni-terminal at Piers D and E (handling container and break-bulk cargoes), prior to its leaving the Port in 2012. See "CAPITAL DEVELOPMENT PROGRAM—2014-23 Capital Plan—Middle Harbor Redevelopment (Piers D, E and F)" for information on the new 40-year preferential assignment agreement the Harbor Department has entered into with Orient Overseas Container Line LLC to operate the new container terminal being developed on Piers D, E and F as part of the Middle Harbor Redevelopment project.

Pier F continues to be operational while improvements are made to the Pier as part of the Middle Harbor Redevelopment project. Long Beach Container Terminal, Inc. ("LBCT") 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 operations of Pier F will be consolidated with the operations on Piers D and E once the Middle Harbor Redevelopment project is complete.

See "CAPITAL DEVELOPMENT PROGRAM—2014-23 Capital Plan—Middle Harbor Redevelopment (Piers D, E and F)" for information on the improvements being made to Piers D, E and F.

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 a 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 rail yard. The Pier G Container Terminal has 17 gantry cranes, with capacities ranging from 30-tons to 60-tons. See "CAPITAL DEVELOPMENT PROGRAM—2014-23 Capital Plan—Pier G Redevelopment Project" for information on the improvements being made to Pier G.

Pier J. Pacific Maritime Services LLC (a joint venture between SSAT, CMA-CGM and China Overseas Shipping Company) 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 rail yard. The Pier J Container Terminal has 15 gantry cranes, with capacities ranging from 40-tons to 60-tons.

Pier T. Total Terminals International, LLC (a joint venture between Hanjin Shipping Company, Ltd., Mediterranean Shipping Company and Marine Terminals Inc.) operates the Port's largest container terminal on Pier T (the "Pier T Container Terminal"). The Pier T Container Terminal is an approximately 380-acre facility that includes five berths, a 5,000 foot-long wharf with a water depth of 55 feet, a storage area for approximately 8,300 on-ground containers, power outlets for 1,850 refrigerated containers, and an on-dock rail yard. The Pier T Container Terminal has fourteen 65-ton gantry cranes.

Dry Bulk. For the 12 months ending September 30, 2013, dry bulk accounted for approximately 7.6% 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.

Petroleum Coke. Approximately 5.3 million metric tons of petroleum coke were exported through the Port in each of fiscal years 2012 and 2013. This product is handled at dry bulk terminals on Piers F and G.

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 subsequently moved automatically to dockside where ships are loaded at approximately 3,900 tons per hour. An eighth storage shed, used to store petroleum coke, has a capacity of 150,000 tons of petroleum coke 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 shed can also be used to store coal. The storage sheds are leased to industrial firms that transport their products to the Port for sale abroad. The current storage shed tenants include Oxbow Carbon & Minerals, LLC, Tesoro Refining and Marketing Company LLC, and Ultramar. The entire facility is automated and 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, while 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 throughout the Pacific Rim.

Cement Facilities. 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 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 utilizes a warehouse (with a capacity of 52,000 tons), instead of a silo system, 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 to customers throughout the Western United States.

General Cargo. For the 12 months ending September 30, 2013, general cargo accounted for approximately 7.0% 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 180,000 vehicles were shipped through this terminal during fiscal year 2013 as compared to approximately 176,100 vehicles during fiscal year 2012. 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. Toyota Motor Sales' property agreement with the Board expires in December 2028.

Mercedes Benz vehicles arrive and are unloaded at Pier F, Berths 206 and 207 and are stored on an 11-acre parcel of land in the Port's North Harbor. Crescent Terminals, Inc. ("Crescent Terminals") operated Berths 206 and 207. Mercedes received approximately 71,000 vehicles in fiscal year 2013 and approximately 67,000 vehicles in fiscal year 2012 through these facilities.

Forest Products. Weyerhaeuser Company, a subtenant of Fremont Forest Group Corporation, located at Pier T, transports framing lumber by barge to the Port from Coos Bay, Oregon, and Longview and Aberdeen, Washington. At this facility, approximately 200 million board feet of lumber are handled annually.

Metals. SA Recycling, LLC, operates a recycled steel facility on Pier T, which 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. Cooper/T. Smith Stevedoring Co., Inc. occupies Berths 204-205 on Pier F, which mainly handles machinery, equipment and steel products imported from the Far East. In addition to handling Mercedes Benz vehicles, Crescent Terminals' operations at Pier F, Berths 206 and 207, handle other products, including, among others, finished steel products imported from the Far East. These three terminals handled approximately 9.4 million metric tons of metal products during fiscal year 2013 as compared to approximately 8.3 million metric tons of metal products during fiscal year 2012.

Petroleum/Liquid Bulk. For the 12 months ending September 30, 2013, petroleum/liquid bulk accounted for approximately 4.9% 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 municipal bulk oil terminals; two are leased to BP West Coast Products LLC ("BP"), one is leased to Tesoro Refining and Marketing Company ("Tesoro"), one is leased to Petro Diamond Terminal Co. ("Petro Diamond"), and one is leased to Chemoil Marine Terminal ("Chemoil"). Each terminal is connected directly to the storage and tank farms of the respective lessee. The total movement of crude and refined petroleum products over municipally-owned berths during fiscal year 2013 was approximately 21.3 million metric tons as compared to approximately 18.9 million metric tons during fiscal year 2012.

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") at municipal berths and at private berths. Municipal cargo is cargo that enters the Port through City-owned berths. Private cargo is cargo that enters the Port through privately owned berths. Private berths were established prior to the formation of the Harbor Department and remain independent. Private facilities have their own agreements with customers who load and unload cargo through those berths and facilities. No Harbor Department tariffs are assessed at the private berths and facilities. As of September 30, 2013, less that 1% of the total cargo entering the Port consisted of cargo moving through privately-owned berths.

Marine commerce passing through the Port by MRTs during the last five fiscal years is summarized in the following table:

TABLE 4
Harbor Department of the City of Long Beach
Revenue Tonnage Summary
(Fiscal Year Ended September 30)
(MRTs)[1]

	2009	2010	2011	2012	2013
Municipal Berths					
Inbound Cargo					
Foreign	82,621,355	91,334,962	96,907,924	91,490,396	101,026,699
Coastwise/InterCoastal	17,214,108	16,733,433	16,054,362	15,793,069	18,476,723
Total Inbound Cargo	99,835,463	108,068,395	112,962,286	107,283,465	119,503,422
Outbound Cargo					
Foreign	29,557,368	33,131,283	36,209,860	33,278,391	36,768,609
Coastwise/InterCoastal	3,519,427	3,535,755	3,507,497	3,270,377	5,141,434
Bunkers	2,109,610	2,412,405	1,545,586	1,311,310	843,291
Total Outbound Cargo	35,186,405	39,079,443	41,262,943	37,860,078	42,753,334
Total Municipal Cargo	135,021,868	147,147,838	154,225,229	145,143,543	162,256,756
Private Berths					
Inbound	233,208	209,143	191,568	200,000	150,000
Outbound	0	0	0	0	0
Total Private Cargo	233,208	209,143	191,568	200,000	150,000
Grand Total	135,255,076	147,356,981	154,416,797	145,343,543	162,406,756
Inbound/Outbound Summary					
Total Inbound Cargo	100,068,671	108,277,538	113,153,854	107,483,465	119,653,422
Total Outbound Cargo	35,186,405	39,079,443	41,262,943	37,860,078	42,753,334
Container Count in TEUs[2]	5,282,385	5,936,066	6,298,840	5,857,210	6,647,976

[1] Metric Revenue Tons is equal to either 1,000 kilograms or one cubic meter.
[2] A TEU represents a twenty-foot equivalent unit.
Source: Harbor Department

Cargo volumes as measured by MRTs and by TEUs increased by approximately 11.7% and 13.5%, respectively, in fiscal year 2013 as compared to fiscal year 2012. These increases were primarily as a result of shipping services moving from the Port of Los Angeles to the Port of Long Beach in fiscal year 2013. See "FINANCIAL DATA" for a discussion of the Harbor Department's fiscal year 2013 financial results.

The following table sets forth the number of TEUs handled by the Port in the first [five] months (October through February) of fiscal years 2013 and 2014.

TABLE 5
Harbor Department of the City of Long Beach
TEUs Handled by Port
(First [Five] Months of Fiscal Years 2013 and 2014)

Month	First Five Months Fiscal Year 2013	First Five Months Fiscal Year 2014	Percentage Change
October	530,313	576,502	8.7%
November	555,513	569,599	2.5
December	560,120	582,443	4.0
January	536,263	528,884	(1.4)
February	530,967	[________]	[__]
Total	2,713,176	[________]	[__]

Source: Harbor Department

Cargo Summary. For the year ended December 31, 2013, 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 by the Harbor Department at municipal berths 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, 2012 and 2013)

	2012				2013			
	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	105,494	72.7%	$255,992	79.4%	121,572	74.9%	$268,475	79.9%
Petroleum/Liquid Bulk	30,663	21.1	17,356	5.4	30,595	18.9	16,909	5.0
Dry Bulk	7,972	5.6	23,801	7.4	9,127	5.6	26,369	7.9
General Cargo	1,015	0.6	25,276	7.8	962	0.6	24,116	7.2
Totals	145,144	100.0%	$322,425	100.0%	162,257	100.0%	$335,869	100.0%

[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 2013 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 2013 Results)
(Metric Tons in 000's)

Countries	2009	2010	2011	2012	2013
Inbound					
China	10,568	11,045	12,074	11,768	14,868
Iraq	2,526	2,491	1,925	3,391	4,498
Mexico (Gulf of Mexico)	4,597	2,178	4,141	3,932	4,269
Ecuador	2,913	2,705	2,908	3,048	2,238
Panama	1,018	1,262	1,091	1,676	2,182
Outbound					
China	8,050	8,534	9,901	9,142	11,623
Japan	3,304	4,321	4,557	3,936	4,318
Mexico (Gulf of Mexico)	389	760	556	1,241	1,524
South Korea	1,976	2,529	1,962	1,208	964
Indonesia	644	603	603	721	623

Source: Harbor Department

In addition to the trading countries listed above, the other major inbound trading countries include Canada, Japan, South Korea , Mexico and Russia, and the other major outbound trading countries include India, Chile, Vietnam, Australia and Thailand.

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 90% 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 2016 to 2051, with nine of these agreements expiring between 2016 and 2028.

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 2013, the long-term preferential assignment agreements with the Port's major cargo terminal operators contained guaranteed annual minimum payments of approximately $258 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, 2013, revenues from non-waterfront properties and miscellaneous sources have accounted for approximately 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)

	2009	2010	2011	2012	2013[1]
Operating Revenues					
Berths & Special Facilities					
Wharfage	$243,418	$256,904	$279,734	$268,080	$296,623
Dockage	12,605	11,280	12,003	11,705	12,055
Bunkers	2,159	2,334	1,547	1,373	1,375
Special Facilities Rentals	20,317	20,609	22,814	28,188	12,426
Crane Rentals[2]	12,789	12,789	12,789	12,760	12,789
Other	164	79	100	319	601
Total Berths & Special Facilities	291,452	303,996	328,987	322,425	335,869
Rental Properties	15,957	14,279	14,138	9,577	9,374
Utilities/Miscellaneous	3,942	3,365	2,265	1,885	1,001
Total Operating Revenues	$311,352	$321,639	$345,390	$333,887	$346,244

[1] See "FINANCIAL DATA" for a discussion of the Harbor Department's fiscal year 2013 financial results.
[2] The Harbor Department is currently in the process of selling the remaining 14 cranes that it owns to Total Terminals International. Once the Harbor Department completes this sale, the Harbor Department will not collect any crane rentals.
Source: Harbor Department

Wharfage is the Harbor Department's primary source of operating revenue, generating approximately 80% of the Harbor Department's operating revenues. The following table compares revenues generated from wharfage charges at municipal berths 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)

	2009	2010	2011	2012	2013
Total Metric Revenue Tons (000's) (Municipal Only)	135,022	147,381	154,226	145,144	162,258
Wharfage Revenue (000's)	$243,418	$256,904	$279,734	$268,080	$296,623
Average Wharfage Revenues Per Ton	$1.80	$1.74	$1.81	$1.85	$1.83

Source: Harbor Department

Leading Revenue Producers. The following companies represent the Harbor Department's twenty-one largest customers in terms of revenues, listed alphabetically. These customers accounted for approximately 96% of the Harbor Department's operating revenue in fiscal year 2013. The largest single customer accounted for approximately 29% of the Harbor Department's operating revenues in fiscal year 2013.

TABLE 10
Harbor Department of the City of Long Beach
Leading Revenue Producers
Fiscal Year 2013

BP West Coast Products, LLC
CEMEX USA
Chemoil Corp.
Crescent Terminals, Inc.
Energia Logistics Ltd.
International Transportation Service, Inc.
Jacobsen Pilot Service, Inc.
Koch Carbon, Inc.
Long Beach Container Terminal, Inc.
Mercedes Benz U.S.A., LLC
Metropolitan Stevedore Company
Mitsubishi Cement Corporation
Oxbow Carbon & Minerals, LLC
Pacific Container Terminal
SA Recycling, LLC
SSA Terminal C60 / Matson Navigation
SSA Terminals Long Beach, LLC
Tesoro Refining & Marketing
Total Terminals International, LLC
Toyota Logistics Services
Weyerhauser Co.

Source: 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 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 are Cooper/T. Smith Stevedoring, Metropolitan Stevedore Company (doing business as Metro Ports), Stevedoring Services of America, and Ports America Inc. The current contract between the Association and ILWU expires on June 30, 2014. The Association and the ILWU are expected to begin negotiating a new contract by [_________], 2014. As of the date of this Official Statement, the Harbor Department cannot predict the outcome of the negotiations between the Association and ILWU and if failure to reach agreement on a new contract could lead to a work-stoppage at the Port similar to the work-stoppage that occurred in October 2002 (described in more detail in the following paragraph).

In December 2012, a strike by the members of the Office Clerical Unit ("Unit 63") of the ILWU, which was honored by the ILWU dock workers, resulted in an eight-day closure of three terminals at the Port that used Unit 63 workers. Unit 63 and the Los Angeles and Long Beach Harbor Employers Association subsequently agreed to a new contract and the closed terminals were reopened. Prior to the 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 the stevedoring companies, 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 employer group represented by the Association. Prolonged work slowdowns or stoppages, if they occur, could adversely affect Revenues. 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, 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 is also 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.

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.

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 facility audits 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 Protocol. In January 2006, the Harbor Department completed its "CEQA Document Preparation Protocol" (the "CEQA Protocol"). The CEQA Protocol 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 expects that the CEQA Protocol may reduce the potential for disagreement and challenges from federal, State and local agencies and environmental groups.

On May 13, 2009, the Middle Harbor Redevelopment Project EIR/EIS was the first major terminal redevelopment EIR/EIS, using the CEQA Protocol, to be certified by the Board. 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. See "PLAN OF FINANCE—Gerald Desmond Bridge Replacement Project—Description of Gerald Desmond Bridge Replacement Project" for a discussion of the Gerald Desmond Bridge EIR. The Pier B On-Dock Rail Support Facility EIR is currently being prepared using the CEQA Protocol.

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. 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. Through implementation of the CAAP, since 2005, there has been an 81% reduction in diesel particulate matter, an 88% reduction in sulfur oxides and a 54% 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.

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. 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 2013, the Green Flag Incentive Program had participation rates of 99% and 84% for 20 nautical miles and 40 nautical miles, respectively. In 2012 (the latest information available), air pollution reductions included avoided emissions of approximately 975 tons of smog-forming nitrogen oxides and approximately 18 tons of diesel particulate matter. In fiscal year 2013, the Harbor Department provided discounts to qualified participants in the Green Flag Incentive Program of approximately $2.9 million. The Harbor Department estimates that it will provide approximately $2.9 million of discounts to qualified participants in the Green Flag Incentive Program in fiscal year 2014.

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 2013, approximately 9% of the vessel calls at the Port were eligible for the Green Ship Incentive Program and the Harbor Department provided approximately $550,000 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. This project is being implemented under an agreement between the Harbor Department and BP, whereby two retrofitted ships must call at the Port at least 120 times by 2019. 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 2013. The Harbor Department estimates that its remaining costs of equipping facilities at the Port with shore-side electrical power will be approximately $40 million.

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 must 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 will be 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 2018. The Harbor Department expects to spend approximately $1 million per year through 2018 to conduct the necessary studies, required monitoring and development of related implementation plans associated with the TMDL.

CAPITAL DEVELOPMENT PROGRAM

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. The current version of the Port Master Plan identifies conceptual capital projects and improvements to the Port through 2020.

2014-23 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 2014-23 Capital Plan is the Harbor Department's current 10-year capital plan. The 2014-23 Capital Plan includes, but is not limited to, the following capital projects and improvements: expansion and modernization at the shipping terminals on Piers D, E, F and G, expansion of on-dock rail facilities, construction of new bridge to replace the existing Gerald Desmond Bridge, construction of a new Port administration building, dredging of the Long Beach Harbor, and installation of various security improvements. Currently, the 2014-23 Capital Plan has an aggregate estimated cost of approximately $4.017 billion. The Harbor Department expects to finance approximately $3.168 billion of the costs of the 2014-23 Capital Plan with revenues of the Harbor Department, proceeds of the Series 2014C Senior Notes and the Subordinate TIFIA Loan, and proceeds of additional Senior Bonds and/or Subordinate Obligations. The Harbor Department expects the remaining approximately $849 million of costs of the 2014-23 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 piers set forth in the Port Master Plan and the 2014-23 Capital Plan, include, but are not limited to, longer wharves, deeper berths, larger gantry cranes and larger storage areas necessary to accommodate the docking and loading/unloading requirements of the current and future designed ships. Currently, the largest container cargo ships have the capacity to carry upwards of

18,000 TEUs. The facilities at the Port are currently being designed and constructed to accommodate the largest container cargo ships currently in service.

Following is a brief description of some of the major projects included in the 2014-23 Capital Plan and their funding sources:

Gerald Desmond Bridge Replacement. See "PLAN OF FINANCE—Gerald Desmond Bridge Replacement Project" for information on the project to replace the Gerald Desmond Bridge.

Middle Harbor Redevelopment (Piers D, E and F). The Middle Harbor 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, electric rail-mounted gantry cranes, and deeper channels to accommodate the newest container ships. The project is being constructed in two phases. Phase I construction began in 2011 and is scheduled to be completed in mid-2015. Construction of Phase 2, which is currently in design, is expected to begin in 2015 and is expected to be completed by 2019. When completed, the Middle Harbor terminal will be able to move an estimated 3.3 million TEU's annually, twice the amount of cargo than was moved through the old facilities. In 2012, the Harbor Department and Orient Overseas Container Line LLC ("OOCL") entered into a 40-year preferential assignment agreement for the Middle Harbor container terminal. Based on the guaranteed annual minimum payments required to be made by OOCL pursuant to the terms of the agreement, the Harbor Department expects that the agreement with OOCL will generate approximately $4.6 billion of operating revenues for the Harbor Department over the 40-year term. The facility will be operated by OOCL's subsidiary, Long Beach Container Terminal, LLC. The costs of the Middle Harbor Redevelopment Project are expected to be financed with proceeds of Senior Bonds and revenues of the Harbor Department.

Pier G Redevelopment Project. The Pier G Redevelopment Project is a multi-year renovation of the Pier G Container Terminal that currently consists of two phases.

Phase 1 of the Pier G Redevelopment Project is currently being constructed. At the completion of Phase 1 of the Pier G Redevelopment Project (which is expected in 2019), the Pier G Container Terminal will be an approximately 258-acre facility, that will include four berths, a 5,258 foot-long wharf with water depths ranging from 42 feet to 52 feet, a container storage area for approximately 18,200 on-ground containers, power outlets for 1,100 refrigerated containers, and an on-dock rail yard. The Pier G Container Terminal will have 17 gantry cranes, with capacities ranging from 30 tons to 60 tons. See "THE PORT OF LONG BEACH—Current Port Facilities—Container Terminals—Pier G." Phase 1 of the Pier G Redevelopment Project is estimated to cost approximately $530 million, with $450 million having been spent through December 31, 2013. Phase 1 of the Pier G Redevelopment Project is being financed with revenues of the Harbor Department.

If the Harbor Department decides to move forward with Phase 2 of the Pier G Redevelopment Project, it will consist of landfills, backland improvements and wharf improvements in the south half of the Pier G slip and certain other improvements, including electrification of a part of the Pier G Container Terminal. If Phase 2 is completed, the Pier G Container Terminal would be an approximately 278-280-acre facility. The Harbor Department estimates that Phase 2 of the Pier G Redevelopment Project will cost approximately $600 million. As of the date of this Official Statement, the Harbor Department has not decided to move forward with Phase 2 of the Pier G Redevelopment Project.

An EIR for Phase 1 of the Pier G Redevelopment Project was certified by the Board in 2000. However, a new EIR for Phase 2 of the Pier G Redevelopment Project will need to be completed before the Harbor Department can begin constructing Phase 2. As of the date of this Official Statement, the Harbor Department has not initiated the process of completing an EIR for Phase 2 of the Pier G Redevelopment Project.

On-Dock Rail Support Facility. A major transportation element of the 2014-23 Capital Plan is to move more cargo by rail instead of by truck. The Port has a significant railroad infrastructure improvement program that includes nine rail-related projects with an approximate cost of $860 million. The Port's major rail infrastructure project is "the on-dock rail support facility" to be located at Pier B. An EIR is currently being completed for the project and is expected to be certified by the end of [2014]. The final phase of the Pier B on-dock rail support facility is expected to be completed by the end of [2022]. The expansion entails increasing the capacity to load and unload trains on the docks thereby maximizing the number of containers moved directly via rail and reducing truck trips on streets and freeways within the region, including the 710 Freeway. The Pier B on-dock rail support facility is expected to be financed with State grants, revenues of the Harbor Department and proceeds of additional Senior Bonds.

Long Beach Harbor Dredging. The Harbor Department has an active dredge program guided by a multi-discipline Dredge Committee. The Dredge Committee has identified several projects that will be in development over the next few years, including, deepen the channels and berths at Pier J, deepening of the West Basin approach and Pier T berths, re-aligning the dike at Pier S to provide material for the Middle Harbor Redevelopment fill project, and deepening of the Port's anchorages. A federal project to continue deepening the main channel at the Port and expanding the limits of the federal channels also is being reviewed. Dredging projects that are currently scheduled to move forward have an approximate cost of $250 million and will be financed with revenues of the Harbor Department and/or proceeds of additional Senior Bonds and/or Subordinate Obligations.

Security and Public Safety Program. Security and public safety projects include the replacement of two fire stations, construction of a joint fire and security operations center, construction of a security support facility and the construction of two new fireboats to replace the obsolete boats in service now. These projects have an estimated cost of approximately $200 million and will be financed with revenues of the Harbor Department and federal grants.

Pier S. Pier S is an approximately 170-acre site located on the west side of the Port directly north of Pier T. Prior to its purchase by the Harbor Department in 1994, Pier S was owned by the Union Pacific Resources Corporation ("UPRC") and was used as an active oil and gas production field. During the 1950's and 1960's, a portion of Pier S was leased by UPRC to the now-defunct TLC Corporation for the shallow impoundment disposal of oil and gas drilling waste. Testing conducted in the early 1980's indicated that TLC Corporation disposed of materials other than those permitted under the lease with UPRC. The Harbor Department has completed remediating the site, which included, among other projects, relocating certain pipelines and utilities and bringing the site to grade by filling the area with more than 5 million cubic yards of clean imported soil. As of the date of this Official Statement, the Harbor Department has not finalized any plans as to the eventual use of Pier S.

The Harbor Department also is planning to widen Cerritos Channel as part of the Pier S wharf construction to accommodate the next generation of large container vessels. On October 29, 2013, the Board approved the Pier S EIR/EIS and a permit for navigational improvements to the Back Channel and the Cerritos Channel and a shore realignment at Pier S. The navigational improvements will include safety improvements, the dredging and widening of the Cerritos Channel, and the dike realignment and shore-cut on Pier S. The realignment or reshaping of the Pier S dike will improve safety and navigation. The improvements to Pier S will produce dredge and excavation materials which will be reused as fill in the Middle Harbor Redevelopment project. The widening of Cerritos Channel and the other navigational improvements to Cerritos Channel have an approximate cost of $98 million and will be financed with revenues of the Harbor Department and/or proceeds of additional Senior Bonds and/or Subordinate Obligations.

The Pier S EIR/EIS certification does not allow the Harbor Department to move forward with any other development of Pier S. Landside development of the Pier S site will require the preparation of a new or supplemental EIR/EIS.

Funding Sources of 2014-23 Capital Plan

The Harbor Department plans to finance the 2014-23 Capital Plan with the following sources of funding:

TABLE 11
Harbor Department of the City of Long Beach
Funding Sources of 2014-23 Capital Plan
($000's)

Funding Source	Amount
Senior Bonds/Subordinate Obligations[1]	$1,320,000
Harbor Department Revenues	1,523,000
Subordinate TIFIA Loan[2]	325,000
Federal and State Grants	849,000
Total	$4,017,0000

[1] Does not include the Series 2014C Senior Notes or the Subordinate TIFIA Loan.

[2] The Harbor Department expects to draw the proceeds of the Subordinate TIFIA Loan no later than [one year after substantial completion] of the Gerald Desmond Bridge Replacement Project, and use the proceeds to pay the principal of the Series 2014C Senior Notes at maturity and/or to pay additional federally eligible costs of the Gerald Desmond Bridge Replacement Project.

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 2009-2013.

TABLE 12
Harbor Department of the City of Long Beach
Comparative Summary of Statements of Revenues and Expenses
Fiscal Years Ended September 30, 2009-2013
($000's)

	2009[1]	2010[1]	2011[1]	2012[1]	2013
Port Operating Revenues:					
Berths and Special Facilities	$291,452	$303,996	$328,987	$322,425	$335,869
Rental Properties	15,957	14.279	14,138	9,577	9,374
Miscellaneous	3,942	3,365	2,265	1,885	1,001
Total Port Operating Revenues	311,352	321,639	345,390	333,887	346,244
Port Operating Expenses:					
Operating/Administrative	97,880	98,026	81,423	87,637	97,696
Depreciation/Amortization	85,858	86,619	85,005	88,523	90,849
Total Port Operating Expenses	183,738	184,646	166,428	176,160	188,545
Income from Port Operations	127,614	136,995	178,962	157,727	157,699
Non-Operating Revenues (Expense):					
Investment Income, Net	21,573	10,200	4,994	3,302	2,789
Interest Expense	(40,830)	(33,051)	(20,551)	(10,341)	(65)
Clean Trucks Program, Net	13,323	3,552	(3,573)	(3,926)	(3,420)
Gain (Loss) from Harbor Oil Operations	923	19,034	1,525	–	–
Gain (Loss) on Disposition of Capital Assets	8	(2)	74	7	(6)
Other Income (Expense)	8,773	(4,752)	(54,979)	(1,904)	(182)
Total Non-Operating Revenues (Expenses)	3,770	(5,019)	(72,510)	(12,862)	(884)
Income Before Capital Grants and Transfers	131,384	131,976	106,452	144,865	156,815
Capital Grants	11,440	18,663	7,444	13,627	250,543 [1]
Operating Transfers to City	(18,587)	(30,451)	(10,379)	(16,694)	(17,312)
Increase in Net Position	$ 124,237	$ 120,188	$ 103,517	$ 141,798	$ 390,046
Total Net Position (beginning of fiscal year)	$2,303,580	$2,427,817	$2,548,005	$2,651,522	$2,793,319
Adjustment for GASB 65 Implementation[2]	–	–	–	–	(4,678)
Total Restated Net Position (beginning of fiscal year)	–	–	–	–	2,788,640
Total Net Position (end of fiscal year)	$2,427,817	$2,548,005	$2,651,522	$2,793,319	$3,178,686

[1] In fiscal year 2013, the Harbor Department received $[___] million of federal and state grants in connection with the Gerald Desmond Bridge Replacement Project.
[2] "Note 1(o) – Resent Accounting Pronouncements" in "APPENDIX A—HARBOR DEPARTMENT OF THE CITY OF LONG BEACH AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2013 AND 2012" for additional information about GASB 65.
Source: The Harbor Department's audited financial statements for fiscal years 2009-2013. Harbor Department

[Management discussion to come once audited financial statements finalized]

TABLE 13
Harbor Department of the City of Long Beach
Comparative Balance Sheet—Assets
Fiscal Years Ended September 30, 2009-2013
($000's)

	2009	2010	2011	2012	2013
Current Assets:					
Pooled Cash and Cash Equivalents	$664,793	$407,713	$549,520	$522,116	$ 239,891
Trade Accounts Receivable, Net	47,692	53,096	40,620	48,834	39,458
Due from Other Governmental Agencies	4,917	12,216	7,767	66,955	129,171
Inventories of Supplies	627	576	502	603	520
Other Current Assets	45,735	23,494	6,123	3,369	1,967
Subtotal	763,764	497,094	604,532	641,877	411,007
Harbor Revenue Bond Funds & Other Funds Restricted as to Use:					
Pooled Cash and Cash Equivalents	82,380	82,516	99,058	31,066	29,902
Total Restricted Assets	82,380	82,516	99,058	31,066	29,902
Noncurrent Assets:					
Capital Assets:					
Land:					
Land Purchased	440,902	440,930	448,937	448,936	448,936
Constructed	418,932	418,957	418,957	455,825	454,843
Net Land	859,834	859,887	867,894	904,761	903,779
Structure/Facilities	2,011,292	2,051,109	2,105,748	2,240,186	2,337,756
Less Accumulated Depreciation	(1,020,821)	(1,103,891)	(1,184,535)	(1,269,068)	(1,352,868)
Net Structures and Facilities	990,471	947,218	921,213	971,118	984,888
Furniture/Fixtures/Equipment	28,194	33,049	36,416	39,998	44,894
Less Accumulated Depreciation	(17,254)	(20,708)	(24,337)	(27,865)	(31,803)
Net Furniture/Fixtures/Equipment	10,940	12,341	12,079	12,133	13,091
Construction in Progress	180,700	373,063	489,937	603,251	1,367,213
Right-of-Way	207,823	207,823	207,823	207,823	207,823
Net Capital Assets	2,249,768	2,400,332	2,498,946	2,699,086	3,247,794
Other Assets					
Long-Term Receivables	27,000	28,300	1,300	1,300	1,300
Oil Facilities	81,136	81,137	–	–	–
Less Accumulated Depletion (Oil Facilities)	(65,133)	(68,592)	–	–	–
Environmental Mitigation Bank	44,278	44,278	44,278	43,236	43,236
Investment in Joint Ventures	10,898	9,168	6,167	3,168	3,217
Restricted nonpooled cash and cash equivalents	159,316	324,936	170,281	113,213	17,597
Restricted nonpooled cash and cash equivalents	363	312	209	95	259
Restricted nonpooled investments	53,261	63,329	63,449	63,511	63,238
Other Non-Current Assets	1,900	822	3,867	7,025	6,227
Total Other Assets	313,018	483,689	289,551	231,548	135,074
Total Noncurrent assets	2,562,785	2,884,021	2,788,497	2,930,634	3,611,868
Deferred Outflows and Debt Refunding	–	–	–	12,922	11,404
Total Assets	$3,408,929	$3,463,632	$3,492,087	$3,616,499	$4,064,181

Source: The Harbor Department's audited financial statements for fiscal years 2009-2013. Harbor Department

TABLE 14
Harbor Department of the City of Long Beach
Comparative Balance Sheet
Liabilities and Equity/Net Assets
Fiscal Years Ended September 30, 2009-2013
($000's)

	2009[1]	2010[1]	2011[1]	2012[1]	2013
Liabilities					
Current Liabilities Payable from Current Assets:					
Accounts Payable and Accrued Expenses	$48,312	$43,611	$67,165	$85,652	$108,229
Commercial Paper Outstanding	31,400	–	–	–	–
Liability Claims	5,000	11,300	5,000	4,000	14,000
Deferred Credits and Unearned Revenue	14,912	14,981	14,691	13,821	13,633
Due to City of Long Beach	16,084	25,322	17,269	19,030	17,312
Current Portion of Environmental Remediation	19,074	12,501	–	–	–
Total Current Liabilities Payable from Current Assets	134,781	107,715	104,126	122,504	153,175
Current Liabilities Payable from Restricted Assets:					
Current Portion of Bonded Indebtedness	40,120	42,175	44,815	46,965	49,115
Accrued Interest – Bonds	15,704	14,624	13,197	12,385	11,484
Total Current Liabilities Payable from Restricted Assets	55,824	56,799	58,012	59,350	60,599
Total Current Liabilities	190,605	164,514	162,138	181,854	213,773
Long-Term Obligations (Net of Current Portion:					
Bond Indebtedness	768,992	726,113	678,427	641,326 [1]	591,722 [1]
Lines of Credit	–	–	–	–	80,000
Environmental Remediation	1,000	–	–	–	–
Oil Well Abandon1ment	26,700	25,000	–	–	–
Total Long Term Obligations	790,507	751,113	678,427	641,326	671,722
Total Liabilities	$ 981,112	$ 915,627	$ 840,565	$ 823,180	$ 885,495
Net Position					
Invested in Capital Assets (Net of Related Debt)	1,410,740	1,597,683	1,916,201	2,104,915	2,848,456
Restricted – Nonrelated-Party Debt Service Contingency and Matching Contribution from Federally Funded Projects	147,302	147,302	116,453	95,620	–
Restricted – Capital Projects	44,278	209,899	44,278	43,236	43,236
Restricted – Debt Service	101,973	112,126	16,806	18,681	18,418
Unrestricted	723,525	480,996	557,785	530,866	268,576
Total Net Assets	$2,427,817	$2,548,005	$2,651,522	$2,793,319	$3,178,686
Total Liabilities and Net Assets	$3,408,929	$3,463,632	$3,492,087	$3,616,499	$4,064,181

[1] "Note 1(o) – Resent Accounting Pronouncements" in "APPENDIX A—HARBOR DEPARTMENT OF THE CITY OF LONG BEACH AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2013 AND 2012."
Source: The Harbor Department's audited financial statements for fiscal years 2005-2009. Harbor Department

Financial Statements

The audited financial statements of the Harbor Department for the fiscal year ended September 30, 2013 (the "2013 Audited Financial Statements") are included as Appendix A attached hereto. The 2013 Audited Financial Statements were audited by KPMG LLP, Long Beach, 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 2013 Audited Financial Statements as an appendix to this Official Statement. In addition, KPMG LLP has not performed any post-audit review of the financial condition or operations of the Harbor Department and has not reviewed 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.

Pension and Post-Retirement Health Care Benefits

Pension Plan. The Harbor Department participates on a cost-sharing basis with the City in the California Public Employees' Retirement System ("CalPERS"). The City contracts with CalPERS, an agent multiple-employer public employee defined benefit pension plan. CalPERS provides retirement and disability benefits, including annual cost of living adjustments ("COLA"), and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State. Benefit provisions and all other requirements are established by State statute and City ordinance. Copies of CalPERS' annual financial report may be obtained from their executive office: 400 P Street, Sacramento, CA 95814. Since CalPERS is on a fiscal year ending June 30, all actuarial calculations for the City's retirement plan are made on a fiscal year ending June 30, which differs from the City's fiscal year end of September 30.

Under the terms of the contract between CalPERS and the City, all full-time employees are eligible to participate in CalPERS and become vested in the system after five years of service. The City has a multiple tier retirement plan with benefits varying by plan. Vested first and second tier miscellaneous employees (most of the Harbor Department's employees are considered miscellaneous employees) who retire at age 55 are entitled to receive an annual retirement benefit, payable monthly for life, in an amount equal to 2.7% of their highest paid year of employment for each year of credited service. The City created a third tier for miscellaneous employees hired after October 1, 2006. Vested third tier miscellaneous employees who retire at age 55 are entitled to receive an annual retirement benefit, payable monthly for life, in an amount equal to 2.5% of their highest paid year of employment for each year of credited service.

Retirees under the first tier are eligible to receive a maximum annual 5% cost-of-living increase in their retirement benefit, while those under the second and third tier are eligible to receive a maximum annual 2% cost-of-living increase.

Contribution requirements of plan members and the City are established and may be amended by CalPERS. For fiscal year 2013, the miscellaneous plan's required member contribution rate was 8% of reportable compensation. For employees who met the definition of a "new member" under the California Public Employees' Pension Reform Act of 2013, the member contribution rate was 6.5% of reportable pension compensation. Depending on the contracts with the various labor groups, in fiscal year 2013, miscellaneous employees paid a range from (a) 2% of the 8% employee rate (with the City paying the remaining 6%), to (b) the full 8% employee rate. In fiscal year 2014, miscellaneous employees will be required to pay the full member contribution rate of 8%. Additionally, the City is required to contribute at an actuarially determined rate applied to annual covered payroll. For fiscal year 2013, the employer contribution rates were 15.159% for miscellaneous employees. For fiscal year 2014, the employer contribution rates will be 15.648% for miscellaneous employees.

The Harbor Department is billed by the City for its share of pension costs based on rates established by CalPERS. CalPERS does not calculate a separate pension obligation for the Harbor Department. The Harbor Department paid $6,676,859 to the City, which was equal to its annual required contribution for fiscal year 2013, and expects to pay $8,416,761 to the City in fiscal year 2014.

As of the most recent actuarial valuation date (June 30, 2012), the miscellaneous plan had (a) an unfunded actuarial accrued liability of $231,476,000, with a funded ratio of 88.7%, and (b) an unfunded liability based on the market value of the assets of the plan of $535,023,000, with a funded ratio of 74.0%. The funded ratios compare the actuarial value of assets (or market value of assets) to the actuarial accrued liabilities of the miscellaneous plan. The ratios change every valuation year, reflecting asset performance, demographic changes, actuarial assumption/method changes, benefit structure changes or a variety of other actuarial gains and losses.

In the past, the gains and losses that occurred in the operation of the miscellaneous plan were amortized over a 30-year rolling period, which resulted in an amortization of about 6% of unamortized gains and losses each year. However, on April 17, 2013, the CalPERS Board of Administration approved a recommendation to change the CalPERS amortization and smoothing policies. Effective with the June 30, 2013 valuations, CalPERS will no longer use an actuarial value of assets and will employ an amortization and smoothing policy that will spread rate increases or decreases over a 5-year period, and will amortize all experience gains and losses over a fixed 30-year period. According to CalPERS, the change to its amortization and smoothing policies will result in an increase to the City's required contributions to the miscellaneous plan. CalPERS estimates that the City's required contribution rate will increase to 18% in fiscal year 2016 and increase to 24.8% by fiscal year 2020.

See "Note 10 – Retirement Programs" in "APPENDIX A—HARBOR DEPARTMENT OF THE CITY OF LONG BEACH AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2013 AND 2012" for additional information about the pension plan.

Post-Retirement Health Care Benefits. Full-time City employees can earn up to 96 hours of sick leave per year. Unused sick leave may be accumulated until termination or retirement. No sick leave benefits are vested; however, under the provisions of the City's Personnel Ordinance, upon retirement the City allows (a) retirees, their spouses and eligible dependents to use the cash value of the retiring employee's accumulated unused sick leave to pay for health, dental and long-term care insurance premiums under the City's Retired Employees Health Insurance Program, (b) retirees to purchase additional CalPERS service credit, and (c) for safety employees only, retirees to withdraw $10,752 per year from the City's health and dental insurance program for deposit into an integral part trust account until the cash value of the retired employee's unused sick leave is exhausted. For employees remaining in the City's health and dental insurance program after retirement, once the cash value of the retired employee's unused sick leave is exhausted, the retiree can terminate coverage or elect to continue paying premiums at the retiree's expense.

At September 30, 2012, there were 543 participants in the City's Retired Employees Health Insurance Program, and the non-interest bearing cash value equivalent of the remaining unused sick leave for the current retirees totaled $22.2 million. Total premiums and actual claims paid by the City under the Retired Employees Health Insurance Program for fiscal year 2013 were $7.4 million, and are included in the expenses of the Employee Benefits Internal Service Fund.

The most recent actuarial study of current and future actuarial accrued liabilities of the City's Retired Employees Health Insurance Program, dated January 8, 2013, was performed in accordance with Governmental Accounting Standards Boards Statement No. 16, "Accounting for Compensated Absences". According to the actuarial study, as of September 30, 2012, the City's Retired Employees Health Insurance Program had an actuarial accrued liability of $119.0 million. Additionally, the actuarial study estimated that the City's Retired Employees Health Insurance Program would have an actuarial accrued liability, as of September 30, 2013, of $122.6 million. The actuarial study takes into account an estimate of future usage, additional leave accumulation and wage increases for both current retirees and active employees, and an additional amount relating to the sick leave incentive for employees who retired during calendar year 1996. The actuarial study assumes projected investment returns of 4.25%; wage increases of 3.25% per year for miscellaneous, and insurance premium increases of 8.5% in 2014 and decreasing to 5.0% in 2021. The estimated current portion of such obligation of $6.2 million (as of September 30, 2012) has been fully funded through burden rates charged to the various City funds, applied as a percent of current productive salaries. The City only makes payments to the Retired Employees Health Insurance Program on a pay-as-you-go basis; it does not make any payments or deposits with respect to the long-term portion of the liability.

See "Note 10 – Retirement Programs" in "APPENDIX A—HARBOR DEPARTMENT OF THE CITY OF LONG BEACH AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2013 AND 2012" 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 $1.415 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 $1,000,000 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, contractor type equipment, and liability for automobiles.

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 2014C SENIOR NOTES—Funds Held by Third Parties." Interest income and gains and losses earned on pooled cash and investments are allocated monthly to the various pool participants based on their average daily cash balances. The Harbor Department is required by the Charter to participate in the City Treasurer's pool.

The City maintains an Investment Policy, which, pursuant to the provisions of Section 53646 of the California Government Code, is annually submitted to and reviewed by the Investment Committee of the City and approved by the City Council. Quarterly reports are also provided to the City Manager, City Auditor, and the City Council which detail investment activity and portfolio balances. In addition, the Investment Advisory Committee, comprised of the Assistant City Manager, the Deputy City Attorney, the Assistant City Auditor, the Director of Financial Management, 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 December 31, 2013, the City's invested funds totaled approximately $[1.171] billion (of which approximately $[263] million consisted of Harbor Department monies). The investment portfolio includes a variety of fixed income securities that vary in maturity from one day to five years. On December 31, 2013, [89.6]% of the total City Portfolio was invested in U.S. Treasury and Agency Notes, 0.0% in FDIC-insured medium term notes, [10.3]% in the State of California Local Agency Investment Pool ("LAIF"), and [1.0]% in other types of securities.

A summary of the City Treasurer's Monthly Report for the quarter ending December 31, 2013, is set forth below:

TABLE 15
City of Long Beach
Invested Funds
(Quarter Ending December 31, 2013)

	Pooled Fund
Invested Market Balance[1]	$1,171,074,297
Portfolio Market Yield	0.35%
Short-term Weighted Average Maturity in Days	129 days
Intermediate-term Weighted Average Maturity in Days	574 days
Long-term Weighted Average Maturity in Days	663 days

[1] Excludes cash in banks.
Source: The City

CERTAIN INVESTMENT CONSIDERATIONS

The purchase and ownership of the Series 2014C Senior Notes involve investment risk and may not be suitable for all investors. Prospective purchasers of the Series 2014C Senior Notes are urged to read this Official Statement, including all Appendices, in its entirety. The factors set forth below, among others, may affect the security of the Series 2014C Senior Notes. However, the following does not purport to be an exhaustive listing of all considerations which may be relevant to investing in the Series 2014C Senior Notes. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such considerations.

Risks Related to the Gerald Desmond Bridge Replacement Project and Disbursement of Subordinate TIFIA Loan

General. It is expected that the principal of the Series 2014C Senior Notes will be paid at maturity from the proceeds of a disbursement of the Subordinate TIFIA Loan. The proceeds of the Subordinate TIFIA Loan are expected to be drawn no later than [one year after substantial completion] of the Gerald Desmond Bridge Replacement Project. Disbursement of the Subordinate TIFIA Loan is subject to several conditions precedent as described in more detail below under "Required Conditions to Disbursement of Subordinate TIFIA Loan."

Required Conditions to Disbursement of Subordinate TIFIA Loan. [Conditions to come once TIFIA loan agreement has been negotiated]

Completion of the Gerald Desmond Bridge Replacement Project. As described above under "Required Conditions to Disbursement of Subordinate TIFIA Loan," substantial completion of the Gerald Desmond Bridge Replacement Project must occur prior to the TIFIA Lender disbursing proceeds under the Subordinate TIFIA Loan. Under the Subordinate TIFIA Loan Agreement, substantial completion of the Gerald Desmond Bridge Replacement Project is generally defined as the opening of the new bridge to vehicular traffic.

The Harbor Department's ability to complete construction of the Gerald Desmond Bridge Replacement Project within budget and on schedule may be adversely affected by various factors including: (a) estimating errors; (b) design and engineering errors; (c) material and/or labor shortages; (d) unforeseen site conditions; (e) adverse weather conditions and other force majeure events; (f) contractor defaults and litigation; (g) labor disputes; (h) environmental issues; and (i) unavailability of other funding sources. No assurance can be made that the Gerald Desmond Bridge Replacement Project will not cost more than the current budget. Any delays could result in the proceeds of the Subordinate TIFIA Loan not being available to pay the principal of the Series 2014C Senior Notes at maturity.

As described in the previous paragraph, construction of the Gerald Desmond Bridge Replacement Project is at risk from events of force majeure, such as earthquakes (see "—Seismic Risks" below), tornados, hurricanes or other natural disasters, epidemics, blockades, rebellions, war, riots, acts of sabotage, terrorism or civil commotion, and spills of hazardous materials, among other events. Construction may also be stopped or delayed from non-casualty events such as changes in law, delays in obtaining or renewing required permits, revocation of such permits and approvals and litigation, among other things.

As described herein, the Harbor Department anticipates that funding for the Gerald Desmond Bridge Replacement Project will come from numerous sources, including, federal and State grants ($828.9 million), the Series 2014C Senior Notes and the Subordinate TIFIA Loan ($325 million), revenues of the Harbor Department ($117 million), and a grant from the Los Angeles County

Metropolitan Transportation Authority ("LACMTA") ($17.3 million). In the event that payment of the federal, State and LACMTA grants are delayed or if such grants are reduced and the Harbor Department is not able to replace such grants with funds of the Harbor Department or proceeds of additional Senior Bonds and/or Subordinate Obligations, the completion of the Gerald Desmond Bridge Replacement Project could be substantially delayed.

Market Access Required if Subordinate TIFIA Loan Proceeds are not Disbursed. 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, 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 2014C SENIOR NOTES—Additional Senior Bonds." No assurances can be given that the City, acting by and through the Board, will be able to access the capital markets in the event proceeds are not disbursed under the Subordinate TIFIA Loan.

Ability To Meet Rate Covenant

As discussed in "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2014C SENIOR NOTES—Rate Covenant," the Master Senior Resolution provides that the City, acting by and through the Board, prescribe, revise and collect such charges, rentals, compensation or fees required to be paid for services, franchises, leases or licenses, as permitted or required by the Charter or otherwise by law, ordinance or order, to the City for operation upon lands and waters under the control and management of the Board, which, after making allowances for contingencies and error in the estimates, produce Revenues in each fiscal year equal to 1.25 times Maximum Annual Debt Service.

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 conditions, fuel prices, construction activity, currency values, international trade, availability and cost of labor, 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.

In 2008 and 2009, the global economic downturn resulted in a significant drop in global trade. This was exemplified by an approximately 21.6% decrease in the Port's container volume in fiscal year 2009 as compared to fiscal year 2008 and an approximately 8.5% decrease in the Port's container volume in fiscal year 2008 as compared to fiscal year 2007. Terminal operators and ocean carriers were looking aggressively at all aspects of their businesses for cost savings to mitigate dropping revenue levels. In order to maintain market share and to attract additional discretionary market share, various port operators, including the Harbor Department, provided certain financial incentives to the customers who make port and rail routing decisions. Such incentive programs vary between ports and are often temporary. The incentive programs offered by the Harbor Department have expired. See "—Port Competition" below.

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.

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 currently underway in 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 translates into reduced revenue for the Harbor Department.

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, the San Pedro Bay Ports have increased total container throughput from approximately 13.1 million TEUs in 2004 to approximately 14.6 million TEUs in 2013, reflecting total growth of approximately 11.5% between 2004 and 2013 (a compound average growth rate of approximately 1.2% per year). Between 2004 and 2013 the San Pedro

Bay Ports' share of total West Coast TEU throughput decreased from approximately 69% in 2004 to approximately 61% in 2013.

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 2013, moving approximately 7.9 million TEUs, as compared to the Port (the second busiest container port in the nation) which moved approximately 6.7 million TEUs. For calendar year 2013, the Port's share of total West Coast containerized cargo was approximately 28% as compared to approximately 33% 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 2012, accounting for approximately 10% of the West Coast container market. In calendar year 2013, the Port of Oakland handled roughly the same amount of TEUs as it did in calendar year 2012, and its share of the West Coast container market remained at 10%.

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 1.9 and 1.7 million TEUs, respectively in calendar year 2012, and together accounted for a total of approximately 15% of the West Coast container market. The Ports of Seattle and Tacoma handled approximately 1.6 and 1.9 million TEUs, respectively in calendar year 2013, and together accounted for a total of approximately 14% of the West Coast container market.

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. The PMV developed Deltaport in 1997, which is a 160-acre container facility located just north of the U.S.-Canadian border. PMV is nearing its container throughput capacity and is in the process of developing additional container facilities. Much of the expansion at PMV is located at Deltaport. 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 2.7 million TEUs in calendar year 2012, accounting for approximately 12% of the West Coast container market. PMV handled approximately 2.9 million TEUs in calendar year 2013, accounting for approximately 12% 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 (i.e., the lack of perceived labor shortages or stoppages). Constraints to all-water routes include lack of channel depth at many Gulf and East Coast ports compared to West Coast ports as well as the current vessel size limitations of the Panama Canal. The latter constraint is being addressed by an expansion of the Panama Canal, the completion of which (currently expected by the end of 2015) 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.

Factors Affecting 2014-23 Capital Plan

In addition to the factors affecting the completion of the Gerald Desmond Bridge Replacement Project described above under "—Risks Related to the Gerald Desmond Bridge Replacement Project and Disbursement of Subordinate TIFIA Loan," the ability of the Harbor Department to complete the other projects in the 2014-23 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 Board can provide no assurance that the existing projects in the 2014-23 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 2014-23 Capital Plan will be provided through proceeds of Senior Bonds and Subordinate Obligations (including proceeds of the Series 2014C Senior Notes and the Subordinate TIFIA Loan), 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 2014-23 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 2014-23 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.

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, jointly with the Port of Los Angeles, participates in the federal program known as "Operation Safe Commerce" which is designed to insure the safety of the container ship supply chain from shipping points in Asia. In addition, 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 test and 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 $6 million in 2002 to $34 million in 2014.

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. It is estimated that a shutdown of the Port complex would cost the U.S. economy about $1 billion a day. 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."

Environmental Compliance and Impacts

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 NEPA and 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, 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. See "THE PORT OF LONG BEACH—Environmental Compliance" above for additional information on the environmental laws and regulations currently applicable to the Harbor Department and the Port and the programs and procedures the Harbor Department has implemented or is in the process of implementing to comply with these environmental laws and regulations. Additional environmental laws and regulations may be enacted and adopted 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 and regulations may be 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" above.

In addition to the laws and regulations enacted and adopted by governmental entities, certain individuals and organizations (e.g., the Sierra Club) 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 2014C Senior Notes are outstanding, and if any such events occur, whether there will be an adverse impact, material or otherwise, on Revenues.

Seismic Risks

The Port is located in an area considered to be seismically active. The two faults closest to the Port are the Palos Verdes fault and the Newport-Inglewood fault. More distant faults with a history of causing earthquakes and damage include the San Andreas and San Jacinto faults. A significant earthquake is possible during the period the Series 2014C Senior Notes 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.

A forecast prepared by U.S. Geological Survey, Southern California Earthquake Center, and California Geological Survey and released in April 2008 indicates that there is a 67% chance that an earthquake measuring 6.7 or larger on the Richter Scale will occur in the greater Los Angeles area, and a 97% chance that such an earthquake will occur in Southern California, by 2037. 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 90% of the Harbor Department's operating revenues. 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 top ten revenue producers have expiration dates ranging from 2016 to 2051, with nine of these agreements expiring between 2016 and 2028.

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 2014C Senior Notes. See "THE PORT OF LONG BEACH—Property Agreements."

Effect of Tenant Bankruptcy

A bankruptcy of a tenant of the Port could result in delays and/or reductions in payments to the Harbor Department which could affect the Harbor Department's ability to pay debt service on the Series 2014C Senior Notes.

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 2014C Senior Notes. There may be other possible effects of a bankruptcy of a tenant that could result in delays or reductions in payments on the Series 2014C Senior Notes. Regardless of any specific adverse determinations in a tenant bankruptcy proceeding, the fact of a tenant bankruptcy proceeding could have an adverse effect on the liquidity and value of the Series 2014C Senior Notes.

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 2014C Senior Notes will not have a lien on Revenues received by the City after the commencement of the bankruptcy case unless the bankruptcy court determines that Revenues constitute "special revenues" within the meaning of the 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 2014C Senior Notes. Even if a court determines that Revenues are not "special revenues," the Harbor Department will be able to use Revenues to pay operation and maintenance costs of the Port, notwithstanding any provision of the Senior Resolution or any other agreement to the contrary.

There may be other possible effects of a bankruptcy of the City that could result in delays or reductions in payments on the Series 2014C Senior Notes. The Board cannot predict what types of orders and/or relief may be granted by a bankruptcy court that could have a material adverse effect on the Harbor Department's receipt or application of Revenues. Regardless of any specific adverse determinations in a City bankruptcy proceeding, the fact of a City bankruptcy proceeding could have an adverse effect on the liquidity and market value of the Series 2014C Senior Notes.

No Reserve Fund Established for Series 2014C Senior Notes; Reserve Funds Established for Prior Senior Bonds Not Available for Series 2014C Senior Notes

No debt service reserve fund will be established to secure the payment of the principal of and interest on the Series 2014C Senior Notes.

At the time of issuance of the Prior Senior Bonds, the Board established separate reserve funds for each series of Prior Senior Bonds. Each of these reserve funds only secures the Prior Senior Bonds for which they were established. The Series 2014C Senior Notes will not be secured by the reserve funds established and maintained for the Prior Senior Bonds. The reserve funds established and maintained for the Series 1998A Senior Bonds, the Series 2005A Senior Bonds and the Series 2005B 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 2014C Senior Notes

From time to time, the President of the United States, the United States Congress and/or state legislatures have proposed and could propose in the future, legislation that, if enacted, could cause interest on the Series 2014C Senior Notes to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. Clarifications of the Internal Revenue Code of 1986, as amended, or court decisions may also cause interest on the Series 2014C Senior Notes to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation. The introduction or enactment of any such legislative proposals or any clarification of the Internal Revenue Code of 1986, as amended, or court decisions may also affect the market price for, or marketability of, the Series 2014C Senior Notes. Prospective purchasers of the Series 2014C Senior Notes should consult their own tax advisors regarding any such pending or proposed federal or state tax legislation, regulations or litigation, as to which 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 "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. See "INTRODUCTION—Forward-Looking Statements."

LITIGATION

No Litigation Relating to the Series 2014C Senior Notes

There is no controversy of any nature now pending against the City or the Board or to the knowledge of officers of the City or members of the Board threatened, seeking to restrain or enjoin the sale, issuance or delivery of the Series 2014C Senior Notes or in any way contesting or affecting the validity of the Series 2014C Senior Notes or any proceedings of the City or the Board taken with respect to the issuance or sale thereof, or the pledge or application of the Revenues, and any other monies or securities provided for the payment of the Series 2014C Senior Notes or the use of the Series 2014C Senior Note 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 $14 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, Note Counsel to the City, under existing laws, regulations, rulings and judicial decisions, interest on the Series 2014C Senior Notes is excluded from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. The opinions described in the preceding sentences assume the accuracy of certain representations and compliance by the Harbor Department with covenants designed to satisfy the requirements of the Code that must be met subsequent to the issuance of the Series 2014C Senior Notes. Failure to comply with such requirements could cause interest on the Series 2014C Senior Notes to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2014C Senior Notes. The Harbor Department will covenant to comply with such requirements. Note Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Series 2014C Senior Notes.

Notwithstanding Note Counsel's opinion that interest on the Series 2014C Senior Notes is not a specific preference item for purposes of the federal alternative minimum tax, such interest will be included in adjusted current earnings of certain corporations, and such corporations are required to include in the calculation of federal alternative minimum taxable income 75% of the excess of such corporations' adjusted current earnings over their federal alternative minimum taxable income (determined without regard to such adjustment and prior to reduction for certain net operating losses).

Note Counsel is further of the opinion that under existing laws, regulations, rulings and judicial decisions, interest on the Series 2014C Senior Notes is exempt from State of California personal income taxes.

Special Considerations With Respect to the Series 2014C Senior Notes

The accrual or receipt of interest on the Series 2014C Senior Notes may otherwise affect the federal income tax liability of the owners of the Series 2014C Senior Notes. The extent of these other tax consequences will depend upon such owner's particular tax status and other items of income or deduction. Note Counsel has expressed no opinion regarding any such consequences. Purchasers of the Series 2014C Senior Notes, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers otherwise entitled to claim the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Series 2014C Senior Notes.

Backup Withholding

As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on tax-exempt obligations such as the Series 2014C Senior Notes is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments made to any bondholder who fails to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Code. The reporting requirement does not in and of itself affect or alter the excludability of interest on the Series 2014C Senior Notes from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

Changes in Federal and State Tax Law

From time to time, there are legislative proposals in the Congress and in the various state legislatures that, if enacted, could alter or amend federal and state tax matters referred to above or adversely affect the market value of the Series 2014C Senior Notes. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Series 2014C Senior Notes. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Series 2014C Senior Notes or the market value thereof would be impacted thereby. Purchasers of the Series 2014C Senior Notes should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Note Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series 2014C Senior Notes and Note Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

Tax Treatment of Original Issue Premium

The Series 2014C Senior Notes bearing interest at a rate of ____% (the "Premium Notes) are being sold at a premium. An amount equal to the excess of the issue price of a Premium Note over its stated redemption price at maturity constitutes premium on such Premium Note. An initial purchaser of a Premium Note must amortize any premium over such Premium Note's term using constant yield principles, based on the purchaser's yield to maturity (or, in the case of Premium Notes callable prior to their maturity, by amortizing the premium to the call date, based on the purchaser's yield to the call date and giving effect to the call premium). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period and the purchaser's basis in such Premium Note is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Note prior to its maturity. Even though the purchaser's basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Premium Notes should consult with their tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Note.

Tax Treatment of Original Issue Discount

The Series 2014C Senior Notes bearing interest at a rate of ____% (collectively, the "Discount Notes") are being sold at an original issue discount. The difference between the initial public offering prices of such Discount Notes and their stated amounts to be paid at maturity constitutes original issue discount treated in the same manner for federal income tax purposes as interest, as described under "—General" above.

The amount of original issue discount which is treated as having accrued with respect to such Discount Note is added to the cost basis of the owner in determining, for federal income tax purposes, gain or loss upon disposition of such Discount Note (including its sale, redemption or payment at maturity). Amounts received upon disposition of such Discount Note which are attributable to accrued original issue discount will be treated as tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discount Note, on days which are determined by reference to the maturity date of such Discount Note. The amount treated as original issue discount on such Discount Note for a particular semiannual accrual period is equal to the product of (i) the yield to maturity for such Discount Note (determined by compounding at the close of each accrual period) and (ii) the amount which would have been the tax basis of such Discount Note at the beginning of the particular accrual period if held by the original purchaser, less the amount of any interest payable for such Discount Note during the accrual period. The tax basis is determined by adding to the initial public offering price on such Discount Note the sum of the amounts which have been treated as original issue discount for such purposes during all prior periods. If such Discount Note is sold between semiannual compounding dates, original issue discount which would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Owners of Discount Notes should consult their tax advisors with respect to the determination and treatment of original issue discount accrued as of any date and with respect to the state and local tax consequences of owning a Discount Note.

LEGAL MATTERS

The validity of the Series 2014C Senior Notes and certain other legal matters are subject to the approving opinion of Kutak Rock LLP, Note Counsel. A complete copy of the proposed form of Note Counsel's opinion is contained in Appendix C hereto. As Note Counsel, Kutak Rock LLP undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain matters will be passed upon for the City by the City Attorney of the City of Long Beach. Certain legal matters in connection with the Official Statement will be passed upon by Kutak Rock LLP, Disclosure Counsel.

Certain legal matters will be passed upon for the Underwriters by their counsel, Sidley Austin LLP. All of the fees of Note Counsel, Disclosure Counsel and Underwriters' Counsel with regard to the issuance of the Series 2014C Senior Notes are contingent upon the issuance and delivery of the Series 2014C Senior Notes.

RATINGS

Fitch Ratings ("Fitch") and Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P") have assigned ratings of "[___]" ([________] outlook), and "[___]" ([________] outlook), respectively, to the Series 2014C Senior Notes. Such ratings reflect only the views of such organizations and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same, at the following addresses: Fitch Ratings, One State Street Plaza, New York, New York 10004; and S&P, 55 Water Street, New York, New York 10041. Any explanation of the significance of such ratings may only be obtained from Fitch and S&P, respectively. The City and the Harbor Department furnished Fitch and S&P certain information and material concerning the Series 2014C Senior Notes, the Harbor Department and the Port. Generally, rating agencies base their ratings on such information and material, and on investigations, studies and assumptions made by the rating agencies themselves. There is no assurance that a rating given will remain in effect for any given period of time or that it will not be lowered or withdrawn entirely by a rating agency, if in its judgment circumstances so warrant. Any such downward change in or withdrawal of the ratings might have an adverse effect on the market price or marketability of the Series 2014C Senior Notes.

UNDERWRITING

The Series 2014C Senior Notes are being purchased by Citigroup Global Markets Inc. and Goldman, Sachs & Co. (the "Underwriters") from the City, acting by and through the Board, at a price of $____________ (which is the principal amount of the Series 2014C Senior Notes, plus an original issue premium of $____________, less an original issue discount of $____________, less an underwriters' discount of $____________), subject to the terms of a note purchase agreement, dated ____________, 2014 (the "Note Purchase Agreement"), between Citigroup Global Markets Inc., as representative of the Underwriters, and the City, acting by and through the Board. The Note Purchase Agreement provides that the Underwriters will purchase all of the Series 2014C Senior Notes if any are purchased, and that the obligation to make such purchase is subject to certain terms and conditions set forth in the Note Purchase Agreement, the approval of certain legal matters by counsel, and certain other conditions. The initial public offering prices of the Series 2014C Senior Notes 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 2014C Senior Notes 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. ("Citigroup") provided the information contained in this paragraph for inclusion in this Official Statement and none of the City, the Board or the Harbor Department take any responsibility for or make any representation as to its accuracy or completeness. Citigroup, one of the underwriters of the Series 2014C Senior Notes, has entered into a retail distribution agreement with each of TMC Bonds L.L.C. ("TMC") and UBS Financial Services Inc. ("UBSFS"). Under these distribution agreements, Citigroup may distribute municipal securities to retail investors through the financial advisor network of UBSFS and the electronic primary offering platform of TMC. As part of this arrangement, Citigroup may compensate TMC (and TMC may compensate its electronic platform member firms) and UBSFS for their selling efforts with respect to the Series 2014C Senior Notes.

FINANCIAL ADVISOR

The Board has retained Public Resources Advisory Group, Los Angeles, California, as financial advisor (the "Financial Advisor") in connection with the issuance of the Series 2014C Senior Notes. Except with respect to certain debt service numbers supplied by the Financial Advisor and included in this Official Statement, the Financial 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 Financial Advisor are contingent upon the issuance and delivery of the Series 2014C Senior Notes.

CONTINUING DISCLOSURE

The Board, on behalf of the City, will covenant for the benefit of Owners to provide certain financial information and operation data relating to the Board, the Harbor Department and the Port by not later than 210 days after the end of each fiscal year (the "Annual Report") commencing with financial information and operating data for fiscal year 2014, and to provide notices of the occurrence of certain enumerated events, if such events would constitute material information for the Owners under federal securities laws. The Annual Report will be filed by or on behalf of the Harbor Department with the MSRB through the EMMA system. Currently the Harbor Department's Annual Report is filed as part of the City's required continuing disclosure filings. The notices of material events will be filed by or on behalf of the Harbor Department with the MSRB through the EMMA system. The specific nature of the information to be contained in the Annual Report or the notices of material events is set forth in "APPENDIX D—FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants will be made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5). A failure by the Harbor Department to provide such information required under Rule 15c2-12 does not constitute an event of default under the Senior Resolution. The Harbor Department has not failed in the last five years to comply in all material respects with any previous undertakings with regard to said Rule 15c2-12 to provide annual reports or notices of material 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 2014C Senior Notes, the Master Senior Resolution, the [Seventeenth] Supplemental Senior Resolution, the Fiscal

Agent Agreement, the Subordinate TIFIA Loan 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: Managing Director, Finance & Administration.

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 YEARS ENDED SEPTEMBER 30, 2013 AND 2012

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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 [Seventeenth] 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 [Seventeenth] 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 [Seventeenth] Supplemental Resolution.

APPENDIX C

FORM OF OPINION OF NOTE COUNSEL

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APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this "Certificate") is executed and delivered by the City of Long Beach, California, acting by and through its Board of Harbor Commissioners (the "Issuer") in connection with the issuance of $__________ City of Long Beach, California, Harbor Revenue Short-Term Notes, Series 2014C (the "Series 2014C Senior Notes"), pursuant to the terms of Resolution No. HD-1475, adopted by the Board on November 8, 1989, as amended and supplemented, and Resolution No. HD-_____, adopted by the Board on __________, 2014.

In consideration of the purchase of the Series 2014C Senior Notes by the Participating Underwriter (as defined below), the Issuer covenants and agrees as follows:

Section 1. Purpose of the Certificate. This Certificate is being executed and delivered by the Issuer for the benefit of the Holders and Beneficial Owners of the Series 2014C Senior Notes and in order to assist the Participating Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the "Rule").

Section 2. Definitions. In addition to the definitions set forth in the Indenture, 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 2014C Senior Notes (including persons holding Series 2014C Senior Notes through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Series 2014C Senior Notes for federal income tax purposes.

"*Dissemination Agent*" means the Issuer, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

"*EMMA System*" means the MSRB's Electronic Municipal Market Access system, or such other electronic system designated by the MSRB.

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

"*Holders*" means either the registered owners of the Series 2014C Senior Notes, or if the Series 2014C Senior Notes are registered in the name of The Depository Trust Company or other recognized securities depository, any applicable participant in its depository system.

"*Listed Events*" means any of the events listed in Sections 5(a) and 5(b) hereof.

"*MSRB*" means the Municipal Securities Rulemaking Board, or any successor thereto.

"*Obligated Person*" means the Issuer and any other "obligated person" within the meaning of the Rule.

"*Official Statement*" means the Official Statement, dated ____________, 2014, prepared and distributed in connection with the initial sale of the Series 2014C Senior Notes.

"*Participating Underwriter*" means any of the original underwriters of the Series 2014C Senior Notes required to comply with the Rule in connection with the offering of the Series 2014C Senior Notes.

"*Rule*" means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The Issuer shall provide, or shall cause the Dissemination Agent to provide, to the MSRB through the EMMA System (in an electronic format and accompanied by identifying information all as prescribed by the MSRB) an Annual Report which is consistent with the requirements of Section 4 hereof by not later than 210 days after the end of the Issuer's fiscal year in each fiscal year. The Issuer's first Annual Report shall be due April [__], 2015. 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 2014C Senior Notes, unless otherwise noted):

(i) The audited financial statements of the Harbor Department for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Harbor Department's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section

3(a) hereof, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(ii) Table 2—Harbor Department of the City of Long Beach, Senior Bonds Debt Service Requirements (but only to the extent such information has changed).

(iii) Table 3—Harbor Department of the City of Long Beach, Senior Debt Service Coverage.

(iv) Table 4—Harbor Department of the City of Long Beach, Revenue Tonnage 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 Assets.

(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 2014C Senior Notes not later than ten 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 2014C Senior Notes or the issuance by the Internal Revenue Service of proposed or final determinations of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB) with respect to the Series 2014C Senior Notes;

6. Tender offers;

7. Defeasances;

8. Rating changes; or

9. Bankruptcy, insolvency, receivership or similar event of the Obligated Person;

Note: for the purposes of the event identified in 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.

(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 2014C Senior Notes, if material, not later than ten 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 2014C Senior Notes or other material events affecting the tax status of the Series 2014C Senior Notes;

2. Modifications to rights of the Beneficial Owners or Holders of the Series 2014C Senior Notes;

3. Optional, unscheduled or contingent bond calls;

4. Release, substitution or sale of property securing repayment of the Series 2014C Senior Notes;

5. Non-payment related defaults;

6. The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; or

7. Appointment of a successor or additional trustee 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 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 2014C Senior Notes pursuant to the Indenture.

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 2014C Senior Notes, or upon delivery to the Dissemination Agent (if other than the Issuer) of an opinion of nationally recognized bond counsel to the effect that continuing disclosure is no longer required. If such termination occurs prior to the final maturity of the Series 2014C Senior Notes, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(e) hereof.

Section 7. Dissemination Agent. From time to time, the Issuer may appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent (if other than the Issuer) shall be entitled to reasonable compensation for its services hereunder and reimbursement of its out of pocket expenses (including, but not limited to, attorneys' fees).

The Dissemination Agent (if other than the Issuer) shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Certificate.

Section 8. Amendment Waiver. Notwithstanding any other provision of this Certificate, the Issuer may amend this Certificate, and any provision of this Certificate may be waived, provided that all of the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5 hereof, it may only be made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, change in law (including rules or regulations) or in interpretations thereof, or change in the identity, nature or status of an Obligated Person with respect to the Series 2014C Senior Notes, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Series 2014C Senior Notes, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Beneficial Owners of the Series 2014C Senior Notes in the same manner as provided in the Indenture for amendments to the Indenture 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 2014C Senior Notes.

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

Section 9. Additional Information. Nothing in this Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Certificate, the Issuer shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Issuer to comply with any provision of this Certificate, any Holder or Beneficial Owner of the Series 2014C Senior Notes may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer or the Dissemination Agent (if other than the Issuer), as the case may be, to comply with its obligations under this Certificate. A default under this Certificate shall not be deemed an Event of Default under the Indenture 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.

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 Indenture. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Series 2014C Senior Notes.

Section 12. Beneficiaries. This Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter and the Holders and Beneficial Owners from time to time of the Series 2014C Senior Notes, and shall create no rights in any other person or entity.

IN WITNESS WHEREOF, the undersigned has hereunto signed and executed this Certificate this ____ day of ___________, 2014.

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 Short-Term Notes, Series 2014C
Name of Obligated Person:	Harbor Department of the City of Long Beach, California
Date of Issuance:	____________, 2014
CUSIP:	___________

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 2014C Senior Notes as required by Section 3 of the Continuing Disclosure Certificate, dated ____________, 2014, by the Issuer. The Issuer anticipates that the Annual Report will be filed by __________, 20__.

Dated: _______________.

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

By: ____
Authorized Representative

APPENDIX E

PROPOSED AMENDMENTS TO MASTER SENIOR RESOLUTION

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 2014C Senior Notes should confirm the following information with DTC, the Direct Participants or the Indirect Participants.

NONE OF THE CITY, THE BOARD OR THE FISCAL AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, TO INDIRECT PARTICIPANTS, OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (A) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT, OR ANY INDIRECT PARTICIPANT; (B) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE SERIES 2014C SENIOR NOTES UNDER THE SENIOR RESOLUTION OR THE FISCAL AGENT AGREEMENT, (C) 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 2014C SENIOR NOTES; (D) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNERS OF SERIES 2014C SENIOR NOTES; OR (E) ANY OTHER MATTER REGARDING DTC.

General

DTC will act as securities depository for the Series 2014C Senior Notes. The Series 2014C Senior Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Series 2014C Senior Note certificate will be issued for each interest rate of the Series 2014C Senior Notes, each in the aggregate principal amount of such interest rate, 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 2014C Senior Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2014C Senior Notes on DTC's records. The ownership interest of each actual purchaser of each Series 2014C Senior Note ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2014C Senior Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2014C Senior Notes, except in the event that use of the book-entry system for the Series 2014C Senior Notes is discontinued.

To facilitate subsequent transfers, all Series 2014C Senior Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2014C Senior Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2014C Senior Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2014C Senior Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2014C Senior Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2014C Senior Notes, such as redemptions, tenders, defaults and proposed amendments to the Series 2014C Senior Note documents. For example, Beneficial Owners of Series 2014C Senior Notes may wish to ascertain that the nominee holding the Series 2014C Senior Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2014C Senior Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2014C Senior Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 2014C Senior Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Fiscal Agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Fiscal Agent or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Fiscal Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2014C Senior Notes at any time by giving reasonable notice to the City or the Fiscal Agent. Under such circumstances, in the event that a successor depository is not obtained, certificates representing the Series 2014C Senior Notes are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates representing the Series 2014C Senior Notes will be printed and delivered to DTC.

The information in this Appendix E 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 2014C SENIOR NOTES AND WILL NOT BE RECOGNIZED BY THE FISCAL AGENT AS OWNERS THEREOF, AND BENEFICIAL OWNERS WILL BE PERMITTED TO EXERCISE THE RIGHTS OF OWNERS ONLY INDIRECTLY THROUGH DTC AND THE DTC PARTICIPANTS.

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